Réda, 09 Deireadh Fómhair 2012
Tuesday, 09 October 2012
Chuaigh an Leas-Cheann Comhairle i gceannas ar 2 p.m.

 Paidir.
 Prayer.

Ceisteanna - Questions

Priority Questions

Schools Guidance Counsellors

47. Deputy Charlie McConalogue asked the Minister for Education and Skills if he has conducted an audit of the impact that cuts to guidance and counselling services at second level made in Budget 2012 is having on the student population; and the measures he plans to take to ensure that the needs of students are adequately catered for. [43235/12]

Minister for Education and Skills (Deputy Ruairí Quinn): The day-to-day management of teaching resources in schools is done at local school level. It is not something I intend to audit as suggested by the Deputy. It is established policy that guidance is a whole-school activity and under existing arrangements each school develops a school guidance plan as a means of supporting the needs of its students. I am confident schools will act in the best interest of students.

I acknowledge that the reduction in resources to second level schools is challenging for schools. However, the budget measure that requires schools to manage the provision of guidance from within their standard staffing allocation, the alternative to which was to make an adjustment to the standard staffing schedule, must be seen in the context of our very difficult budgetary constraints. As part of the budgetary measure, my Department helped shelter the impact for DEIS post-primary schools by improving their standard staffing allocations.

Deputy Charlie McConalogue: In the last month or so, as schools have come back for the new term, we have started to see the real impact on students on the ground of the Minister’s decision in last year’s budget to abolish the ex quota allocation of hours for guidance counselling. When the Minister removed the ex quota allocation last year, he told schools they had to make do with the guidance provision and take it from their standard teaching hours instead. That has
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put all schools across the country under pressure in terms of the service they used to be able to provide. In many cases, it has led to a vast reduction in the number of guidance hours being provided.

A recent unfortunate incident in County Wexford has received widespread media coverage. A student who was seeking to see a guidance counsellor, but was not able to do so, was subsequently hospitalised. When this was brought to the attention of the Department of Education and Skills, an additional allocation of 11 hours was provided to the school. That happened after the event. There is an onus on the Minister to ask for an assessment across the rest of the country so we can see the impact this cut is having. It is not good enough for the Minister to respond after a serious incident. If the school in question needed an additional 11 hours, why would other schools across the country not need additional hours as well?

**Deputy Ruairí Quinn:** We do not yet have the full story in that particular case. The school in question has been in contact with the Department and additional resource hours have been made available. As it is one of the largest schools in the country - if not the largest - it faces certain pressures. The emphasis in the job description of those who look after the welfare of young people in our schools appears to have moved more towards the provision of counselling, as distinct from career guidance. That is the responsibility of the entire school and its staff. A comprehensive article on pages 8 and 9 of the health supplement in today’s edition of The Irish Times goes into this issue in some depth. I will bear in mind what the Deputy has said and keep it under review.

**Deputy Charlie McConalogue:** I do not think it is sufficient to “keep it under review” in this instance. We have already seen the impact this change has had in the first month of the school year. There is an onus on the Minister to engage with schools across the country. He has said this is now the responsibility of each school, but the reality is that the cut provided for in last year’s budget has made it exceptionally difficult for schools to continue to provide these services. There is an onus on the Minister to engage with schools. If other schools approach the Minister to point out that they have been unable to provide the guidance counselling service required by their students, will he respond as he did in the County Wexford case? I hope that can be done before similar situations arise in other schools throughout the country.

**Deputy Ruairí Quinn:** I will consider the Deputy’s comments, but I will not make policy on the hoof in this regard. There are more than 360,000 pupils in the post-primary sector.

**Higher Education Grants**

48. **Deputy Jonathan O’Brien** asked the Minister for Education and Skills his plans to implement proposals to assess capital assets and income when means testing student grants in the 2013-2014 academic year; if he will confirm the publication date of the findings of the Higher Educational Authority National Strategy for Higher Education to 2030. [43233/12]

**Deputy Ruairí Quinn:** As the Deputy will be aware, following the Government’s agreement in principle to broaden the current means-testing arrangements for student grants by including the value of capital assets, I set up a dedicated implementation group to make detailed proposals for implementation in 2013. The draft report I have received from the implementation group is under consideration. I will consult my Cabinet colleagues further in due course. I can confirm that the national strategy for higher education in 2030, which has been endorsed by
the Government as the roadmap for the development of the higher education system in Ireland, was published in January 2011.

Deputy Jonathan O’Brien: Can the Minister indicate when he received the draft report from the implementation group? When will his considerations be complete? When will the full report be published? This matter is causing a great deal of anxiety, particularly among the farming community. Many thousands of farmers are outside this building today. They have genuine worries about the threat to rural Ireland. It is not just the farming community as there are sole traders who may have assets. Some subtlety needs to be brought to this as soon as possible. Will the Minister give some indication when he expects that final report to be published and when a decision will be brought before Cabinet?

Deputy Ruairí Quinn: First, whatever decision is made, it will not start to take effect until the academic year 2013-14. We have a bit of time, therefore, and I want to use that time to ensure we get a satisfactory report that sets out in a fair and proper manner to achieve what it is trying to achieve, which is to get a degree of equality in terms of the eligibility of students and their households to apply for support, taking into account all of the economic factors involved. That is what we are trying to do. While I would like to get that sooner rather than later so everybody can plan, I cannot give the Deputy a firm date in regard to it. I would imagine it will, hopefully, be this side of Christmas but that is an indication rather than a prediction.

Deputy Jonathan O’Brien: Will the Minister confirm, in regard to the draft report he has received, that he is just looking at the value of the assets or is he also taking into account debts that may apply against those assets? Will it be the net or gross value of the assets that will be taken into account? Will the Minister give some indication of the draft report’s focus in terms of how he is going to value particular assets?

Deputy Ruairí Quinn: I do not want to go into the precise detail or to in any way mislead the Deputy. What we are trying to look at is whether households that have a farm or a small business have the capacity, based on those additional assets plus the income they derive from the utilisation of those assets, to fund education in a way that is different from or additional to that of a family where the only income is the PAYE income. We are trying to look at that in as sensitive a way as possible, having regard to the concerns that have been expressed in recent months but which were expressed very vociferously in the past as well when this matter was mooted.

Teacher Training

49. Deputy Catherine Murphy asked the Minister for Education and Skills if, in view of the cuts to salary levels for new entrants to the teaching profession, he has performed a risk assessment on the demand for teacher training places in view of the lower income expectations; if he has considered the impact of persons doing the same work for different incomes and the conflicts that may arise; and if the risk assessment has considered if there will be varying educational outcomes on foot of this decision. [43362/12]

Deputy Ruairí Quinn: It is neither possible nor appropriate to attempt to separate measures such as those impacting on the pay of new entrants from their context. These measures have to be viewed against the backdrop of a very serious financial and budgetary situation. They reflect a position where this country has lost its economic sovereignty and simply no longer has full
control over its economic affairs.

Reductions in the pay of new entrant public servants, including teachers, date back to the last Government. More recently, this Government has made further adjustments on foot of the allowances review. In the case of teachers, while there has been a small decline in applications to the bachelor of education for primary teaching between 2011 and 2012, the overall number of applications remains high. A similar trend obtains for the professional diploma in education, which is the main route to post-primary teaching. It is significant that successful applicants to the bachelor of education courses in 2012 continue to be from the top quartile of leaving certificate students in terms of points.

Ireland has always attracted students of the highest calibre to the teaching profession, a profession that enjoys the respect, trust and high regard of the public, and I am confident that this will continue to be in the future.

**Deputy Catherine Murphy:** I do not know if a risk assessment is done in regard to these kinds of matters. I certainly remember working in the same office as someone who was paid more because that person happened to be a man. I know the kind of resentments this created and, indeed, I remember the day when that was reversed as it is something that will stick with me. Those resentments will be very real.

I know the Minister completely agrees that we need to take the long view when it comes to education. However, in regard to, for example, subjects like maths and science where an alternative type of employment may be available, does the Minister not agree there is a risk in terms of the calibre of people who may well come into the profession? In turn, those people will be needed if we are going to have a sustainable workforce into the future. It links back to people preferring a particular profession because of the income available, not exclusively because of the vocational aspect of the career choice. Does the Minister agree that is the case?

**Deputy Ruairí Quinn:** I understand the Deputy’s concerns about a two-tiered salary system for the same occupation and activity, but it is not confined to the teaching sector or the public service. In response to the economic crisis, recruitment grades in the private sector have dropped considerably. One has the phenomenon of young or recently recruited people coming into a place of work to do a job at a rate that is lower than other people who have been in the job for three or four years prior to them. That is the way employers have reacted to the economic crisis. In view of pay agreements and pay contracts in the private and public sectors, unilaterally changing the contracts would be in breach of the agreements and would cause consequences that would disrupt the teaching. That is why we, along with many other employers, have altered the agreement for new recruits.

On Deputy Murphy’s concern that it will slow down, distort or reduce the number of quality teachers coming into the system; the feeling is that it will not for the simple reason that for every successful teaching applicant for both the primary school training centres - colleges of education – and at second level, there are approximately nine who are not successful. I speak about the present. Over time, that will have to be reviewed to see if there was any change in attitude but, currently we have a high level of applications for teaching posts both in the primary sector and the post-primary sector.

**Deputy Catherine Murphy:** Does the Minister consider the measure as a long-term proposition or will it be reviewed if economic circumstances change? In the event of a changed
economic climate resulting in changes in the cost of education as a result of the Croke Park agreement does the Minister foresee a change in approach in that regard?

**Deputy Ruairí Quinn:** The public sector pay agreement, namely, the Croke Park agreement, which was negotiated by the previous Government, which we undertook to honour, has delivered many savings already but it is due to expire. I hope a new agreement will be negotiated in its place. That is the time to examine these types of anomalies and differences and no doubt that will be the case.

**Third Level Fees**

50. **Deputy Charlie McConalogue** asked the Minister for Education and Skills if he will ensure that third level students and their families are not levied with a further increase in the student contribution fee in 2013; if he has examined alternative savings in the third level sector; and if he will make a statement on the matter. [43236/12]

**(Deputy Ruairí Quinn):** As the Deputy will be aware the student contribution increased to €2,250 for the current academic year. The full contribution is paid by the Exchequer in respect of students who qualify under the Department’s student grant scheme. In addition, conscious of financial pressures on families, tax relief provisions have been put in place which provide for tax relief at the standard rate of tax for full-time fees in excess of €2,250. Finally, the Department, through the Higher Education Authority, HEA, has requested institutions to put arrangements in place whereby a student may pay the contribution in two instalments. I have been assured by the HEA that these arrangements are now in place. It is intended that the contribution will increase to €3,000 by 2015. All areas of Government spending are currently being examined and in that context, the Deputy will appreciate that in line with normal practice I am unable to comment on the budgetary process.

**Deputy Charlie McConalogue:** I note that the Minister confirmed before the Dáil today, as he did recently at an education committee meeting, that it is his intention to increase the student contribution fee to €3,000. That is a shameful position the Minister is now taking in government. Just a month before the election campaign the Minister participated in a photo call with the Union of Students in Ireland, in which he signed up to its campaign, “Your Future, Your Vote”. Students pledged their vote in return for a commitment by the Minister on student registration fees. He promised them that under a Labour Party Government – the Minister went on to become Minister for Education and Skills, having been spokesperson for education at the time – he would reverse the €500 increase that was introduced that year. Yet now we hear the Minister state his intention to increase that sum to €3,000, thereby completely breaking the pledge he gave to students at that time.

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

**Deputy Charlie McConalogue:** Will the Minister do a very simple thing and keep the promise he made to students in the full knowledge of the economic environment at the time? He stated one thing four weeks before he got into government, but now he is saying “Sorry, guys, it’s going to go up to €3,000, and do you know what? I feel bad about it”. Feeling bad about it is not a good enough response to students. What they, and I, want him to do is to keep the promises he made to them, which formed the basis on which he was elected.
Deputy Ruairí Quinn: The Deputy is right. I signed the pledge on behalf of the Labour Party as the party’s spokesperson on education during the campaign for the last general election. That pledge and that commitment did not make it into the programme for Government that was negotiated between my party and Fine Gael. As Minister for Education and Skills, I have a responsibility to implement the programme for Government, and that is what I am doing. I have to ensure that students who want to go to college can get there. What I have stated frequently is that there should be no financial barrier for a student who wants to go to college. That is why 42% of all students doing undergraduate courses are on some form of grant, which means not only that they may have a maintenance grant but that they do not have to pay the fee in the first instance.

Deputy Charlie McConalogue: I am sorry, but the Minister’s response does not add up. He was the Opposition spokesperson on education-----

Deputy Ruairí Quinn: Labour Party spokesperson.

Deputy Charlie McConalogue: He was the spokesperson on education for the Labour Party in Opposition. He did not in any way qualify what he stated at that time but promised the sun, moon and stars. He said it would be no problem under the Labour Party. He told students that if he were Minister for Education and Skills, not only would there be no increase in student registration fees but he would undo the increases that had already occurred. Yet now, in government, he has the audacity to come into the Chamber and say the paper he signed counted for nothing. He did not tell that to the students before the election; he promised them whatever it would take in order for him to get their vote. What the Minister should do now is to stand by his own principles. As Minister for Education and Skills, he should stick to his promises and not increase the registration fee this year.

Deputy Ruairí Quinn: I thank the Deputy for his advice. I intend to proceed as Minister for Education and Skills and implement the course of policy for which I have a mandate from the Cabinet through the programme for Government.

An Leas-Cheann Comhairle: As Deputy Stephen Donnelly is not in the Chamber, we will move on. Question No. 51 lapsed.

Other Questions

School Funding

52. Deputy David Stanton asked the Minister for Education and Skills the estimated cost of the transition year programme per annum; and if he will make a statement on the matter. [43015/12]

(Deputy Ruairí Quinn): My Department provides specific teaching resources and additional grant aid to schools that offer the transition year programme. An additional teacher allo-
cation is given to each school offering the programme, based on a pupil-teacher ratio of 18.5:1 for DEIS schools, 19:1 for schools in the free education scheme and 21:1 for fee-charging schools. Schools in the free education scheme also qualify for payment of a transition year grant of €95 for each pupil participating in the programme.

The cost of transition year grants in 2012 was €2.7 million. My Department allocated approximately 1,700 whole-time equivalent teaching posts in the 2012-2013 school year in respect of transition year, with an estimated cost of €109 million.

Deputy Mary Mitchell O’Connor: I am deputising for Deputy Stanton, who asked me to ask the Minister whether the Department of Education and Skills has done a cost-benefit analysis on the cost of transition year. For my part, I strongly believe a curriculum needs to be laid down. Issues have been raised with regard to the disappointing PISA results. We all know certain subjects need to be taught, including languages and science subjects. I am conscious this is all against a backdrop of budgetary constraints and that we need value for money. Although many students and parents have reported a good experience of transition year, a significant number of students have reported a disappointing experience. Are we getting value for money?

Deputy Ruairí Quinn: The real question is whether young people are obtaining a valuable education experience in transition year. In its original conception, transition year was designed to be an antidote or a contrast to the experience of swotting for the junior certificate examination. I have already made an announcement on the future of that examination. I have asked the Irish Second-Level Students Union, ISSU, to consider the position on transition year and invite opinions from students, some of whom are in the Visitors Gallery. I would like to discover what students think of transition year. Are they of the view that it could be better or more structured or is it a waste of money? Do those who complete transition year have a great time? How would students improve transition year? Young people, particularly those who have just completed the junior certificate examination and are commencing transition year, are in many respects much better placed to inform us of what they do or do not like about the year. The relevant research shows that, by and large, young people who complete transition year - these individuals now comprise a large percentage of the total cohort of secondary school students - obtain better academic results than those who do not do so.

Deputy Mary Mitchell O’Connor: I agree with the Minister with regard to young people having an input into this matter. Like Deputy David Stanton, in whose name the original question was tabled, I would like a cost-benefit analysis to be carried out. I accept that research indicates that children who complete transition year obtain approximately 40 points extra in the leaving certificate examination. However, the proof of the pudding is in the eating. I would be interested in discovering what we and young people are getting in return for the money being invested.

Deputy Mick Wallace: My two youngest children completed transition year in recent times and their experiences of it were massively different. My daughter’s transition year programme was extremely well structured. She had a brilliant time and gained a great deal from it. However, the same emphasis was not placed on transition year in the school my son attended. I remain of the view that it was better that he completed the year because he will be one year older when he sits his leaving certificate examination. I agree with the Minister that being more mature when sitting the leaving certificate examination is a real bonus. It would be good if firmer structures were in place in the context of how schools operate the transition year programme. They should all be obliged to give transition year the emphasis it deserves.
Deputy Ruairí Quinn: I had a similar experience with my son who is now in sixth year. A great deal depends on the motivation of the young people involved, the individual co-ordinators of transition year programmes and the level of general engagement. On the one hand, the dilemma for me, as Minister for Education and Skills, is that people are stating we are being too prescriptive with the curriculum, that we are overloading it and that schools are being instructed on what they should be doing almost every minute of every day. On the other hand, we are trying to inform schools that they should do their own thing during transition year. A balance must be struck.

I am going to examine the responses I receive from the ISSU and others on this matter and then consider the guidelines and assistance we can offer to secondary schools in order that they will have a menu of choices and activities to offer students. I accept that some of the latter are already in place, but I am concerned to discover whether improvements are necessary and whether new options might be offered. In that respect, we could consider whether it might be possible to tap into young people’s enthusiasm for information technology and all the activities associated with it. We must harness that which is already in place in a way which will make transition year a more worthwhile experience for most of those who participate in it.

Mental Health Guidelines

53. Deputy Dara Calleary asked the Minister for Education and Skills if he will consider the introduction of a whole school approach to tackling mental health in education rather than the current curriculum based approach; and if he will make a statement on the matter. [43055/12]

61. Deputy John Browne asked the Minister for Education and Skills the progress made to date in drafting inter-departmental guidelines to establish a framework for addressing mental health in the education system; when he expects the guidelines to be published; if he will ensure that these are applied to primary level as well as post primary level; and if he will make a statement on the matter. [43054/12]

(Deputy Ruairí Quinn): I propose to take Questions Nos. 53 and 61 together.

The Department plans to launch the guidelines on mental health for post-primary schools this year. The guidelines will provide practical support for post-primary schools in addressing mental health promotion and suicide prevention. They are intended to build on the existing good practice in many schools. They highlight the need for all schools to adopt a whole-school approach in the promotion of mental health and well-being. A co-ordinated whole-school approach involves building and integrating school self-evaluation processes, together with the effective implementation of the SPHE curriculum which is mandatory at primary level. Operationalising the guidelines will be supported by my Department’s support services, including the NEPS, in collaboration with other relevant services. It is not planned at this point in time to develop guidelines on mental health for primary schools.

Deputy Charlie McConalogue: I ask this question in the light of some of the issues I raised as Priority Questions. It is clear that greater action is required to support young people who are experiencing mental health issues and that the school environment is a place in which positive mental health should be promoted. It is estimated that at any one time one in five young people is experiencing psychological difficulties. According to recent research presented by Headstrong, the number could be as high as one in four. Research indicates that adopting a whole-
school approach is the most effective way of targeting mental health promotion rather than a curriculum-based approach in programmes such as the SPHE programme. The whole-school approach seeks to change the ethos of a school and make good mental health a primary objective. Will the Minister reconsider his approach and consider implementing this programme? Has he had any engagement with the Children’s Mental Health Coalition which is campaigning for the adoption of a whole-school approach to mental health?

**Deputy Ruairí Quinn:** I thank the Deputy for his comments and broad support for the adoption of a whole-school approach. In fact, much of the thinking behind this approach is embedded in the core values of the proposals for the junior cycle curriculum. I hope the House will have an opportunity within a few weeks to debate the document launched last week. The key in what we are trying to do is vesting responsibility for mental health well-being in the school community, rather than it being a specific and particular task of one individual or group of individuals. We all need to be apprised of health awareness. Younger people today are more mature than we were at their age. The stresses and strains of living in modern society have become more complex and severe. The economic downturn has caused significant stress for many families, many of whom would not have envisaged having to deal with such economic difficulties. All of these factors require the adoption of a wider approach to their resolution and the provision of some support. I agree with the Deputy that the adoption of a whole-school approach is the way to go. I have received the communication from the coalition to which the Deputy refers which I will take into account when communicating with schools.

**Deputy Charlie McConalogue:** This is a matter which requires urgent attention. The Minister states the programme may form part of the reform of the junior certificate curriculum. However, this reform is planned to take place in the next eight years, which is a very long time in the life of a student. There is international evidence that adopting a whole-school approach to mental health is the most effective way of ensuring the mental health of students. We need to ensure parents, students, schools and teachers are all involved in promoting good mental health. The Minister must work to achieve real progress at school level in the implementation of a whole-school programme.

**Deputy Ruairí Quinn:** The sub-committee which worked on the guidelines comprised representatives from the Departments of Health, Children and Youth Affairs and Education and Skills, as well as the Health Service Executive. Funding was provided by the National Office for Suicide Prevention which fully supports this work. The programme will be examined in the light of its application to the current school landscape. I do not wish to give the impression that its application will be in some way dependent on the implementation of the transition year programme. It represents the same thinking in the reform proposed for the junior cycle curriculum rather than in transition year.

**Universities Global Ranking**

54. **Deputy Micheál Martin** asked the Minister for Education and Skills his views on the most recent world university rankings which showed that universities here have slipped again; the steps he is taking to address this issue; and if he will make a statement on the matter. [43069/12]

**Deputy Ruairí Quinn:** The position of Irish universities in *The Times* higher education rankings has remained relatively stable this year, showing that Ireland still has two universities
in the top 200; two universities in the top 350 and another in the top 400. Two of these universities, Trinity College Dublin and the National University of Ireland, Galway, NUIG, have improved their relative ranking positions in the past year. While UCD’s relative ranking has fallen, its overall point score is higher than last year.

While some higher education systems have invested heavily in elite institutions and adopted a policy of differentiated support for different tiers of institutions, our focus in this country is on advancing performance across an accessible and diverse system of institutions. This policy is paying dividends for Ireland’s growing competitiveness and we are now ranked first in the world in the IMD world competitiveness survey for the availability of skilled labour, owing to our impressive ranking of first in the European Union and fourth in the OECD for the higher education attainment rates of our 25 to 34 year olds.

Deputy Charlie McConalogue: We learned last week that our universities had again slipped down the latest rankings in *The Times* higher education survey, with Ireland no longer represented among the top 100 institutions worldwide. The drop in position for University College Dublin, from 159 to 187, is particularly dramatic and worrying. Trinity College Dublin is slightly up, from 117 to 110, but has failed yet again to make it into the top 100. Six years ago it was ranked among the top 50 colleges worldwide, while UCD was comfortably inside the top 100. What does the Minister propose to do to address this ongoing decline in ranking? Increasing the student contribution fee every year for 250 years simply will not address the problem. Responding to the latest data for the falling status of Irish universities, Dr. Hugh Brady observed: “Economic factors here are part of the reason, but we must also recognise that investment by universities in other countries is raising the level of competition internationally.”

The Minister has decided not to publish a recent report on the future of the third level education sector which was compiled by international experts and presented to him by the Higher Education Authority. Will he explain why the report has not been published and why it was commissioned in the first place if it was not to be taken on board?

Deputy Ruairí Quinn: The seven Irish universities are ranked in the top 2% among the 15,000 universities in the world. That is an extraordinary statistic by any measure. However, the rankings are somewhat self-seeking in that it is possible to construct any matrix of measurement in order to obtain a certain skewed result. For example, one of the strongest countries in Europe for research, including applied research, is Germany, yet the number of German universities which feature in the rankings is relatively small. The purpose of the Shanghai index was to benchmark Chinese research universities against what was being achieved in the United States. Other ranking systems give slightly different results and within these rankings there are good stories and not so good ones. One can almost pick and choose the system which best suits one’s needs. Nevertheless, I accept the point the Deputy is making. All other issues being equal, our universities have fallen in the rankings. While UCD has actually moved up a few places, it has been overtaken by other universities for a variety of reasons. Some of it is to do with resources, including pupil-staff ratios and the availability of funding for research. I have spent some time studying the data and there is clearly a lack of consistency in some of the indicators. In some cases, for example, administrative staff and a host of other non-contact staff are included in the pupil-staff ratio, thereby ensuring a more favourable rating for the institution in question.

The current position is that I am awaiting the landscape document from the Higher Education Authority which was commissioned on foot of the report on third level education published in January 2011. There was a request which I did not seek and which was not brought to the
notice of the Department for the international experts to give a view as to what the configuration of the entire third level sector should be. This was separate to the recommendations made in Dr. Hunt’s report and the initial action taken by the HEA in inviting all of the third level institutions to indicate their view in collaborating and associating with other institutions in their area. I did not want the second part of that report to be published because it would be a distraction from the main exercise on which we had embarked. I await the report and it will be published in due course, albeit not immediately. I want the institutions in question and the Higher Education Authority to stick to the original mission they set themselves by publishing, probably in February or March 2013, their response to the future landscape configuration of third level education.

**Deputy Charlie McConalogue:** The Minister appeared to indicate he was not aware the report was being commissioned and neither he nor his Department had requested it. Is that correct? He referred to the roadmap produced in the Hunt report, which also deals with the information technology sector and opportunities for universities to apply for technological university status. What is the current position in this regard? The Connacht-Ulster Alliance recently made a presentation to Members setting out a proposal to create a technological university in the north west. A similar case has been made for Waterford and Dublin. It is important that the regions are given an opportunity to make a case for securing technological university status. What timeline is envisaged for this process?

**Deputy Mick Wallace:** At a time of scarce and reducing resources, I also have reservations about the manner in which universities are being assessed. I note the assessment is based on a number of factors, namely, research, teaching, employability and internationalisation. Only last week, I met two lecturers from different departments at University College Dublin who were at pains to point out that the university assessment in heavily biased towards research. They argue that the scarcity of resources means teaching and students must be given top priority if we are to achieve the best outcomes for university students. Achieving the best possible results will require us to focus on teaching and students. In the past four years, the purchase of new books for the UCD library has been virtually frozen in the case of some departments. While I accept that money is not plentiful, this is a serious problem. It is all very well to spend a fortune on research to impress those who carry out such assessments but our priority must be to look after our universities and students.

**Deputy Ruairí Quinn:** I will reply first to Deputy Wallace before addressing the questions asked by Deputy McConalogue. The Deputy confirms my comment on the distortion that certain types of indices can give to the overall outcome of a ranking. Investment in research, the level of peer review of papers and reputation are all used as indices. However, the assessment may be carried out by people who have never been to Ireland. They may, therefore, base their reputational assessment on an image they have of the country and its universities. There is evidence to suggest that when the onset of the economic crisis in 2009-10 had a significant adverse effect on the reputation and perception of Irish universities, notwithstanding that there had been little or no significant shift in resource allocation or the student-teacher ratio. In the first instance, the ratings should indicate what is the quality of education for our pupils and students, while also conveying a message to the rest of the world about the quality of our education system. They are, however, designed to serve slightly different functions and address slightly different audiences.

As regards the configuration of the third level sector, we have seven universities, including the Dublin Institute of Technology, 14 institutes of technology and an array of other third level institutions, including some private institutions which avail of the CAO form for allocation and
The HEA set out four clear steps that any institution that aspires to become a technological university must take. I outlined these steps in reply to an earlier question. The final decision on whether an institute becomes a new technological university will be made by an international panel of experts using objective criteria on the standard of academic competence the institute has achieved. It will not be a political decision made by myself or any future education Minister.

**Bullying in Schools**

55. **Deputy Regina Doherty** asked the Minister for Education and Skills in view of the growing and worrying trend of youth self-harm and youth suicide, his plans to develop a policy to deal with the growth of social media in education and in particular the use of mobile phones, smart phones, i-pads and laptops during the normal school day; if he has examined the problem of cyber bullying, cyber abuse and the transmission of material including photographs by young persons in an unsupervised, uncontrolled and unacceptable way; in view of his policy to have high speed broadband available in most schools within a short period of time, his views on whether a national policy is required in relation to the use, abuse and misuse of social media in education; and if he will make a statement on the matter. [42811/12]

(Deputy Ruairí Quinn): My Department is strongly supportive of the integration of information and communication technology, ICT, tools and techniques into teaching practice. However, I am conscious that the use of modern technology can also create opportunities for cyberbullying to occur. In this regard, following the recent anti-bullying forum held in May, I have established a working group to address the issue of tackling bullying in schools, including cyberbullying.

It should be noted that individual schools have the ability to filter the content of what is accessible through the school’s broadband network. This allows teachers to use the Internet for teaching and learning in a manner that reduces the risk of pupils’ accessing inappropriate content. The Department also funds the Webwise initiative, which focuses on increasing understanding of Internet safety at school and in the home and improving skills in this regard. It is important for all of society to remain vigilant and alert to the potential risks associated with the use and misuse of modern technologies.

**Deputy Derek Keating:** My question, No. 81, is similar to Deputy Doherty’s. I thank the Minister for his reply. Often when I see young people in the Gallery, like today, I am reminded
of the facilities some of them have to assist them with their education which we never had, such as laptops and smartphones. The Minister’s determination to provide high-speed broadband to more schools will enhance young people’s education and the use of these devices.

It takes only a small number of people to cause a major problem, however. We have seen in recent times how, with the absence of supervision, respect for others and responsibility, some young people have suffered as a result of cyberbullying. In one particular case, a young person who felt very vulnerable resorted to self-harm and suicide. I have had a particular interest in this area for a long time. The Minister’s initiative of setting up a working group will lead, I hope, to policy formation which might be the missing piece from the jigsaw. I am satisfied the Minister will keep me appraised of the progress made in this regard. I hope this will assist us in supporting those suffering from cyberbullying in schools, in colleges and at home. I also hope it will ensure young people with access to such devices become more responsible.

**Deputy Ruairí Quinn:** I thank the Deputy for his comments and his interest in this area. Cyberbullying has become an enormous problem compared to what it used to be. First, it is no longer confined to the school because the electronic devices every young person has enables cyberbullying to continue 24-7. The consequence, accordingly, is that the young person who is bullied cannot escape from it at home. It is an emotional and psychological form of bullying. We have tended to associate it more with females than males, while in the case of males it has tended to be far more physical. Either way it is a big problem. For this reason the working group was established following the conference or day seminar. I expect the report to be ready later this year with an action plan on what to do about bullying and how to mobilise support from a wide section in the school and education community, including the home, as well as help lines and a host of related things. Part of the issue is awareness. Cyber-bullying has become a recent phenomenon by virtue of the fact that every young person carries a smart telephone, which facilitates access in a way that was inconceivable five years ago. We must confront an old problem which is harnessing the wonders and facilities of modern technology and communications for evil and nasty purposes.

We must recognise the problem, recognise how wrong it is that bullying takes place and then come up with practical measures to prevent it.

**An Leas-Cheann Comhairle:** Deputies Finian McGrath, Jonathan O’Brien and Clare Daly have indicated. I hope there will be a brief question from each.

**Deputy Finian McGrath:** Question No. 55 relates to self harm and youth suicide. Does the Minister agree that it will take more than a working group to assist the issue of cyber-bullying and the major stress it is causing to young teenagers? Another big issue is the bullying of gay teenagers going on in many second level schools. This is linked to self-harm and suicide. What proposals does the Minister have in mind to deal with this situation? What practical measures does the Minister have in place to deal with the issue of the bullying of young teenagers? Will the new, radical changes the Minister has planned to introduce in second level education include programmes or assistance for young teenagers?

**Deputy Jonathan O’Brien:** I agree with the Minister that it has become a considerable problem and this is something the working group will examine. Has the Minister looked at other countries where there is stand-alone bullying legislation with a view to policy development and legislation here? The issue of bullying is not confined to children or students. There is a growing number of teachers who suffer from bullying in schools. Any working group ex-
The problem of bullying goes beyond social media and technology. The question asked related to the policy position. One positive aspect of the technology and its use in schools is a pilot programme in my area where the students, rather than being issued with books, are being issued with iPads. The teachers maintain the use of this technology is a valuable tool in terms of all-inclusive education. Has the Minister any plans in this regard? The other positive is that they are not weighed down by big mountainous sacks of bags every day and they can deal with that issue. The down-side is that the cost is €750, which is prohibitive. Anyway, if that gets a student through her school life, some plans for replacement and stressing the positive role of the technology could be included in a policy as well.

Deputy Charlie McConalogue: I concur with the previous speakers. The introduction of technology, especially iPads, into primary and secondary schools in the past year or two has been positive and it could reap many benefits in future. This opens up possibilities in terms of how people might bully others, fellow students and their teachers. I recall the emergence of the teacher rating website some years ago. That was the start of it. Facebook has become a big deal now as well. This creates serious issues. The pace of change of technology, especially with students having tablets and information technology hardware, will change in the coming years. It is crucial that clear guidelines are in place in schools on how they should cope with this and these should include protection policies.

Deputy Ruairí Quinn: First, I will address the broader question raised by Deputy Daly and remarked on by others. We are in the middle of a technological revolution in information technology. Any decision we might make in respect of one particular platform or type of technology could quickly become out of date. We have done some work at an infrastructural level and Deputy Keating has referred to this. In two years time, that is to say, two years after this year, all of our 730 post-primary schools will have 2,000 megabyte broadband capability. This will enable us to transmit a great deal of information into schools. My preference is that we should acquire the intellectual property rights of much of the material to be transmitted and that we should assume that the schools and students will deal with an applicable hardware application.

The fact that information is becoming more friendly to different types of platforms is a bonus, unlike previous generations of electronic technology. For example, in the case of video cassettes, VHS was the less technologically advanced of the two options, Betamax being the other, but VHS won the technological war. There are many schools doing the sort of thing referred to by Deputy Daly, using the iPad or some electronic device to do work and communicate material with the consequential effect of a lighter working load.

There has always been bullying and favouritism in schools and there have always been teachers who get a hard time when others do not. This is being compounded by the coming out of many people whose sexual orientation had to be concealed for fear of social ostracizing or loss of a job. It is not a million years ago since a teacher lost her job in New Ross because of her lifestyle. No one covered themselves in glory on that day and even the unfair dismissals legislation did not work on her behalf. We must be conscious of all of that and conscious that bullying is wrong but that it has now been given an extraordinary boost by the capacity of technology to be prevalent 24 hours per day, seven days per week.

I hope to get clear and constructive guidelines from the group, which may borrow from
practices in others parts of the world as well as develop their creative activities. I assure Deputy McGrath that the whole gay and lesbian community in our society are protected from attack, like anyone else. Man of them are represented in our society and in education. When I get the report from the working group I will publish it and we might have a discussion on it in the House.

Special Educational Needs

56. Deputy Sean Fleming asked the Minister for Education and Skills his views on the recent policy advice from the National Council for Special Education in relation to tackling challenging behaviour in schools; and if he will make a statement on the matter. [43063/12]

Deputy Ruairí Quinn: The National Council for Special Education, NCSE, recently published its policy advice on the education of students with severe emotional disturbance or behavioural disorders. I welcome the publication of the report, which makes recommendations on how education can best be provided for such children in future, while ensuring minimal disruption for other pupils. The Department will consider the recommendations of the report, including any resource, policy, and staffing implications, and will prepare a plan for the appropriate implementation of these recommendations in the context of available resources. In the interim, schools will continue to be supported through the provision of additional resource teaching and special needs assistant support. Earlier this year, the Department also published new guidelines for schools on supporting students with behavioural, emotional and social difficulties, which are available on the Department’s website. Schools may also seek advice from the National Educational Psychological Service, NEPS, their special educational needs organiser or from the national behavioural support service, on how children with behavioural needs can best be supported in schools.

Deputy Charlie McConalogue: I thank the Minister for his reply. Mary Byrne, head of special education at the National Council for Special Education, recently estimated that more than €200 million worth of additional teaching resources is needed every year as a result of behavioural issues in schools. The Minister outlined that the council has recommended to him in its recent report that at least one teacher from every secondary school should undergo a three-day training course in how to deal with especially difficult behaviour from students. Recently, the TUI referred to how the loss of 700 teachers in second level schools has led to an increase in behavioural difficulties among some students there.

3 o’clock

The Minister is looking into the report, but can he give a commitment that he will set up training in line with the recommendation for teachers so that at least we can ensure that one teacher from each school is trained in specialist behavioural management? Can he also give us a timeline as to when we can expect action in that regard?

Deputy Ruairí Quinn: We are still studying the report. The decision to mainstream, where possible, pupils with behavioural or special educational needs into the classroom has a consequence for the rest of the class. Also, teachers were not traditionally trained to deal with such issues and that will form part of continual professional development as well as part and parcel of the new formation for primary school teachers and post-primary school teachers in the colleges of education.
Deputy Finian McGrath: Would the Minister agree that the earliest intervention possible is the best way of dealing with the issue of severe misbehaviour in schools? Would he also agree that the first four years are vital?

Would the Minister agree - I ask this of broader society as well - that one cannot expect a four year old child to be a normal happy-clappy child in junior infants if he or she comes from a violent, dysfunctional family and we must intervene early? In terms of good news, would he agree that there are many examples of good practice with children at risk and children misbehaving in the DEIS schools?

Deputy Ruairí Quinn: I agree with Deputy Finian McGrath’s last point. It is one of the issues that the Minister for Children and Youth Affairs, Deputy Fitzgerald, and I have discussed, that is, at what point can one start to interact with the school. Many of the children arrive in school with problems that have originated from outside. We must recognise that and look at what the National Education Welfare Board can do. The board cannot do anything in terms of attendance until the child is aged six, when, in fact, the problems are probably gone beyond a possible early-intervention solution. That area and the link between the home and the school, and even the preschool period, are where the warning bells ring, and unless we can intervene at that early stage, the chances of a subsequent successful intervention are diminished.

Deputy Charlie McConalogue: The NCSE’s report to the Minister also recommended that the two education programmes, the Incredible Years programme and the Friends programme, which have recently undergone trial successfully in counties Carlow and Kilkenny, would be rolled out across the country. The Friends programme helps the students to manage the behaviour themselves and also to recognise when they are feeling anxious and to develop coping skills to deal with that. They seem to have worked well. The NCSE recommends that the programmes be rolled out nationally. I would ask the Minister for his initial thoughts on those two recommendations.

Deputy Ruairí Quinn: I will take a detailed look at these reports and the specific recommendations and seek advice from the specialists and the generalists in the Department of Education and Skills.

Third Level Admissions

57. Deputy Sandra McEllan asked the Minister for Education and Skills if he will provide an update on the progress that has been made in achieving the goal set out in the Programme for Government to double the number of international students studying here particularly attracting students from India, China and the Middle East; and if he will make a statement on the matter. [43108/12]

58. Deputy Aengus Ó Snodaigh asked the Minister for Education and Skills the progress that has been made in implementing a National Strategy for International Education to develop the Education Ireland brand by encouraging more international students to study here and to create new jobs in the sector; and if he will make a statement on the matter. [43110/12]

Minister of State at the Department of Education and Skills (Deputy Ciarán Cannon) (Deputy Ciarán Cannon): I propose to take Questions Nos. 57 and 58 together.
We are pursuing a range of actions to implement the international education strategy and to position Ireland as a top-quality destination for study. At present, some 32,000 students are registered in Irish higher education institutions, including 7,000 studying on Irish programmes overseas.

We are concentrating our efforts on countries with potential for significant growth. An education mission to China took place in March last and further missions are expected for India, the Gulf, Vietnam and Malaysia in the coming months. I will formally launch a scholarship scheme later this year targeted at priority markets.

A series of branding initiatives are being rolled out by Enterprise Ireland, including an enhanced website, a social media strategy and a student ambassador programme.

On the regulatory front, the new Quality and Qualifications Agency will introduce a statutory code of practice and international education mark, in line with the recently enacted qualifications and quality assurance Act.

**Deputy Jonathan O’Brien:** I thank the Minister of State for the reply.

He outlined the number as approximately 32,000, which is up some 6,000 on the 2010 figures I had. Even if one only considers the revenue created from that number of students in 2010 was €900 million, no doubt this is an important factor, not only for the universities but for the Irish economy. International students stay on average between 20 and 25 weeks, and that is a boost to local economies.

I welcome all of the initiatives Deputy Cannon outlined in terms of Enterprise Ireland and the trade missions. It is something that we should not lose sight of. There should be a significant focus put on this up until 2015 to meet the targets which were set out last year. It is important not only for the universities in terms of the funding pressures they find themselves under and the advantages of bringing in international students, but also in helping local economies and local businesses.

**Deputy Ciarán Cannon:** I wholeheartedly agree with everything the Deputy has said. This market will certainly be a major focus of my Department and the Government over the coming years.

We are beginning to see interesting developments, particularly in the relationship that exists between Ireland and Asia. A number of our universities have formed strong linkages or partnerships with institutes, in particular, in China and Malaysia, and we want to growth those partnerships and linkages over the coming years.

Rather than a fragmented university-by-university approach, we want to see a collaborative approach across all of third level provision in attracting students into Ireland. The new Education Ireland brand, which has been developed by Enterprise Ireland, is proving effective in that regard.

**Teachers’ Remuneration**

59. **Deputy Barry Cowen** asked the Minister for Education and Skills his views on the Croke Park Agreement and the protection of teachers’ pay; and if he will make a statement on
Deputy Ruairí Quinn: As the Deputy will be aware, the Croke Park agreement was negotiated by the previous Government and this Government has consistently indicated that it will continue to abide by its terms.

This agreement has to be seen in its proper context. In fairness to all involved, both unions and successive Governments, it has delivered industrial peace following from the introduction of the pension levy and the subsequent pay cut. Importantly, it has and continues to have real benefits for productivity and change in the way public services are delivered.

I have always maintained that the public service as a whole needs to maximise the benefits of this agreement and to be unremitting in pursuing necessary changes.

Deputy Charlie McConalogue: The Minister created a serious issue here with the stance taken by him whereby new entrants to the teaching profession are on a radically reduced salary from that of those entering only a year previously. The starting salary has gone from €39,000 a couple years ago to €31,000 now.

This is a matter I raised with the Minister in a Topical Issue debate the first week back after the summer recess. In response to my question on how he would manage teaching staff where new entrants were on a radically reduced salary from that of teachers who are teaching next door, the Minister outlined that he inherited the Croke Park agreement and his information was that he could not address salaries or allowances at this point in time. Also in response to me, the Minister outlined that he wanted to negotiate a new agreement and that the discrepancy between new teachers’ salaries and existing teachers’ salaries was something he would want to address at that stage and in that agreement. In my reading of it, that can only mean the Minister intends to revise downward overall teachers’ salaries to come in line with the reduced rate he introduced for young teachers. Is that what he meant? Is that his intention?

Deputy Ruairí Quinn: Social partnership and the kind of structured agreements that we have had have by and large been good for this country over many years. They were abused and misused in the latter days of the Celtic tiger madness but as a principal way of doing business in a mixed economy like ours, it is a better way to go than the adversarial way which characterised industrial relations in the past.

There is much productivity that can be got out of the system. There is potential, particularly in the third level sector, to achieve enormous synergies, some of which we cannot even fully measure at present because we do not have direct access to some of the information.

I would like to see a successor agreement to the current Croke Park one. I have said that before; I am saying it again. As I stated earlier in answer to a question put by Deputy Catherine Murphy, issues have arisen because we were not able to cut the existing pay without breaking people’s terms and conditions, and the spirit of the Croke Park agreement. All we could do was to lower the entry grade for newcomers to the system, as has happened right across the private sector as well. Frankly, I would be surprised, in the context of discussions on a new agreement, if these issues were not put on the table by the parties to the agreement. I am not going to pre-judge what those parties might want to say, how they might say it or where we will finish up at the end of the day. Certainly, it is in that context that I see the issue being addressed. Whether it will be addressed upwards or downwards is a matter for discussion in the negotiations, on the outcome of which I will not comment.
Deputy Finian McGrath: The reduction in salaries for young teachers is very unprofessional and not the way to go. In recent days I have talked to many young teachers and, to my surprise, their concern is not salaries but jobs. They are looking for jobs, which is their focus. One top-class, qualified teacher to whom I spoke had only worked for three days in the last six months. I would like the Minister for Education and Skills to focus on this issue above others. In the current economic climate there seems to be an anti-public service mood, with rants against teachers, HSE workers, special needs assistants, home helps and so forth. It seems people want to cut, slash, burn and destroy others. They are using phrases such as “productivity”, but there are many in the public service, teachers in particular, who have increased their productivity but are getting no recognition for it. I ask the Minister to comment on this.

Deputy Ruairí Quinn: I agree with the Deputy that in the post-primary education sector, in particular, the nature and quality of employment for teachers who teach a range of subjects, as distinct from primary school teachers who are teaching young children and more holistic in their overall educational approach, are problematic. The nature of the contractual relationship between the employer bodies and secondary teachers is not satisfactory. It results in people who may have been in college for four years obtaining a primary degree followed by a further one or two years obtaining a higher diploma and are well into their twenties only finding part-time work, with very few hours. This is an issue which concerns me and I will be raising it in due course.

On the denigration of the public service, it has been my experience that those who make such casual comments are often the first to scream if they do not see a fire brigade or an ambulance within minutes of an emergency occurring or if there is a difficulty for an elderly relative and they cannot get him or her into a nursing home. It is not that they are doing it deliberately, but they are aided and abetted by some commentators in some of the newspapers, some of whom sit close to Deputy Finian McGrath on occasion.

Deputy Finian McGrath: I do not know to whom the Minister is referring.

Deputy Charlie McConalogue: Everyone in the House would agree on the importance of ensuring some of our top graduates continue to enter the teaching profession. However, statistics are available which show that even as things stood before the starting salary was reduced, students with certain levels of qualifications entering the teaching profession were starting on a salary which was lower than for those entering other industries with similar qualifications. I ask the Minister to confirm that what he is saying to new entrants whose salaries were cut is that he will consider potential increases as part of any new agreement.

Deputy Jonathan O’Brien: I am concerned by the answer the Minister gave to Deputy Catherine Murphy when she asked if, in his opinion, the changes made to teachers’ pay would impact on the quality of teachers entering the profession. His reply was not acceptable because he said his feeling was that it would not. I am wondering what analysis and assessments have been undertaken by the Department. The Minister has said he does not make up policy on the hoof. I certainly hope he does not make up policy based on feelings. I would like something more concrete than his feeling that the quality of teachers entering the profession will not be affected by the reductions in pay.

Deputy Ruairí Quinn: If there is a successor agreement, the lead person will, undoubtedly, be my colleague, the Minister for Public Expenditure and Reform, Deputy Brendan Howlin, because any agreement will involve more than just the education sector. I cannot anticipate
or predict what shape or form it is likely to take. The only thing about which I am hopeful - I encourage all involved - is that there will be such an agreement to negotiate our way towards something that will meet the requirements of everybody in our society and address the economic reality in which we find ourselves. Deputy Johnathan O’Brien asked me a specific statistical question and I will arrange for the answer to be provided for him. I want to ensure the education system in the Republic continues to attract high quality young people from the secondary school system into the teacher training colleges of education because time and again all of the international evidence confirms that good teachers produce good educational outcomes, more than any other single factor. That is the dominant factor in delivering the quality in education that we need to ensure we continue to attract quality students.

Leaders’ Questions

Deputy Micheál Martin: After he was elected, the Taoiseach said the Government would act decisively, forcefully and effectively with the banks and anybody else in the interests of those who held mortgages and were in difficulty in repaying them. Last week, for the second time in one month, AIB announced a major increase in its standard variable mortgage interest rate, to 4%, affecting 70,000 householders in the process. A mortgage expert has described this increase as absolutely obscene. This decision is further evidence that the banks and the Government have essentially abandoned mortgage holders, particularly those with mortgages at the standard variable rate. Deputy Michael McGrath, from my party, has estimated and illustrated that mortgage holders with a tracker mortgage of €200,000 will pay €224 less per month than those with a mortgage at the standard variable rate, a differential of €53,760 over a 20 year period. This will bleed ordinary householders across the country. As Constantin Gurdgiev and other economists have argued, it will also bleed the economy. It will rob it of disposable income and not facilitate the spending required. This is against the backdrop in July of a reduction by the ECB in its rate, but Ireland’s pillar banks decided not to pass it on to customers. In fact, AIB increased its rate further by 0.5%. In essence, despite all the loud protestations and rhetoric, it is very clear that those with a mortgage at the standard variable rate are bearing a disproportionate burden and are being absolutely screwed.

The Taoiseach has remained silent on this issue. He indicated some time ago that tracker mortgages could be moved to the IBRC and that this would help the overall restructuring of the banking system, potentially allowing for some relief for customers at the variable rate, but no such action has taken place.

An Ceann Comhairle: Will the Deputy ask a question, please?

Deputy Micheál Martin: The Taoiseach committed to forcing the banks to forgo a 0.25 basis point rise through savings in administration costs. That was included in the programme for Government, but the Government has done absolutely nothing about this either. Both the Labour Party and Fine Gael have been silent about it. What is the Taoiseach’s strategy? Does he accept that the differential between tracker and standard variable rate mortgages is unacceptable and places a disproportionate burden on standard variable rate mortgage holders? What does he propose to do about it?
The Taoiseach: The first thing the Government had to do was to consider the number of banks and their dysfunctionality, and the situation with regard to lending policy and the distress people were experiencing with mortgages. The Government downsized the banks to two pillar banks, Bank of Ireland and Allied Irish Banks, both of which are deemed to be banks for the future. Clearly the Government is not in a position to direct that interest rates should not be passed on. We have made that point to the banks following reductions in interest rates by the European Central Bank on a number of occasions. This is a commercial decision by Allied Irish Banks. I acknowledge it is difficult and challenging for people who are on variable rate mortgages but it is necessary that the banks get back to profitability. If that is not to be the case, the State will have to continue to recapitalise them.

In so far as dealing with mortgage distress and difficulties is concerned, Deputy Martin is aware that the banks have attended a number of meetings of the Economic Management Council to discuss their forbearance strategies in respect of mortgages, negative equity and those who are in mortgage distress. The Government has pointed out the need to respect the code’s provisions that people’s houses should not be taken away from them and that a solution should be worked out in each individual case, requiring the banks, in some cases, to train personnel to deal with those whose mortgages are in arrears or distress. The Government has set out the position in the Personal Insolvency Bill 2012, which is proceeding through the House and will, we hope, be fully enacted by the end of this year with an effective date for implementation early in the new year. The director of the new agency takes up duties on 22 October.

The Government is acutely aware of these issues. We interact on a constant basis with people who have difficulties with mortgages and constantly remind banks of their requirements and responsibilities for dealing with mortgage holders in implementing a range of options. I intend to expand the remit of the Cabinet committee dealing with mortgages and arrears so that it can also deal with banking issues in general, because a number of major decisions will have to be faced in the coming period.

Deputy Micheál Martin: I listened to the Taoiseach’s language. He stated that the Government is actively aware of the issue, is interacting with various bodies and is reminding the banks of their duties, but the Government is doing nothing in any meaningful way to alleviate the disproportionate and unfair burden on standard variable rate mortgage holders. That is the bottom line, despite what the Taoiseach has said.

Last November, when the banks did not pass on the ECB interest rate reduction, he hauled them in with a great show of rapping their knuckles and demanding action. It was a “talk tough, do nothing” approach, but he is not even talking tough anymore. People are feeling alienated and let down because he made specific commitments to intervene effectively on behalf of mortgage holders. He has not intervened in any shape or form, however, and we are long beyond that point. I am not the only person who is saying this. The Central Bank and the IMF have been highly critical of the lack of progress and the slowness of banks and the Government to address the issue of mortgage arrears. Nearly 70,000 mortgages have been in arrears for longer than 180 days. Approximately 460,000 people are members of families experiencing the mortgage arrears crisis. The Personal Insolvency Bill will not be fully implemented until early 2013. It is dragging on. The Government is standing back from the problem and it is letting mortgage holders down. In the process, not only they but also the economy are being screwed.

Deputy Michael Healy-Rae: They are being bled dry.
The Taoiseach: For the information of Deputy Martin, “actively aware” means that people walk in to my office and those of every other Government Deputy and Minister to make us fully aware of the difficulties and challenges they face in respect of their mortgages. “Interacting with the banks” means that when we have occasion to engage with banks through the Economic Management Council, we speak about mortgage arrears, their forbearance strategies-----

Deputy Micheál Martin: They increased the rate twice.

The Taoiseach: -----and their application to issues related to mortgages and mortgage distress. This was a commercial decision by a bank which the Government considers to be a pillar bank for the future, along with Bank of Ireland, and if it continues to charge an unsustainably low rate for variable-rate mortgages the impact will be that 2.1 million taxpayers are required to subsidise the bank even further in respect of the 70,000 mortgage holders who are experiencing difficulties.

The code on mortgage arrears means that banks and other lending institutions have the opportunity to sit down with each of the individuals and families involved to work out a solution. AIB’s standard variable rate of 4% will remain the lowest in the market. These decisions are taken by the board of a bank-----

Deputy Micheál Martin: The Taoiseach is endorsing them.

Deputy Barry Cowen: Who sits on the board?

The Taoiseach: -----which the Government expects to return to profitability in due course so that it is a commercial bank which conducts its business in the manner one would expect with members of the public, mortgage holders and business people. The situation is not as the Deputy says. The Government is acutely aware of what is happening, but it is also important that the banks implement the series of options that have been set out.

Deputy Gerry Adams: I welcome today’s announcement regarding jobs in the Kerry Group. Cuirim fáilte roimh an scéal maith sin. Ach thar an deireadh seachtaine cinnfiodh go raibh eolas ag an Taoiseach féin, agus ag an Tánaiste, faoi na hionaid sláinte a roghnaigh an t-Aire Sláinte, an Teachta James Reilly. Sin scéal an-dona.

The Taoiseach promised transparency and openness, but for the last three weeks Deputy Ó Caoláin and I, along with others in Sinn Féin, have been trying to find out the criteria for the Government’s decision to put two primary health care centres in the constituency of the Minister for Health. Why has the Government refused to publish the criteria? Do citizens and the Dáil not have a right to this information?

At the end of the summer the plan to cut personal assistant services for citizens with disabilities was thwarted by these brave people and their supporters, but today the Government is considering whether to end disability allowance payments to those younger than 18 years of age. It is also cutting home help services by €8 million. These are the political choices the Government is making. It is taking crucial resources from vulnerable sectors and punishing families on low and middle incomes by saddling them with debts they did not create, even while it is giving €64 billion to the banks without transparency. Will the Taoiseach publish the criteria for the primary health care centre locations, and will he state clearly that young people will not be penalised in December’s budget?
The Taoiseach: Tá mé thar a bheith buíoch don Teachta gur fháiltigh sé roimh an ráiteas a cuireadh amach ar maidin i dtaoibh na postanna nua atá le cur ar fáil ag an gcomhlucht Kerry Group, ceann des na comhluachtaí is fearr ann ar domhan atá ag déanamh infheistióchta de suas le €100 milliún anseo in Éireann. Beidh suas le 900 post nu a fáil agus beidh seans ag ógánaigh na hÉireann an chuid is mó des na postanna sin a ghlacadh. Chomh maith le sin, cuirfear suas le 400 post ar fáil ag tógáil an ionaid nu a seo.

Deputy Gerry Adams: Scéal maith é sin.

The Taoiseach: Tá mé buíoch don Aire as ucht fáilte a chur roimh an ráiteas a chuireadh amach go ag an comhlacht féin agus an cinn-eacnamaíochta atá déanta ag an comhlacht. Dúirt sé freisin go raibh eolas ag féin agus ag an Tánaiste faoi pleán maidir leis na hionaid sláinte. Tá a fhios ag an Teachta, mar tá sé rúite agam go minic anseo, gur ghlaic an Rialtas ar fad leis an pleán infheistíochta - suas le €2.5 billiún - a fuair lán tacaíocht ón Rialtas agus a fógraíodh ag an Aire Caiteachais Phoiblí agus Athchoirithíe cúpla mí ó shin.

Tá na freagraí sin tugtha ag an Aire Sláinte anseo go minic. Sé a bhí i gceist leis na coinníollacha breise ná go mbeadh comórtas ann i dtreo agus go gcuirfear an hionaid sláinte ar fáil agus go mbeadh cabhair le fáil ó na dochtúirí, mar a bhínta anuas, nuair a cuireadh hionaid mar seo ar fáil, níor ghlaic an Rialtas le cabhair. Ní cóir go mbeadh caiteachas airdhe poiblí i leith na hionaid seo gan aon aontas ó dochtúirí dul isteach. Is cóir freisin go mbeadh iníuchadh deanta óna hionaid sláinte ag ndochtúirí i leith do chuid de na daoine sa cheantar, ar chomh tábhachtach a mbeadh sé do na dochtúirí ag dul isteach i gceist i gcóras PPP a chuirfear ar fáil, ní féidir leis a dhéanamh a dhuine agus ní féidir leis a dhéanamh a dhuine díreach.

Leagadh coinníollacha eile amach ag an Aire Sláinte ar nós: ceard iad ar an roinn, a bhí deacracht cuideachta i dtuairisc sin in uachtar den Roinn Náisiúnta agus do chuir sé eolas ar fáil le chéile, ach ní féidir leis a dhéanamh. Ní féidir go mbeadh sé an chuid is mó de shaoil de sráid agus roinnt leansúnachtaí a d'fhéadfadh sé a dhéanamh. Tá na freagraí sin tugtha ag an Aire Sláinte anseo go minic.

Deputy Gerry Adams: Tá sé mar a gcéanna maidir le ráflaí faoi chinn-eacnamaíochta d'fhoireann agus a d'fhásadh dom féin. An t-aire ina gcéanna atá an ábhar ina chuid is mó de shaoil de sráid agus roinnt leansúnachtaí a d'fhéadfadh sé a dhéanamh. Tá sé mar a gcéanna maidir le ráflaí faoi chinn-eacnamaíochta d'fhoireann agus a d'fhásadh dom féin.

Labhair an Teachta faoi na liúntais do dhaoine atá deacracht acu. Is rud don buíseád é sin agus ní dhearnadh mionadh ar bith fóir sin. Léigh mé ar an bpáipéar inniu faoi mhadraíocht eile nár cuireadh ar fáil go fóill. Nil sé criochnaíthe agus tharlaíochta do chuid de na daoine agus ar an tAire Sláinte fós. Sé a rõid a ghlacadh i dtuairisc sin, ní féidir leis a dhéanamh adhfachan. Tá an chuid is mó de shaoil de sráid agus roinnt leansúnachtaí a d'fhéadfadh sé a dhéanamh.

Deputy Gerry Adams: Sin freagra an-fhada, ach ní féidir leis a dhéanamh. Chuir mé dha cheist ar an Taoiseach, ach ní féidir leis a dhéanamh. Tá an chuid is mó de shaoil de sráid agus roinnt leansúnachtaí a d'fhéadfadh sé a dhéanamh. Tá an chuid is mó de shaoil de sráid agus roinnt leansúnachtaí a d'fhéadfadh sé a dhéanamh.
same strokes.

Cuirfidh mé an cheist arís, ach cuirfidh mé i mBéarla. I urge the Taoiseach to publish the criteria relating to primary care centres and make it clear that he will not penalise young people with disabilities in the coming budget.

**The Taoiseach:** Ní cheist í sin ar chor ar bith, ach ráiteas. Thosaigh an Teachta as Gaeilge agus mar sin tabharfaidh mé an cead freagra arís dó as Gaeilge. Tá na coinníollacha léirithe ag an Aire Sláinte anseo agus é ag déileáil le Ceisteanna agus i ráitis atá curtha amach aige. Tá na coinníollacha breise a thug an Aire isteach leagtha amach agam anois mairid le leathnú an méd ionad sláinte a bheidh á chur ar fáil.

The Deputy mentioned young people being penalised in the budget. As I said as Gaeilge, I noted the comments today on under-18 disability payments. Let us be clear: this is media speculation about a report that has yet not even been finished, that has not even been presented to the Minister for Social Protection or that has not been considered by the Government.

**Deputy Gerry Adams:** Squash it.

**Deputy Mattie McGrath:** Have a mini-Cabinet meeting on it.

**The Taoiseach:** This is a matter, no more than any other, that will be properly considered by the Government collectively as part of its responsibility to bring forward a budget for 2013, which budget will be challenging in all respects. The matter of disability payments to under 18 year olds is the subject of a report that has not been concluded, that has not been presented to the Minister, that has not been seen by any Minister and, therefore, has not been considered by the Government. Obviously, it will be considered as part of the overall responsibility of the Government to present its budget early in December.

**An Ceann Comhairle:** I call Deputy Shane Ross.

**Deputy Shane Ross:** When I grow a beard, the Ceann Comhairle will be entitled to mistake me for Deputy Gerry Adams, otherwise there is not much of a similarity.

Despite the IMF’s reservations, the austerity economic policies continue throughout Europe. Nowhere was this more apparent than in Luxembourg yesterday when the ECOFIN Ministers met. What happened was something of a triumph for Europe, in that the ESM was launched. However, I suggest what happened was a source of humiliation for Ireland because the bank debt issue did not even make it onto the agenda. In view of what has been said about this issue recently, will the Taoiseach enlighten the House on whether it is a phantom bank deal we are encountering? Is it melting as the days go by? I do not know if the Taoiseach is aware of what Klaus Regling said yesterday when asked about the legacy debt, the issue in question. He was dismissive. He said: “This point has not even been discussed in any European body
so far.” Has the deal gone down the tubes? I know the Taoiseach will say the breaking of a link between sovereign and bank debt has been established, but where is the Irish deal which mainland Europe seems to be so keen on dismissing as not being on the agenda anymore? The breakthrough in June is now a non-event in October.

Will the Taoiseach address, in particular, what is happening with the two strands which appear to be hitting the buffers? One is the Anglo-Irish promissory note, on which the Minister for Finance, Deputy Michael Noonan, appears to have extended the deadline from October to March. The second, the recapitalisation of Bank of Ireland and AIB - sometimes known as the legacy issues - which we were promised after June has been postponed at least until a supervisory authority has been set up. That will not happen until next year. Therefore, is the deal disappearing? Is it a mirage? Is it vanishing before our eyes and something the Taoiseach has oversold but which mainland Europe is now disowning?

**The Taoiseach:** The answer to the Deputy’s question is “No”. It is not disappearing.

**Deputy Mattie McGrath:** It has disappeared.

**The Taoiseach:** Neither of the two issues that are at stake here are disappearing.

**Deputy Mattie McGrath:** It is gone.

**The Taoiseach:** Obviously, the discussions that take place prior to European Council meetings, and consequent to them, can be complex and quite varied. Deputy Ross will recall that there was a view that there would not be an interest rate reduction from a European perspective, that there would not be a temporary bailout system, that there would not be a permanent bailout mechanism, that there would not be an ESM, that there would not be a second bailout for Greece and that there would not be a break between sovereign and bank debt. All of these issues have happened and have been implemented, or decisions have been taken in respect of them but have not been implemented yet.

**Deputy Mattie McGrath:** Live horse and eat grass.

**The Taoiseach:** Neither of the two issues mentioned in Deputy Ross’s question are disappearing from the radar. On the question of legacy issues, I made it perfectly clear to President Van Rompuy when I met him last week that the decision to break the link between sovereign and bank debt in this country’s case is not about some problem that will arise for Ireland in the future. I said the problem is here now, having been caused by issues of the past. The same thing applies to a number of other countries. It is clear the facility to recapitalise banks directly is intrinsically tied up with the decision to have a banking union capacity brought forward. The Commission has put that on the table and it is now the subject of intense and ongoing discussions and negotiations. As Deputy Ross is aware, it has direct implications in the case of Spain and a number of other countries. Work is proceeding on that.

In the case of the Anglo Irish Bank promissory note, we are trying to unravel a very difficult situation for this country and, as a consequence, for the people of this country. It is not as easy as it might sound or seem. Some progress has been made in regard to the payment that was due in March of this year. As the Minister, Deputy Noonan, said at the meeting in Luxembourg yesterday, the situation is that the next payment date is March 2013 but our clear objective and wish is that this might be concluded before the end of the year. I have answered questions from other Deputies about this. I cannot put an exact timeline on it.
Deputy Mattie McGrath: Could the Taoiseach put a decade on it?

The Taoiseach: The important thing is to get the best deal for the taxpayer and the people.

Deputy Barry Cowen: It needs to be done more quickly.

The Taoiseach: I recall the statement that was made in this House last week by the President of the European Parliament, Mr. Schulz. I note the comments of Mr. Draghi, Commissioner Rehn, the IMF, the European Commission, the President of the Council last week and the President of the Commission.

Deputy Timmy Dooley: What about the comments of Deputy Mathews?

The Taoiseach: All of them are strongly in favour of a political decision being made with regard to this country easing its way out of the bailout programme and reducing the level of pressure on our people. I would like to reassure Deputy Ross with regard to both of these issues. The issue of the Anglo Irish Bank promissory note, which we are trying to unravel here, is being discussed directly by the Minister for Finance, his counterparts and the European Central Bank. The issue of the decision on sovereign and bank debt, which is also being discussed directly, is the responsibility of the Council and the heads of government. We are absolutely clear, as other countries are, on what the 29 June decision actually means. It is not about some problem that might arise in the future. It is about a problem that exists now, having developed in the past. The implications of that problem are very exacting for many people in this country.

Deputy Shane Ross: I am glad the Taoiseach mentioned the heads of government. Obviously, Angela Merkel is the most powerful person in Europe. I presume that if the Taoiseach were persuasive with her, she could give us a deal on legacy issues at the drop of a hat. Can the Taoiseach tell the House how often he is in touch with the German Chancellor?

Deputy Barry Cowen: Before every election.

Deputy Shane Ross: Has he asked Angela Merkel for her assistance on this matter? We had the President of the European Parliament here for a piece of theatre last week, but would the Taoiseach consider asking Angela Merkel to join him as his guest at the football match on Friday?

Deputy Ray Butler: We could ask Seánie Fitzpatrick if he was not in court.

The Taoiseach: I have made this country’s position perfectly clear to other leaders.

Deputy Ray Butler: He is the Deputy’s friend.

Deputy Mattie McGrath: Forever friends.

The Taoiseach: When one studies the-----

Deputy Ray Butler: The Deputy is like Bilbo Baggins over there.

An Ceann Comhairle: Sorry, we cannot hear the Taoiseach.

The Taoiseach: I remind Deputy Ross that we are following through on the decision of the people to endorse the Lisbon treaty. He will appreciate that the comments made here by President Schulz last week were not a piece of theatre, but the actual facts. The budget for the
European Union requires the support and approval of the European Parliament. The Deputy will recall that President Schulz said last week that we need to return to the community method. We had already made that perfectly clear to other leaders. In its own way, it was a contributory factor to the decision that was made on 29 June to break the link between sovereign and bank debt. In our case, it clearly signifies our understanding of this as a legacy debt with implications for other countries. The banking union programme that has been prepared by the Commission is on the table and is being discussed. The target date for that being implemented, or being in situ, is 1 January next. That is a tight timeline. I hope it can happen.

Ceisteanna - Questions (Resumed)

Constitutional Convention

1. **Deputy Micheál Martin** asked the Taoiseach the reason the Gay and Lesbian Equality Network were not included in the membership of the Constitutional Convention; and if he will make a statement on the matter. [38804/12]

2. **Deputy Joe Higgins** asked the Taoiseach if he will report on any recent developments regarding the establishment of the Constitutional Convention. [38950/12]

3. **Deputy Micheál Martin** asked the Taoiseach if he will provide an update on arrangements for the Constitutional Convention. [40263/12]

4. **Deputy Gerry Adams** asked the Taoiseach if he will report on the progress he has made towards the establishment of the Constitutional Convention. [40452/12]

5. **Deputy Gerry Adams** asked the Taoiseach when the first meeting of the Constitutional Convention will be held. [41486/12]

6. **Deputy Richard Boyd Barrett** asked the Taoiseach if he will report on the latest arrangements for the Constitutional Convention; and if he will make a statement on the matter. [41632/12]

7. **Deputy Micheál Martin** asked the Taoiseach the date on which the Constitutional Convention will meet for the first time; and if he will make a statement on the matter. [42656/12]

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

As Deputies will be aware, the Dáil and Seanad passed resolutions prior to the summer recess approving the setting up of the constitutional convention. The issues to be considered by the convention go to the heart of Irish life and are of enormous importance to all our citizens. They include reducing the Presidential term of office to five years and aligning it with the local and European elections, reducing the voting age to 17, reviewing the Dáil electoral system, giving citizens resident outside the State the right to vote in Presidential elections at Irish embassies or elsewhere, making provision for same-sex marriage, amending the clause on the role of women in the home and encouraging greater participation of women in public life, increasing the participation of women in politics and removing the offence of blasphemy from the Consti-
The resolutions also noted that following its completion of the above reports, the convention can consider other relevant constitutional amendments that may be recommended by it.

The Government took the view that the convention should be composed solely of members of the public and elected representatives. That is the approach set out in the resolutions passed by the Houses. We are conscious of the view that has been expressed to the effect that interest groups or specific sections of society should be represented at the convention. Interest groups such as the Gay and Lesbian Network will be able to interact with the convention, for example by making submissions. Indeed, I expect the convention will be anxious to hear from a broad spectrum of opinion in carrying out its work. Since the resolution was passed, much of the necessary preparatory work has been put in place by the secretariat to the convention, which is funded from my Department’s Vote but operates independently. I understand those arrangements are nearing completion.

The final step in the establishment process is the appointment of a chair. This is a key role which is essential to the success of the convention. The Government is continuing to give it careful thought, although it has yet to make a final decision. I am grateful to the Opposition parties for the suggestions they have made for the position of chair. The names submitted are among those under consideration. I will brief the Opposition party leaders in advance of making an announcement on the appointment. Given the sensitivity of the position, it would not be appropriate for me to enter into speculation on any of the potential candidates or the final outcome. I do, however, hope that an announcement can be made shortly and that the inaugural meeting of the constitutional convention will take place very soon thereafter.

Finally, it is important to recall that the Government has already put four separate proposals to amend the Constitution to the people in the last 12 months - on judges’ remuneration, on Oireachtas inquiries, on the EU stability treaty and, currently, on the rights of children. This is an impressive pace of constitutional reform by any historical standards. I am confident that this pace will be maintained throughout the lifetime of the Government, both through the implementation of our programme for Government commitments and in response to proposals to be put forward by the constitutional convention. That is why I committed to the House that the Government will respond to any proposals within four months. The people have supported two of the proposals we have put to them to date. I am hopeful that on 10 November they will support the historic proposal on the rights of our children.

Deputy Micheál Martin: Government sources are indicating to the media that people have been turning down the offer of chairing the convention. Will the Taoiseach comment? This might indicate the general sense out there that the Government’s attempt to limit the work of the convention has essentially dampened a lot of interest in it. It has lacked credibility from the off and this may be a restricting factor, with people deciding not to become involved. It is clear to everyone that the Government’s basic objective with this constitutional convention is to talk about radical reform but, in reality, to limit any chance that radical reform will actually be proposed.

In his reply, the Taoiseach went through the specific items that have been chosen by the Government, so I will not go over them again. He might indicate to us whether he believes in a specific way there is a likelihood of further referendums emanating from the work of the convention. Will he clarify for me before the convention starts whether, if the convention recommends that a referendum be held on another matter such as the membership and powers of the Government, he will allow such a referendum to be held? Will he give a commitment to
support the holding of referendums on all recommended topics, not just those he or the Government agrees with? It is important that he give this commitment. If he does not, I suggest he should save the time and expense of the convention because it is not good enough that we will only be allowed to vote on what the Government decides we should be allowed to vote on. What would be the point of establishing the convention in the first instance if that were to be the case?

I asked a question on the marriage equality issue. The Taoiseach said he had not stated his personal opinion because he did not wish to pre-empt the convention. I respectfully suggest this has not stopped him from giving his opinions on a whole range of other issues that are going before the convention. Many people see the movement of that issue into the convention as a way of preventing Fine Gael from having to take a stance for as long as possible on the issue of marriage equality. I do not think the Taoiseach needs a convention to tell him what he believes on a basic human matter such as this.

The reason I tabled a question on the participation of the Gay and Lesbian Equality Network, GLEN, is that, given that we have decided to put the issue before the convention, the Government has an obligation to make sure those affected by the ban on marriage equality can participate in the discussion. The only group in our society whose rights are being considered by the convention should, in my view, be represented. It is a fair point. The Taoiseach has made a special case of it by kicking it to the convention. He should make a special case now and allow GLEN to be represented. GLEN is a long-established, highly professional representative organisation and it should be accorded the right not only to be heard by the convention but to actually participate in it. I would appreciate it if the Taoiseach would give serious consideration to the position I have put to him.

The Taoiseach: I do not intend to comment on any speculation about persons wishing or not wishing to chair the constitutional convention. It requires a particular kind of person with experience. For that reason and, as I said in my reply, given the consideration of all of the names submitted by Opposition parties and others, I hope we can conclude that fairly soon. I will advise Opposition leaders in advance of making an announcement about it.

With regard to the response from the Government, what I have said is that when the convention starts its work, it will look first at two issues. It is not that there are no exceptionally difficult constitutional issues, but the aim is to see how the constitutional convention will actually operate and whether it can do its work effectively. These meetings will take place on Saturdays, although that may change depending on what the constitutional convention group wants to do, with a lot of other work done in between by the backup system of the administration to the convention.

What I have said is that the Government will respond within a four-month period. I will not give Deputy Martin a blanket guarantee that everything that comes with a positive recommendation from the constitutional convention for a referendum will be accepted by the Government. Nor do I want to say that this is a process of having discussions after which recommendations come out one way or the other and, if they are positive, they might or might not be accepted by the Government, while, if they are negative, the Government might still go ahead and hold a referendum on a particular issue. I foresee a number of other referendums in the period ahead. As I said, the constitutional convention itself can decide, after doing its body of work, that there are a number of other areas on which it would like to make recommendations to the Government, and it is fully free to do that.
With regard to the possibility of the gay and lesbian group being represented at the constitutional convention, we took a clear decision, which I outlined to Opposition parties, that we would confine this to citizens, taken in a proper format from the electoral register, as well as public representatives from both the Oireachtas and the parties and from among those represented in the Northern Ireland Executive. Of course, that does not mean somebody who is a gay or lesbian person cannot attend the convention, cannot send in submissions online - a facility that will be available - or cannot attend as a group to make a case to the constitutional convention, comprised of public representatives and citizens, so that this can be heard. That was a deliberate decision in order that we would not have a long list of organisations and groups saying “Well, if one is represented, we should also be represented”. The point the Deputy makes applies across the board to any group or organisation, which would be entitled to attend, send in submissions to or give evidence for consideration by the convention. From that point of view, we were clear in making the decision that, rather than letting in any one group or organisation, we would allow them all to send in submissions, evidence and so on. It may well be, in the selection of the 66 citizens, that persons from that list - although I have absolutely no control over that - are representative of different organisations, views, sectors or groups in society in general.

Deputy Micheál Martin: I would argue that this is a very special case. The first two items are a change in the voting age from 18 to 17 and the term of the Presidency. Clearly, no NGO groups are needed to consider those and, in fact, most people think it is a waste of time discussing those issues in a convention. They cannot fathom it at all and think it extraordinary. It really goes to the heart of the lack of credibility with which the convention is starting off that these two items have been listed as the top two priorities. Be that as it may, that is what the Taoiseach has decided-----

An Ceann Comhairle: I have other Deputies waiting.

Deputy Micheál Martin: I appreciate that. My point is that there is a clear case for allowing the people whose rights are being considered to participate, even in the section dealing with the issue of marriage equality. Also, I am disappointed with the Taoiseach’s response that he will not give a blanket guarantee on the holding of referendums that the convention may recommend.

4 o’clock

What is the point of it all if only a few items are put before the convention and we end up with an expensive talking shop that produces nothing and leads to no recommendations? The Taoiseach must firm up on what will emanate from the work of the convention itself.

Could the Taoiseach outline when he expects the convention to begin its work? Will it have its first meeting before Christmas and when does he expect a chair to be appointed? The issue has been dragging on for a long time. The pace is extraordinarily slow, from the time the Taoiseach mooted the idea, to the announcements before the summer, the rushed consultations before the summer recess and, as I expected, very little happened during the summer and right up to now. Will the Taoiseach give a sense of the timeline for the convention?

The Taoiseach: I always give Deputy Martin real, tangible and clear responses. The reduction of the voting age to 17 and the reduction of the period of presidential service from seven years to five years are not extraordinarily difficult. They have been chosen deliberately-----

Deputy Micheál Martin: Very deliberately.
The Taoiseach: -----in order to see how the constitutional convention will work. We should be clear that we have a constitutional convention and we hope it will operate effectively. What I have said to representatives of Fianna Fáil and other parties is that I want to assess how the convention does its work. The National Forum on Europe, for instance, was a good concept. It held meetings around the country, some of which were only attended by five or six people, and eventually became packed by parties, groups or organisations who wanted to make a particular point. That is not the kind of situation we want for the constitutional convention. The intention is to have two clear cases, namely, whether one agrees with reducing the voting age to 17 and whether the presidential term of office should be reduced from seven years to five years and for the presidential election to be co-ordinated with local and European elections which are on a set basis-----

Deputy Micheál Martin: I do not. Absolutely not.

The Taoiseach: -----and to examine what one would have to do to achieve that in terms of a constitutional bridge for the period. In those two cases the convention, composed of citizens and public representatives, should be well able to arrive at a conclusion one way or the other inside a specified period. We would then assess whether the convention has worked effectively. If it is deemed not to be working effectively then we must change it to make it work effectively so that when it moves to more complex constitutional or legalistic arguments that it will at least have the facility and capacity to do its work well. The first point is to set up the constitutional convention but there is no point in having it if it is not going to work effectively.

Deputy Martin indicated that the gay and lesbian group should be allowed to participate. They will be allowed to do so. I have no doubt the chair of the convention will be more than anxious to hear from particular sectors of society and that the gay and lesbian sector will be entitled to go before the constitutional convention to put forward its case. We were clear at the outset that we did not want individual organisations or groups represented on the convention. The citizens selected may well be representative of individual organisations but we are not having representation from specific sectors such as the gay and lesbian group or other group. Citizens and public representatives will be involved but those who represent sectors and groups are fully entitled to go before the convention to make their case.

I wish to make two points in answer to Deputy Martin’s question. On whether the convention will be able to work effectively, I hope the first meeting will take well before Christmas. We had intended that the convention would sit by the end of September but to be honest with Deputy Martin, it is important to get a person to chair the convention who understands its range and remit. I hope we can do that reasonably quickly.

Deputy Joe Higgins: What on earth does the Taoiseach need a constitutional convention to deal with reducing the age of voting to 17 and reducing the term of the Presidency to five years? I suggest the discussion on both issues would take one hour each. The Taoiseach should just do it. The age should be reduced to 17 or even 16 since young people are, unfortunately, increasingly victims of the policies of Government, the bailout and austerity.

Deputy Richard Boyd Barrett: That is if there are any of them left in the country.

Deputy Joe Higgins: The issue is easily dealt with. Of course the term of the Presidency should be five years. Is it possible that the convention could examine the Presidency more fundamentally? For example, one could ask whether we need a Presidency, which is a bauble, a
luxury that is ill-afforded. The mechanism for the selection of a President is undemocratically rigged to suit the establishment political parties. Will the convention examine the issue, and if we are to retain the Presidency, discuss whether it should be opened up to any citizen to go forward and democratically put his or her name in front of the people and have a real democratic contest, as opposed to the rigged contest we have seen up to now?

Some of those issues are important but why is the constitutional convention not going to the heart of much more fundamental issues in society? Why is it not dealing with the massive inequality of wealth in society, for example, where a tiny elite controls such massive resources and the majority do not have access on an equal basis?

**An Ceann Comhairle:** The Deputy is straying a bit.

**Deputy Joe Higgins:** Why does it not consider meaningful rights such as the right to work, the right to decent accommodation without being held to ransom by landlords and rights that would make life easier and more fruitful for people? Should those much more fundamental issues not be considered rather than the more superficial issues, especially the first two?

**The Taoiseach:** In politics, as Deputy Higgins is well aware, it is never as easy to do things as one might imagine. Deputy Higgins is aware of that in terms of holding his party together. It can break up sometimes and even he cannot stop it. That is something he might have wished to do but certain things are outside his control.

**Deputy Richard Boyd Barrett:** We will all still be voting the same way on the budget.

**The Taoiseach:** If one were to take a vox pop in the House on the seven-year term one might get very different results. As I said to Deputy Martin what is at issue is how the convention will work effectively.

**Deputy Micheál Martin:** No one believes it. It is a joke.

**The Taoiseach:** Deputy Martin does not agree with examining the presidential term but Deputy Higgins does. One could find differing views throughout the House.

**Deputy Micheál Martin:** Why does the Taoiseach not just put it to the people?

**The Taoiseach:** That is the point of the constitutional convention.

**Deputy Micheál Martin:** Who raised the matter with the Taoiseach? No one ever raised it with me.

**An Ceann Comhairle:** Two other Deputies have tabled questions and they have not had a chance to speak yet.

**The Taoiseach:** Of course they did not raise it with Deputy Martin. That is precisely the reason to have a constitutional convention; to make recommendations to put issues to the people. The Government can agree to have a referendum on a certain issue and we will give a response within four months.

As to why one needs a Presidency, I support the concept of the Office of the Presidency. President Higgins is in South America at the moment on a visit allied to trade issues. Such visits are important given that that Continent will explode economically in the next 20 years and it is important for this country to be involved.
It is perfectly open to the convention to say it regards the selection process for presidential candidates as one it should examine. I have already set that out in the terms of reference. If the constitutional convention and its chairperson decides it will examine the matter then the convention has freedom to do so and to make its recommendation. The issue of inequality, the rich and the poor, taxation thereof or otherwise, are matters for Government and the budgetary process and will take up a great deal of the Government’s time as we prepare for budget 2013. That is the story in so far as there are opportunities for the convention to look at areas that are not specifically mentioned. I refer to those first issues on which we wanted to reflect.

**Deputy Joe Higgins:** I assure the Taoiseach there is no party of break-up. Tá an Páirtí Sóisialach faoi lánn seoil. Let the Taoiseach not worry.

**The Taoiseach:** Tá an páirtí taobh amuigh den Bhlascaod Mhóir.

**Deputy Joe Higgins:** A little bit of ice cracking off the edge does not sink the iceberg.

The other issue relates to representation. Assuming the Government is to go ahead with the constitutional convention, how will proper representation on it be guaranteed? Apart from people who give submissions, how will the members be representative of society? Deputy Martin’s question related to the Gay and Lesbian Network. Sexuality is a fundamental issue in any human society. How can we be sure the lesbian, gay, bisexual and transgender, or LGBT, sector of society will have people there who appreciate their position? One could name other sectors of society in the same way. There is a need for people on the convention who will understand the issues in question and can put them to the forefront of discussion.

**The Taoiseach:** I reiterate there will be 100 members, including a chairperson who, as I pointed out to Deputy Martin, must be a person of experience and ability and have a high degree of public acceptability. There will be 66 ordinary citizens and the remaining 33 will be drawn from Members of the Oireachtas and will include one parliamentarian from each of political parties in Northern Ireland, to which invitations have been extended. The 66 persons will be recruited through the engagement of a bona fide polling company, will be selected from the electoral register, and will act as citizen members. The selection will therefore be as representative as possible in terms of gender, age, social class and region. The selection process will be overseen by the chairperson of the convention. It is proposed that the involvement of citizens from Northern Ireland and Irish people abroad will be facilitated by electronic means, social media and other web-based innovative technology. Such technology can also help citizens at home. Provision will be made by the secretariat for the establishment of a ready-to-go website with the capacity to disseminate information widely, provide interactivity with citizens at home and abroad and broadcast proceedings on-line as required.

That is what is going to happen. Let us see how effective it can be and if it is not as effective as it should be we can change it.

**Deputy Gerry Adams:** Sinn Féin proposed a constitutional convention a long time ago but since then Irish society has been changing - as a result of the impact of the economic crisis, changes within other pillars of the establishment and because of the peace process in the North. The best recent example of this type of convention was the constitutional convention, or conference, in South Africa when that country came together to form a new republic. We need that here but it looks to me as if we are going to get some kind of focus group, as opposed to something that can actually inspire Irish people. Whatever their party political allegiance is people
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here want to have some stake in and some sense of a real republic. A republic is not static; it must be an organic and ongoing voyage for us throughout this island.

I and Sinn Féin are disappointed in the way the Government has limited the remit of the convention, and also at the delay. The Taoiseach said in July it would happen in September but we do not have a starting date. What the Taoiseach read out to Teachta Higgins was the initial letter, or statement, on this issue. There are many questions. Why do we not have a starting date and why is there a delay? What will be the format of the first day? I wrote to the Taoiseach asking about that. Will the Opposition parties have an opportunity to speak on that occasion? Will the Taoiseach publish the names of individuals or groups on the expert advisory group? Those are some very practical points - date; format for the first day; the reason for the delay; and the list of individuals or groups who will form part of the expert advisory panel.

The Taoiseach: I agree with the Deputy that the real republic is not static. That is why the issues mentioned in the earlier part of the reply, concerning Questions Nos. 3 and 5, and looking forward also to Question No. 8, refer to the start of a process by which the constitutional convention can decide there are much more compelling matters from its perspective that need to be reflected upon and recommendations made. It is fully entitled to do that.

There are also the questions on the referendums on child protection and the abolition of the Seanad. The first will go ahead on 10 November and is an important referendum, being a statement about the value of our children. That was decided upon and it was agreed it would not be part of the remit of the constitutional convention. Neither is the question of the abolition of the Seanad, which will be put to the people and whose fate will be in their hands.

I can tell the Deputy that a polling company was engaged, has done its work and has identified 66 citizens. Their names and their acceptance will be ratified by the chairperson of the convention. All is ready to go except the identification of an appointee who will do a first-class job in that regard. As I noted to Deputy Martin, I hope this can be up and running before Christmas. I had thought we might get it under way by the end of September. We are now in the second week in October so it is not far beyond the date intended. All the backup work has been done. When we identify a suitable chairperson I will inform the leaders of the other parties and get it under way.

The first meeting will be held in Dublin and thereafter the chairperson can decide where meetings should be held. Costs will be kept to a minimum. The moneys voted for this come through the Department of the Taoiseach and have already been identified.

Deputy Gerry Adams: One must almost become a forecaster to try to get some sense out of the answers given. The Taoiseach did not even try to tell me the reason for the delay. He has already given the points he has just made in other meetings I have attended on this issue. He entirely avoided the issues of the format on the day, whether Opposition parties will have the opportunity to speak and the list of individuals or groups who will form part of the expert advisory panel. I do not understand why he does that. I do not understand why he just does not stand up and give us the answers. These are not State secrets.

There are two other issues I wish to mention, with the indulgence of the Ceann Comhairle. I welcome that the convention will move outside Dublin. It is crucial that it go into rural Ireland, however that is done, but it is also crucial that it should go into the North. This is an island we are on; this is one country. There is an enormous number of people from both traditions who
would love to be part of this process of change across the island.

I was in Quinnipiac University in Connecticut two weeks ago at the opening of the museum of An Gorta Mór, a wonderful project. The Minister for Transport, Tourism and Sport, Deputy Varadkar was there, too. I was a bit like John the Baptist in that he was there shortly after me. It is a brilliant initiative by the diaspora and Irish America, an example of the great contribution they make to the culture, life, history and knowledge of our nation. However, we have not been informed what role they are going to play. Neither have we been informed what role they have requested to play. Some members of the diaspora have stated the Government wants their money, wants them to attend the Gathering and bring jobs to Ireland, but that it will not give them a say. The three questions I have asked - whether the convention will extend into rural areas, whether it will extend to the North and what role the diaspora will play - are additional to the ones the Taoiseach did not answer earlier.

The Taoiseach: I am not sure about the context of the Deputy’s comment on John the Baptist. From my recollection of the Bible, John came first; then the Lord arrived and John baptised him.

Deputy Gerry Adams: That is correct. Leo arrived after me.

The Taoiseach: Therefore, the Deputy is referring to himself as John the Baptist.

Deputy Gerry Adams: Yes.

The Taoiseach: I see.

Deputy Micheál Martin: This has implications for Leo.

Deputy Richard Bruton: Where was Salome?

The Taoiseach: Deputy Gerry Adams should not project too far ahead in this matter.

Deputy Micheál Martin: Did the Deputy baptise Leo?

The Taoiseach: In any event-----

Deputy Gerry Adams: I answered the Taoiseach’s question very clearly.

The Taoiseach: I thank the Deputy. The delay in the convention commencing operations is due to the appointment of a suitable chairperson. People have submitted names and the relevant individuals are being considered. Someone who has experience, will be acceptable to the public and understands what is involved is required to fill the position. That is the only reason for the delay.

As stated, the relevant citizens have been selected by the polling company engaged to fulfil this task. I do not have a list of the names of those involved. They will have to be ratified by the chairman of the convention, the first meeting of which will take place in Dublin and its purpose will be to bring everyone involved together in order that they might understand what it is they must do. The intention is for the convention to meet on a Saturday. Whether such meetings take place once or twice a month will be the subject of a decision by the chairman and the members of the convention. I expect that the convention will extend into rural areas and it will be a matter for the chairman and the members to decide whether they wish to visit Northern Ireland. Members of the convention will not be travelling abroad. However, members of the
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diaspora - from Australia to America and all points in between - will be able to engage with the convention on-line. People will be able to submit their comments, on a regular basis, via social media and by means of the convention’s website. As will be the case with young people, the diaspora will, therefore, be fully informed and engaged through the mechanism of social media.

I hope I have given clear answers to the Deputy’s questions. As soon as a person who is suitable to serve as chairman has been identified, I will inform the Deputy and others of that fact in order that we might proceed.

Deputy Richard Boyd Barrett: Is the constitutional convention not a complete, utter and deliberate distraction from the real issues about which people are concerned? It is mere window-dressing to distract from the Government and the troika careering ahead with wholesale privatisation, cuts and austerity. The constitutional convention is supposed to deal with political reform. Given that the Government is privatising, slashing or cutting everything that moves, one is obliged to wonder what will be left for any political structure to govern in the future. By the time the constitutional convention has the opportunity to discuss matters, everything will have been either outsourced and privatised. That is, of course, if it ever gets to discuss anything of a serious nature.

If there was any serious intent behind what was envisaged, the one action that would have been taken would have been removing all of the political hacks from the equation. In the context of what is supposed to be a serious attempt to engage with the public on the need for political reform, I do not understand why there will be 33 politicians as members of the convention. Why are they needed? Why not have just one or two from each party, North and South? Why is it necessary for politicians to comprise one third of the members of the convention? What is the point in that? If there are sectors of civil society which are not represented at the convention and which want to be involved with it, why not remove some of the politicians and make it more representative of civil society? The criteria for selecting random members of the public from the electoral register are too limited and based on region, gender and age. What about social class and social and economic background, which are extremely important considerations? There is a need to broaden civil representation at the convention. We could do so if we removed some of the politicians and made provision for a broader cross-section of society to be represented.

Why will the Government not allow the convention to set its own agenda? Why are politicians dictating what its agenda will be in advance? Why not allow it to meet and then decide - on day one - what it wants to discuss? If it was allowed to do so, the convention might have a very different set of priorities - in the context of what it might wish to discuss - than those set for it by the Government. If the convention was a serious attempt to engage with the people on the need for political reform, the Government would allow it to set the agenda. I urge those opposite to do precisely that rather than having a stage-managed, choreographed, contained and controlled convention which will discuss what the Government wants it to discuss and which will avoid all the substantial issues of concern to people.

The Taoiseach: I do not know whether the Deputy ever played a team game. If he did, he does not understand the dynamics of team effort. He is the so-called proponent of the People for Profit brigade. He referred to the Constitution which gives people the right to engage in legitimate protest. Last week, however, his people prevented the Tánaiste and Minister for Foreign Affairs and Trade and the Minister for Children and Youth Affairs from doing their jobs.
Deputy Richard Boyd Barrett: Absolutely not true. The Taoiseach should read the report in *The Irish Times*.

The Taoiseach: Therefore, the Deputy denies all involvement with the incident.

Deputy Richard Boyd Barrett: Absolutely.

The Taoiseach: Does the Deputy deny all involvement with it?

Deputy Richard Boyd Barrett: With what? Is the Taoiseach referring to the aggressive behaviour that occurred?

The Taoiseach: Yes. Such behaviour previously occurred in Galway. The Deputy speaks about political reform and other issues.

Deputy Richard Boyd Barrett: The Taoiseach should read the report in *The Irish Times*.

The Taoiseach: We can conduct our business in a very understanding way.

Deputy Richard Boyd Barrett: The Taoiseach should read *The Irish Times*.

The Taoiseach: We might have strong differences of opinion, but people should not attack the State. It is perfectly legitimate to engage in protests, but it is not legitimate to stop people going about either their constitutional or ordinary business.

Deputy Joe Higgins: The Taoiseach is referring to the wrong party. He should withdraw that remark.

Deputy Richard Boyd Barrett: The Taoiseach has the wrong party.

The Taoiseach: Deputy Richard Boyd Barrett should bear in mind what I have stated when he next discusses this matter with his serial marchers.

Citizens will outnumber politicians at the convention by a majority of two to one. Some 66 members of the public have already been selected - by a proper, efficient method - to discuss the range of issues involved. I accept that there will be other matters which they will wish to discuss. The Deputy is also wrong when he states social class has not been taken into account. If he had been listening to the comments I directed to Deputy Micheál Martin, he would be aware that I indicated that gender, age, social class and region had been taken into consideration in respect of the 66 citizens chosen to represent society at the constitutional convention. I do not at all accept the argument to the effect that we are engaging in choreography. What we are discussing is a serious issue which relates to Bunreacht na hÉireann. Perhaps the Deputy does not think it is a serious document. However, the issues outlined for the constitutional convention to discuss and make recommendations on relate to the living, changing Republic, to our existing society and what which will evolve as time passes. The chairman and members of the convention will have the opportunity to decide which other issues they would like to consider and make recommendations on to the Government. On the next occasion on which the Deputy is talking to his people about constitutional change, he should remember that the Constitution guarantees the right to engage in legitimate protest. It also guarantees people the right to go about their business.

Deputy Richard Boyd Barrett: I remind the Taoiseach that the State came into being as a result of protest and the mass movement of ordinary people. He should not be so quick to dis-
An Ceann Comhairle: Will the Deputy, please, adhere to the matters relating to the questions asked? We do not want a history lesson.

Deputy Richard Boyd Barrett: For the record of the House, if the Taoiseach had read the report in *The Irish Times* from an independent journalist who was present, she made it absolutely clear that members of People Before Profit stood back, protested peacefully and were not involved in the activities to which the Taoiseach refers.

An Ceann Comhairle: The Deputy should stick to his supplementary question.

Deputy Richard Boyd Barrett: The Taoiseach should make it clear for the record of the House. Is it not the case that the Taoiseach is trying to predetermine the agenda of the constitutional convention and steer it away from any of the serious and substantial issues about political reform that need to be discussed by deciding in advance what issues it will discuss and what shall be at the top of the agenda, rather than allowing the members of the convention decide the agenda? I asked the Taoiseach to reduce the number of politicians involved. Why should one third of the membership be dominated by political parties which will have an advantage over just random individuals who are selected, in that they will be organised and subject to political whips? This will allow them to manipulate the debate if they wish in their particular favour. They should be given the same footing at the convention as every other individual who is present. On the question of social class being adequately represented, the fact that the members of the public are being selected from the electoral register will disadvantage people from less well-off and poorer areas because they are disproportionately badly represented on the electoral register. The electoral register is not the best basis from which to select the public members of the convention.

The Taoiseach: Deputy Boyd Barrett seems to imply he should have a list of members of the People Before Profit organisation and that he should select them for the convention.

*Interruptions.*

An Ceann Comhairle: Please allow the Taoiseach to give a reply to your question, Deputy Boyd Barrett.

The Taoiseach: The electoral register has been out of line for quite a number of years but it is the official register of all those who are entitled and registered to vote. People pass away or others have emigrated. Ordinary people will comprise the 66 citizens who are selected from the electoral register by age, gender, social class and region.

If I understand the Deputy correctly, he has condemned in his comment the activities of those persons who last week prevented the Tánaiste and the Minister for Children and Youth Affairs from doing their job. If that is what he means then I am happy to hear him say it. I hope that none of the serial marchers whom you urge on occasionally are involved. I might say to you, Deputy Boyd Barrett-----

Deputy Richard Boyd Barrett: I refuted your allegation that we were involved. You should be gracious enough-----

An Ceann Comhairle: Please stop shouting across the Chamber.
The Taoiseach: -----that this is about making recommendations by means of a process so that the Government can respond and put questions to the people on changes to our Constitution. The constitutional convention has that remit in a number of areas which I have outlined and in additional areas which are at the discretion of the chairman and members of the convention.

Political reform is also a matter for the Government and the programme for Government. This is the reason the number of Dáil Deputies will be reduced. The question of the abolition of the Seanad will be put to the people. The next week to ten days will see the publication of probably the most radical restructuring of local government since the foundation of the State-----

Deputy Richard Boyd Barrett: Is it being abolished or privatised?

The Taoiseach: The Minister for the Environment, Community and Local Government has introduced penalties for parties that do not measure up when selecting women candidates to bring more women into politics. The regime has been changed with regard to corporate donations and all that area. These are matters of political reform and there is more to follow. However, the convention is about making recommendations on issues that will have to be put to the people by way of referendum because they involve changes to the Constitution. The Government will continue with its programme for political reform, some aspects of which I have outlined for the Deputy.

Deputy Micheál Martin: May I ask a supplementary question?

An Ceann Comhairle: No. We have spent 48 minutes on this group of questions and Deputy Martin has two questions to come in the next group. There will be no time for the next group of questions. I suggest he asks a supplementary question somewhere else.

Constitutional Amendments

8. Deputy Micheál Martin asked the Taoiseach the progress he has made with the commitment in the Programme for Government on the abolition of Seanad Éireann; and if he will make a statement on the matter. [38806/12]

9. Deputy Micheál Martin asked the Taoiseach if the Government is reviewing any political reforms other than those being discussed at the constitutional convention; and if he will make a statement on the matter. [40099/12]

10. Deputy Micheál Martin asked the Taoiseach if he will provide an update on the scheduling of constitutional referendums. [40264/12]

11. Deputy Gerry Adams asked the Taoiseach his plans to abolish Seanad Éireann. [40453/12]

The Taoiseach: I propose to answer Questions Nos. 8 to 11, inclusive, together.

Work is proceeding on the preparation of proposals for a referendum on the abolition of the Seanad. The proposal to abolish the Seanad was signalled by the Government parties prior to the general election and the Dáil and Seanad will have an opportunity to debate fully the necessary legislation when it is published.
As to its timing, I have already made clear that the Government’s current focus is on the referendum on children’s rights on 10 November and that the Seanad referendum will not be held during Ireland’s EU Presidency next year. With regard to constitutional reforms other than those to be considered by the constitutional convention, as Members will be aware, the referendum on children’s rights will take place on Saturday, 10 November 2012. Work is proceeding in the relevant Departments on other programme for Government commitments for constitutional reform.

Members will recall that in July, the Minister for Justice and Equality announced that the Government had approved in principle proposals for a number of major reforms to our court structures and that consideration would be given to other changes to Article 26 and Article 34 of the Constitution. The work to be undertaken would also consider the constitutional change required to enable the State to participate in any arrangement providing for the establishment of a European Patent Court. A decision on when to hold the necessary referendum will be made at a later date.

**Deputy Micheál Martin:** The Taoiseach has committed to a referendum on the abolition of the Seanad. What does he mean by the term, “work in progress”? I asked the Taoiseach on a previous occasion if he would share the work in progress with other Members. This is a very reasonable request in my view. I ask him again to publish all the background material related to the issue of abolition of the Seanad. This would allow Members and other parties to prepare to inform themselves on the issue. It would at least facilitate the general political discussion on the issue of a second House. There has not been an informed discussion because none of the material on the work undertaken by the Government with regard to abolition of the Seanad has been published.

The Taoiseach stated in his reply that the referendum will not be held before next June. Given his privileged knowledge of the work in progress on the abolition of the Seanad, will he indicate to the House whether he envisages a referendum in the latter half of 2013 or the first half of 2014? Will he confirm one or the other times?

**The Taoiseach:** We have not made a decision but I envisage that it will be held in the latter half of 2013. I say that because this is a question that will be put to the people. The Irish EU Presidency runs from 1 January to the end of June 2013. The Ministers will be attending Presidency meetings during that period and I do not think it would be practical to divert the attention of the Oireachtas for three or four weeks on the issue of any referendum. The constitutional convention will have made a number of recommendations in the meantime.

**Deputy Micheál Martin:** Will the Taoiseach publish the material?

**The Taoiseach:** Yes, I will publish the material but I am not ready to do so yet for the simple reason that articles of the Constitution require to be amended which contain a reference to the Seanad and it must be provided that there are no unintended consequences of such amendment. For instance, the Seanad has a role in triggering the process for determining whether a Bill constitutes a money Bill, and motions for earlier signature. In due course I will publish the material and make the Opposition leaders well aware of it. There will be more than ample time to have a thorough discussion when the referendum Bill is published. I am aware of reports and comments indicating very different views on the question of the abolition of the Seanad from what we were hearing some years ago. However, the situation is clearly outlined in the programme for Government. I will publish the material when it is finalised and I expect the referendum to
be held in the latter half of 2013.

**Deputy Micheál Martin:** My question does not relate to the material setting out the arguments for and against abolition, but to the Government’s preparatory work in respect of its proposal. I assume a significant amount of work has been undertaken at this stage by civil servants and others.

**The Taoiseach:** Yes.

**Deputy Micheál Martin:** Publication of that material would serve the public interest by facilitating a more reflective debate on the issues. People are already introducing their own proposals and ideas. For instance, a group of Senators, former Senators and others recently published a reform document which advocated legislation to reform the Seanad. It would be useful if the work the Government has undertaken in regard to this proposal were published, without any commentary one way or the other, so that others can work on and draw their own conclusions from it.

In regard to other proposed referendums, the Taoiseach is now formally indicating that the announcement by the Minister for Justice and Equality, Deputy Alan Shatter, may lead to several constitutional amendments. Again, it would be helpful if the Minister made the material available to the House in a timely fashion. He will find us co-operative on a number of these issues. Given the Tánaiste’s comment that it is the defining civil rights issue of this generation, does the Taoiseach expect a referendum during the lifetime of this Government on the issue of marriage equality?

**The Taoiseach:** I do not intend to publish the documentation relating to the abolition of the Seanad until I am satisfied that it is all in place. That process is not yet complete, although a great deal of work has been done in the background. As the Deputy is aware, there are a significant number of references to the Seanad and its constitutional position in the Constitution. It is not a case of drawing up a Bill and putting a simple question to the people. It is a much more complex process.

In regard to other referendums, negotiations on a unified patent court for the European Union have concluded, except for the decision on headquarters locations. This is an issue that has implications economically for companies located in this country which are involved in innovation and research in respect of which patents may be sought. A simple amendment to the Constitution is required. There is also a proposal on court structures. The question of whether there will be a referendum on marriage equality for gays and lesbians is a matter for deliberation by the constitutional convention. The Government will respond to the convention’s recommendation in this regard within four months. A referendum on this question is certainly feasible within the lifetime of this Government, but I will not confirm it now.

**Deputy Micheál Martin:** Is it the Taoiseach’s objective that such a referendum will take place?

**The Taoiseach:** As I said, the matter will be considered by the convention and the Government will respond to its recommendation in that regard. Everything is feasible in politics, including this.

**Deputy Gerry Adams:** It is a matter of puzzlement that issues such as the presidential term and the voting age have been designated as matters for consideration by the constitutional con-
vention but the future of the Seanad has not. I do not understand how we can pick and choose between these issues.

The Taoiseach: I have explained that.

Deputy Gerry Adams: The Seanad is clearly in need of reform. It is an undemocratic institution which is elected by an elite rather than by universal franchise. Sinn Féin has been saying that for a long time. Substantial reform is required to democratise the Upper House by, for example, making it a place where ethnic minorities such as the Traveller community could be represented, or citizens from the North, thus ensuring it offers a better balance to this Chamber. The Taoiseach gave an undertaking to Deputy Micheál Martin that he will publish the Government’s preparatory material on this matter. He has not, however, indicated when that will be done.

I presume there will be some manner of consultation process with the Opposition parties on this issue. Will he indicate what form that will take?

Deputy Joe Higgins: The Taoiseach is a recent convert to the abolition of the Seanad. Some of us have expressed the view for decades that it is thoroughly undemocratic and a rotten elitist borough which should go. Is the Taoiseach aware of the suspicion that nothing tangible has been done in this regard in a year and a half because he is under pressure from many members of his own party and of the Labour Party who fear being dumped overboard in the next general election and want a political lifeboat to hand to pluck them from the waters?

An Ceann Comhairle: I allowed the Deputy a supplementary question; he should stick to the matter we are discussing.

Deputy Eric Byrne: We have no fears about Deputy Higgins’s party.

Deputy Paul Kehoe: Deputy Higgins might well have needed that lifeboat himself in 2007.

Deputy Joe Higgins: Is the Taoiseach aware of that suspicion and can he confirm it?

The Taoiseach: The Labour Party is the oldest party in the country and a strong and vibrant organisation.

Deputy Mattie McGrath: The Taoiseach will knock that out of them. Big Phil and Dr. Reilly will help him.

The Taoiseach: Deputy Higgins has said of his own decrepit outfit that it is faoi lán tseoil, or something like that.

On the question of the future of the Seanad, the position was made very clear before the general election by both parties. It is a central part of the reform agenda in the programme for Government and will be put to the people, as I said to Deputy Martin, hopefully before the end of 2013. I have read all the comments from people, some of whom served in the Seanad themselves, who seem now to be taking a different view on the matter. I will publish the material when it is all together and when I think it is appropriate. We have overseen four referendums in the space of 12 months, with the next one taking place on 10 November and others to follow. This period of government will see more referendums put to the people than in the lifetime of many previous Governments. It is about having an effective, clear strategy and allowing the convention to be effective in doing its work. The Government will stick to its word: it will re-
spond to the recommendations of the convention within a four-month period and put a proposal to the people in due course in a way that allows them to digest the range of information, understand what they are being asked to decide and give their verdict accordingly.

Written Answers follow Adjournment.

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) Deputy Derek Keating - the problems in collecting social welfare payments at Lucan village, Dublin; (2) Deputy Pádraig Mac Lochlainn - the possible reopening of the pilot training college in Waterford by a different company; (3) Deputy James Bannon - the provision of additional temporary accommodation for Lanesboro College, County Longford; (4) Deputy John O’Mahony - the need to address the waiting times for applications for social protection, particularly carer’s allowance; (5) Deputy Brendan Griffin - the need for fire services to be activated immediately when the ambulance service is called to an incident; (6) Deputy Charlie McConalogue - the reason reform of the junior certificate will take eight years and the need for a detailed implementation plan; (7) Deputy Maureen O’Sullivan - the need to address the problems with community employment schemes which are undergoing difficulty in recruiting participants due to changes in social welfare payments and participants’ fears of losing their benefits; (8) Deputy Michael Healy-Rae - the need to maintain the home help service; (9) Deputy Paudie Coffey - the need to re-evaluate the financial governance processes and protocols that pertain to educational schools and colleges; (10) Deputies Charles Flanagan and Eoghan Murphy - State funding of fee-charging secondary schools; (11) Deputy Paul J. Connaughton - the reason families whose homes were flooded in 2009 have yet to receive compensation; (12) Deputy Joe McHugh - the provision of adequate support for sufferers of Huntington’s disease; (13) Deputy Marcella Corcoran Kennedy - the proposed cuts to Bus Éireann services to Moneygall, County Offaly; (14) Deputy Mattie McGrath - the proposed closure by means of compulsory purchase order of level crossing XC147, County Tipperary; (15) Deputy Clare Daly - the delay of the expert group on the A, B and C v. Ireland judgment in reporting its findings; (16) Deputy Willie O’Dea - the problems with defined benefit schemes; (17) Deputy Timmy Dooley - the need to give permanent recognition to Mol an Óige Steiner national school, Ennistymon, and Raheen Wood Steiner national school, Tuamgraney, County Clare; (18) Deputy John McGuinness - the delay in the construction project at Loreto school, Kilkenny; (19) Deputy Seán Ó Fearghaíl - the establishment of the constitutional convention; (20) Deputy Dessie Ellis - the continued risks to residents in the Gleann Riada estate, Longford; (21) Deputy John Lyons - the enforcement of company law in respect of property management agents; (22) Deputy Dara Calleary - the need to make credit available to small businesses in view of the report from the Credit Review Office; (23) Deputy Richard Boyd Barrett - the position of teachers employed in VECs in view of new Teaching Council regulations; (24) Deputy Mick Wallace - the landing of over-quota fish at Kilmore Quay, County Wexford; and (25) Deputy Mary Lou McDonald - the need to address the deficit in the Irish aviation superannuation scheme.

The matters raised by Deputies Charles Flanagan and Eoghan Murphy, John Lyons, Willie
O’Dea and Pádraig Mac Lochlainn have been selected for discussion.

**Order of Business**

The Taoiseach: It is proposed to take No. 4, Fiscal Responsibility Bill 2012 - Order for Second Stage and Second Stage. It is proposed, notwithstanding anything in Standing Orders, that the Dáil shall sit later than 9 p.m. tonight and shall adjourn on the adjournment of Private Members’ Business, which shall be No. 63, motion re agriculture; and Private Members’ business shall take place on the conclusion of the opening speeches of No. 4 or at 7.30 p.m., whichever is the later, and shall, if not previously concluded, adjourn after 90 minutes.

An Ceann Comhairle: There is one proposal to put to the House. Is the proposal that the Dáil shall sit later than 9 p.m. agreed to? Agreed.

Deputy Micheál Martin: In regard to the forthcoming referendum on children’s rights, has the Referendum Commission been formally activated and a judge appointed?

I raised the issue of the commitment in the programme for Government regarding primary care with the Tánaiste last week. Will the Taoiseach ensure, in line with the commitment given by the Tánaiste, that all documentation related to the recent announcement by the Government on the allocation of primary care centres, including those in north Dublin, is published immediately to facilitate proper discussion at the Joint Committee on Health and Children and put to bed once and for all the issues connected with the centres?

An Ceann Comhairle: The matter has been dealt with in many other ways.

Deputy Micheál Martin: I am asking the Taoiseach to ensure the documentation is published. It is a simple question.

The Taoiseach: The referendum commission has been activated.

Deputy Micheál Martin: Will the Taoiseach publish the documentation?

The Taoiseach: While it is not a matter for the Order of Business, I am sure that whatever was agreed will be followed through.

An Ceann Comhairle: The Taoiseach is perfectly correct; it is not a matter for the Order of Business. The Deputy should table a parliamentary question.

The Taoiseach: Ms Justice Mary Finlay Geoghegan will chair the commission.

Deputy Gerry Adams: Tá ceist agam faoi reachtaíocht atá forógraíthe. The Taoiseach will recall his promise before the general election to introduce, as a priority, legislation to abolish upward only rent reviews in the case of commercial leases. Will he update the House on the status of the legislation? Is he aware that many Departments and State bodies are the holders of such leases? I am familiar with one case, although I am not sure it is fair to refer to it in the House, involving Mr. John Shine in Killybegs who lost his business and had to make his employees redundant.
An Ceann Comhairle: The Deputy may not raise the issue on the Order of Business.

Deputy Gerry Adams: In that case, while he is waiting to introduce legislation on this matter, will the Taoiseach make a start by abolishing such clauses in contracts held by Departments and State agencies? The case to which I referred involves a contract with the Minister for Agriculture, Food and the Marine.

The Taoiseach: The programme for Government contained a commitment to introduce legislation to end upward only rent reviews. As the Deputy will recall, in December last the Government decided not to proceed with the development of the relevant legislation, the Landlord and Tenant (Business Leases Rent Review) Bill on the basis of formal advice received from the Attorney General from a legal and constitutional perspective.

Deputy Gerry Adams: As I stated, some of the contracts in question are held by Departments and State agencies. Will the Government explore the possibility of obtaining legal advice on the matter from an tArd-Aighne?

An Ceann Comhairle: Perhaps the Deputy might table a parliamentary question on the matter.

Deputy Willie O’Dea: On the Government’s commitment to transfer responsibility for accommodation under the rent allowance scheme from the Department of Social Protection to local authorities-----

An Ceann Comhairle: The matter does not arise on the Order of Business.

Deputy Willie O’Dea: I am referring to a firm Government commitment. Will legislation be required to implement it? Is the Taoiseach optimistic that the Government will meet the timetable it has set for doing so, namely, 1 January 2013?

The Taoiseach: I am not sure if the matter is addressed in the housing Bill, but I will have the details sent to the Deputy.

Deputy Michael Healy-Rae: With regard to the health (amendment) (No. 2) Bill, the Government proposes to slash €3 million from the budget for home help hours every month until the end of the year.

An Ceann Comhairle: Here we go again. Every day I have to tell the Deputy that contributions must be relevant to the Order of Business.

Deputy Michael Healy-Rae: I raise a very important issue.

An Ceann Comhairle: I am aware of that, but the Deputy should table a parliamentary question.

Deputy Michael Healy-Rae: Some €3 million will be cut every month until the end of the year.

An Ceann Comhairle: The matter is out of order and I will not allow the Deputy to raise it.

Deputy Michael Healy-Rae: Does the Taoiseach realise the effect these cuts will have on those being cared for at home?
Dáil Éireann

An Ceann Comhairle: When is the health (amendment) (No. 2) Bill due?

The Taoiseach: It will be next year before-----

Deputy Michael Healy-Rae: This is a very important issue.

An Ceann Comhairle: All these matters are very important, but they may not be raised on the Order of Business.

The Taoiseach: The Bill will be taken next year. I remind Deputy Michael Healy-Rae that anybody who needs a home help service will have one.

Deputy Dessie Ellis: This weekend marks the anniversary of the evacuation of the Priory Hall estate. Balgaddy is another estate with serious problems.

An Ceann Comhairle: This is the Order of Business.

Deputy Dessie Ellis: Recently there were two explosions in the Gleann Riada estate in County Longford and buildings have been pulled down.

An Ceann Comhairle: The Deputy must not have heard me. I remind him that this is the Order of Business and he may only refer to promised legislation.

Deputy Dessie Ellis: These problems were caused by a defective sewage system which resulted in the build-up of gases. When will the building regulations Bill be brought before the House? I have provided only a snapshot of the problems and many individual homes have been affected. The legislation is urgent.

An Ceann Comhairle: When will the building regulations Bill be introduced?

The Taoiseach: It is not listed.

Deputy Bernard J. Durkan: On promised legislation, will the Taoiseach outline plans for the reform of the probation service? When will the probation service Bill be introduced to give effect to an EU framework decision? Have the heads of the Bill been discussed by the Cabinet?

An Ceann Comhairle: We cannot discuss Cabinet business.

Deputy Bernard J. Durkan: It is in order to discuss the heads of a Bill.

An Ceann Comhairle: No.

Deputy Bernard J. Durkan: Traditionally, it has been acceptable to inquire about the whereabouts of a Bill and whether the heads have been discussed by the Cabinet and ask when it is likely that legislation will be introduced in the House.

The Taoiseach: The heads of the Bill have not yet been discussed by the Cabinet. It will more than likely be next year before the probation service Bill is brought before the House.

Deputy Robert Troy: As the Taoiseach will be aware, the purpose of the adoption (tracing and information) Bill is to deal with information on informal adoptions dating back to the 1950s. The Minister for Children and Youth Affairs, Deputy Frances Fitzgerald, has promised to bring the legislation before the House this year. When will it be introduced?
The Taoiseach: In respect of the adoption (tracing and information) Bill, the Minister is considering the matter and has given a timeline for the legislation. The Bill is clearly related to the adoption legislation that will be an important element of the preparations for the referendum on children’s rights. In all probability, the Bill will be taken next year, although I cannot confirm this. I will revert to the Deputy with further details.

On the position on wind turbines in the midlands, the memorandum of understanding under discussion between the Minister for Communications, Energy and Natural Resources, Deputy Pat Rabbitte, and his British counterpart is the foundation on which such developments might take place. For this reason, I am not in a position to confirm whether any Bill from the Seanad will be brought to this House.

Deputy John McGuinness: Will the Taoiseach ensure the quick passage of the Construction Contracts Bill 2010 in order that it can be enacted to provide the necessary protection? In the spirit of the Bill, will he ensure the contract at Loreto secondary school in Kilkenny where the contractor has gone broke and 160 jobs are at stake-----

An Ceann Comhairle: The Deputy is straying from the point.

Deputy John McGuinness: Will the Taoiseach ensure the contractors are paid and will be allowed to have a representative present at a meeting with the Department of Education and Skills on Wednesday? There are 160 families affected by this €5 million contract.

An Ceann Comhairle: I ask the Deputy to co-operate.

Deputy John McGuinness: The subcontractors have been caught again. I ask the Taoiseach to investigate the matter fully.

An Ceann Comhairle: The Deputy may not make such a request on the Order of Business.

The Taoiseach: The Minister for Education and Skills, Deputy Ruairí Quinn, will respond to the Deputy on the matter he raises. The Construction Contracts Bill is awaiting Committee Stage and we will see to it that the Whips have it taken as quickly as possible.

Deputy Mattie McGrath: In the light of the statement made by the European Commissioner for Agriculture and the possibility that legislative changes will be introduced to implement reform of the Common Agricultural Policy, 20,000 farmers took to the streets today. It was expected that the Minister would meet them, but he did not do so.

An Ceann Comhairle: I thought the Deputy may have been in order for once, but he has disappointed me.

Deputy Mattie McGrath: This is a very important issue.

An Ceann Comhairle: To what legislation is the Deputy referring?

Deputy Mattie McGrath: I am referring to changes to European legislation.

An Ceann Comhairle: This is Dáil Éireann, not the European Parliament.
**Deputy Mattie McGrath:** I accept that. The Minister has stated changes will be made at European level. Will amending legislation be introduced in the House? Will we fight to save the Common Agricultural Policy?

**An Ceann Comhairle:** Has legislation been promised?

**The Taoiseach:** The Minister has never been afraid to meet farmers.

**Deputy Mattie McGrath:** Where was he today?

**The Taoiseach:** He did not walk over them on the footpath, as happened in previous years.

**Deputy Mattie McGrath:** He did not go near the footpath.

**An Ceann Comhairle:** I ask the Deputy to behave himself.

**The Taoiseach:** The Minister has arranged, at his request, four public meetings with farmers, one in each province in the next ten days, to discuss CAP reform, the protection of the budget and single farm payment scheme and other matters.

**Deputy Mattie McGrath:** He could have met them today.

**The Taoiseach:** The Minister of State, Deputy Shane McEntee, met representatives of the farming organisations today. The Deputy should not engage in this kind of palaver.

**Deputy Mattie McGrath:** It is not palaver. The Minister was expected outside.

5 o’clock

**The Taoiseach:** The farmers themselves were very happy to hear of the Kerry Group’s announcement today of a €100 million investment in the added value for food production.

**Deputy Mattie McGrath:** There was a good bit for Mayo as well. We all welcome this announcement.

**Deputy Colm Keaveney:** Deputy Mattie McGrath is just talking palaver.

**Deputy Dara Calleary:** A bit like Deputy Keaveney’s e-mails then.

**Deputy Paul Kehoe:** Deputy Mattie McGrath will not be charging €5 this time around for attending these meetings. These are free meetings.

**Deputy Mattie McGrath:** Deputy Kehoe should go back to being a big spender on the shop floor.

**An Ceann Comhairle:** Thank you, Deputy. I call Deputy Bannon.

**Deputy Mattie McGrath:** Deputy Kehoe should go back to the shop floor. He might want another house.

**Deputy James Bannon:** Further to what the Taoiseach has announced, one of the meetings in question will take place in my constituency and the Minister will be present.

*(Interruptions).*
Deputy Dara Calleary: Stroke politics is alive and well.

Deputy James Bannon: Regarding the issue of housing estate problems raised by Sinn Féin, their Deputies do not have their facts right. I have raised it on numerous occasions before Sinn Féin ever did.

Deputy Dessie Ellis: That is probably why the problem is still there.

Deputy James Bannon: I have raised it on numerous occasions before Sinn Féin ever did.

An Ceann Comhairle: Well, get on with it then.

Deputy James Bannon: The most appropriate Bill to deal with this problem would be the environmental liability Bill. Would this come under housing or health and safety? When will it come before the House?

An Ceann Comhairle: What is the name of the Bill?

Deputy James Bannon: The environmental liability Bill.

Deputy Robert Troy: He raised it before and he does not even know what he is talking about.

The Taoiseach: I thank Deputy Bannon for confirming the Minister for Agriculture, Food and Marine will attend a public meeting in Longford on farming.

Deputy James Bannon: It will be in Mullingar.

The Taoiseach: Good and noble counties like Longford and Westmeath deserve a public meeting in that regard. The environmental liability Bill is not due until next year.

Deputy Michael Lowry: What is the status of the horse racing Ireland (amendment) Bill? Both the Taoiseach and the Minister have made numerous public comments on it. Will any aspect of it be dealt with in the finance Bill?

The Taoiseach: That Bill will be taken early next year. I know Deputy Lowry is a man interested in horses and has an old nag running well.

Assaults on Emergency Workers Bill 2012: Second Stage (Resumed)

An Ceann Comhairle: A division was challenged on Friday, 5 October 2012 on the question that the Assaults on Emergency Workers Bill 2012 be read a Second Time. In accordance with Standing Order 117A(4), that division must be taken now.

Question put:

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Deputy Charles Flanagan: I am pleased to have the opportunity to raise this important issue with the Minister for Education and Skills and I thank him for his attendance. The House will be aware that the Government has increased the pupil-teacher ratio in fee-charging schools to 21:1. It is 19:1 in other State-funded schools. Public debate on this issue has been shrouded in claims of elitism and privilege and a false perception, exemplified by the comments of the Minister of State at the Department of Transport, Tourism and Sport, Deputy Alan Kelly, that parents who make a choice and sacrifice to send their children to fee-charging schools can afford to pay more and more such that the State can pay less and less. Many fee-charging schools are being kept open by donations, trusts, legacies and by little cost to the taxpayer.

Protestant fee-charging secondary schools have a diverse and varied pupil make-up. They are located throughout the State. They comprise people from differing socio-economic backgrounds and different academic achievement. Many of these schools are struggling to stay open. Article 44.2 of the Constitution has been cited as a reason to change the status and fee-paying structure. This is a narrow interpretation and it fails to recognise the equality deficit in practice.

When planning his innovative free education scheme the late Donogh O’Malley acknowledged that because the Protestant minority of the population was so small and scattered the State would be unable to provide for their children in the same way as for their majority Catholic colleagues. Successive Governments have agreed to provide a special block of funding, currently to the tune of €6.5 million. There are 26 Protestant fee-charging schools and there is a need to recognise and preserve choice and diversity in education. There is a need to cherish the plurality of educational expression. There are 26 such schools in 12 counties. Many people living in my constituency do not have a school in close proximity. Many of those who wish to avail of a Protestant or minority faith education must travel, while many must board. If the pupil-teacher ratio is to rise further, the cost of providing an education will rise, the range of...
subjects on offer will fall, schools will close and the result will be greater cost to the taxpayer.

Deputy Eoghan Murphy: I agree with Deputy Charles Flanagan’s remarks. We are discussing this item as a Topical Issue because on Sunday evening a Minister went on television and stated the Government was considering removing the subvention for teachers who taught in fee-paying schools. I welcome all debates, discussions and comments from all sides on any matter to do with the budget. We should have an open budgetary process, about which I have been speaking for a number of weeks. My question for the Minister, whom I thank for being here, is whether it is true that the Government is considering this option. If so, let us have a full and informed debate on it and look at all the facts such as that while a €100 million subvention is paid to fee-paying schools to pay for the salaries of teachers, there is a saving to the State to the tune of €93 million, as it is €3,500 cheaper for it to have a child taught in a fee-paying school. This is something that must be recognised when we debate this issue. If we are trying to save money for the taxpayer, let us look at the actual saving to the State. If we are to have a debate on the education budget, let us look at all aspects of it. Let us look at the €63 million that will be paid next year in increments to teachers in schools, at the €50 million paid to teachers in primary schools for yard duty and at the options facing us in order that we can have a proper and informed debate on the matters that we need to discuss and the cuts that must be made in the forthcoming budget. If the issue raised is not being considered, I put it to the Minister that this is an indication that a Minister is able to fly a kite on a particular issue, yet new Government Deputies are being shut out of the process completely. Does he agree that we should be trying to open up the budgetary process to broader debate in the Dáil and among the public in order that people will not be misinformed about what the Government is thinking?

Minister for Education and Skills (Deputy Ruairí Quinn): I thank Deputies Charles Flanagan and Eoghan Murphy for raising this sensitive issue. I welcome the opportunity to clarify the position on it.

fee-charging schools do not receive capitation grants from the Department. Teacher allocations are approved annually in accordance with established rules based on recognised pupil enrolments. The most favourable staffing arrangements at post-primary level are targeted at disadvantaged schools. As Deputy Charles Flanagan indicated, all DEIS post-primary schools operate on the basis of a standard allocation of 18.25:1. All fee-charging schools operate on the basis of a standard allocation of 21:1. All other post-primary schools operate on the basis of a standard allocation of 19:1. The most recent statistics show that more than 25,600 pupils attend fee-charging schools. In total, there are 55 fee-paying schools, on which the State spends approximately €100 million. This money is spent entirely on teachers’ salaries. As part of budget 2012, the standard staffing allocation for fee-charging schools was increased from 20:1 to 21:1.

I also announced in budget 2012 that the Department would conduct an analysis of tuition fee income available to schools in the sector and its utilisation. This analysis will inform future policy on the potential extent and nature of Exchequer investment, including funding for teacher posts in the fee-charging sector. The analysis conducted by the Department involves looking at the level of fee income based on fee rates and pupil numbers. It has taken account of Exchequer investment forgone, in terms of teacher allocations and recurrent grants, because such schools are charging fees. In this way, the additional or discretionary income available to fee-charging schools relative to other schools can be assessed. This information was shared with the schools involved and each was provided with an opportunity to provide further information on its finances and liabilities that might impact on the level of income available to it. This analysis is nearing completion and the final report will feed into the consideration of the
Dáil Éireann

As I have said on several occasions, no decisions have yet been taken on the forthcoming budget. However, the Cabinet must examine all available options.

Deputy Charles Flanagan: I thank the Minister for his comments and the clarification that no decision has yet been made on this issue, notwithstanding the current budgetary process. On minority faith schools, particularly those of the Protestant persuasion, I refer to the block grant of €6.5 million. I impress on the Minister the importance of retaining the full sum, having regard to the points I made and the difficulties being experienced by these schools.

Deputy Eoghan Murphy: I thank the Minister for being here to discuss this issue. I welcome some of his comments and clarifications, particularly that the Department recognises the investments already made by individuals in fee-charging schools that have meant the State has not had to carry the burden. When the report is finalised, Members of the Dáil should have the opportunity to discuss it and look at all of the details before a decision is taken in the budget in December.

Deputy Ruairí Quinn: Much of the information is being given to us from the schools on condition that a certain degree of confidentiality is maintained. I have to consider that request if we are to have a meaningful discussion on the issue prior to the budget.

The programme for Government contains a commitment to a provision for diversity in the education system. There is diversity in many directions dating back to before the foundation of the State when all second level schools had a contract with it which ensured teachers’ salaries were paid in all schools. The payment of salaries was in return for schools teaching the State’s curriculum, including for the intermediate certificate examination, as it was known at one time, and all subsequent examinations.

As Deputy Charles Flanagan stated, in the 1960s Donagh O’Malley introduced free education. The deal was simple: if schools voluntarily chose to enter the scheme, they would forgo the fees they charged in return for a capitation grant which, in theory, was supposed to replace their lost income. There was a scale of fees for different kinds of schools across the country, with which everybody was familiar. Because of the scattered and low density nature of the reformed church community, a special provision was made for that community whereby in order for it to administer a free fees scheme, it received a block grant, to which Deputy Charles Flanagan referred, which it administered in its own way. That system has been operated since the 1960s and there are no proposals to change it. The remaining schools are of the Catholic tradition of varying size in various parts of the country. As I stated, we have asked them to indicate to us what their income is and what it is used for - for example, whether it underwrites the cost of new buildings or is used to pay for additional services and tuition. We are in the process of completing the examination and will then consider what options, if any, are open to us.

No section of the budget has been ring-fenced or is sacrosanct other than what is protected by the Croke Park agreement. That will remain the case until a new deal is put in place. If there is to be a new deal, it is up to all involved to decide what they want to put on the table.

Property Services Regulation

Deputy John Lyons: I thank the Minister for Education and Skills, Deputy Ruairí Quinn, for taking the time to listen to my concerns about this issue. I want to highlight a number of is-
issues that affect management companies and the residents who constitute their members. I raise this issue on foot of a report in The Irish Times on Friday last on a potentially serious situation which was developing with regard to a large management agent, Assured Property Management. At one point this company managed approximately 40 estates or apartment complexes and many homeowners are dependent on it. One of these developments is located in my constituency. I will not name it, but I can say residents have been in touch with me since Friday and are genuinely very worried about what this means for their homes.

According to the newspaper article, the company was listed to be struck off the Companies Register. I checked the Company Registration Office website today and the status of the company has changed back to normal.

This episode highlights the fragile situation of residents of developments served by management companies. If such a company was struck off, clearly the creditors would be exposed but the implications for residents could include no home insurance, no refuse collection and no maintenance of their estates. These are very serious issues. It is important to remember that these are ordinary people who go out to work and who pay their management fees. They should not be at the mercy of a company failing and not meeting its obligations. Most of these people bought their homes during the boom and are also affected by negative equity. As residents, they are members of the management companies, but this means that when situations such as the one referred to arise, they are expected to deal with complex legal and financial matters. In most cases, they are not equipped to do so. These are people who have paid for their homes, who go to work and have lives to live and this extra burden is very time consuming and stressful for them. I spoke to one affected resident who told me she had to take a day off work last week to deal with management company issues.

Residents are entirely dependent on the management agents so a high bar must be set for the operation of such companies. I appreciate that the recently established Property Services Regulatory Authority, PSRA, is there to license and regulate property services providers but home owners need to have faith in the system. The issue here is the application of the law and in that context, I have two particular questions. Is the Director of Corporate Enforcement sufficiently resourced and staffed to enforce corporate law, particularly in respect of management companies? Does the PSRA have the budget and staff to fully carry out its role?

Under the Multi-Unit Developments Act, common areas are meant to be vested with management companies and sinking fund accounts are supposed to be set up. I know of cases where this has not happened yet but the only recourse the residents have is to the District Court. Again, this is another time consuming and complex area for residents to have to get involved in and represents another burden for them.

I appreciate that Deputy Ruairí Quinn is not the line Minister responsible but I look forward to his response.

Deputy Ruairí Quinn: I am taking this matter on behalf of the Minister for Justice and Equality. Property management agents are regulated by the Property Services Regulatory Authority, PSRA. The Minister for Justice and Equality established the authority on a statutory basis on 3 April 2012. The main function of the authority is to control and regulate property services providers, that is, auctioneers, estate agents, letting agents and management agents. This includes the licensing of all such services providers, the establishment of a complaints investigation and redress system for consumers, the setting and enforcement of standards in
the provision of property services, the administration of client accounts, the establishment and maintenance of a compensation fund and the creation of a residential and commercial property register. On 6 July 2012 the authority introduced a new licensing system for all property services providers and the new residential property prices register on 30 September 2012.

In relation to company law, the current framework to address the late filing of company annual returns and accounts was introduced in 2001 in order to address the very low compliance rate with annual return obligations. In 1998 only 14% of companies were filing on time, while the compliance rate now stands at 89%. Under the Companies Acts, 1963 to 2009, a company is required to file prompt and accurate annual returns with the Companies Registration Office, CRO, whether the company is trading or not. A company can have up to nine months and 28 days from its financial year-end to complete its accounts and file its annual return. Where it uses the electronic filing system provided by the CRO, it can obtain a further 28 days to deliver the documents to the registrar. The fee for filing an annual return on time is €20 for an electronic filing and €40 for a manual filing. The CRO issues a reminder letter to every company about one month before its annual return date.

A late filing penalty of €100 becomes due in respect of an annual return on the day after the expiry of the filing deadline, which deadline is 28 days after the effective date of the return, with a daily penalty of €3 accruing thereafter, up to a maximum penalty of €1,200 per return. This penalty is in addition to the standard filing fee of €40 per return. If a company’s annual return for the current year or the previous year was not filed on time, the company cannot avail of the audit exemption. Where an annual return is filed late in the year in which an exemption is claimed or in the preceding year, the company loses its entitlement to claim audit exemption not only for the year in question but for the following year also. It may only claim back the audit exemption in the third year if it files correctly and on time in the second year. Although the loss of audit exemption may have harsh consequences for late filing companies, it serves an important purpose, namely the encouragement of compliance with basic corporate filings. In tandem with the revisions to late filing fees, the potential loss of audit exemption has proved to be an effective way of encouraging a culture of compliance. It is important to note that companies have at least ten months after their financial year-end in which to file their annual return.

In addition, a company may be struck off the register and dissolved for failure to file an annual return. If a company is struck off, the assets of the company become vested in the Minister for Finance and if the business continues to trade, the owners will no longer enjoy the benefit of limited liability and so are personally responsible for any debts incurred so long as the company remains dissolved. Any person who was a director of a company at the date of sending to that company of a strike-off notice due to the non-filing of annual returns, may be disqualified from acting as director by the High Court, where the company is struck off leaving outstanding liabilities. Such order may be made by the court on the application of the Office of the Director of Corporate Enforcement.

Deputy John Lyons: I mean no disrespect to the Minister - I know it is not his fault - but I could have found out all of that information myself today. It is absolutely deplorable to be given such a response on a matter of urgency that was raised in a national newspaper last week and which affects thousands of people in houses and apartments all over the country. The reality is that unless there are enough resources and staff to implement the regulations that are in place, management companies are at the risk of failing. We had an example of that with Assured Property Management last week.
Many people are left wondering what would happen if their management company were to fail. They do not know, for example, if it will affect their home insurance, which is particularly worrying if something were to go wrong with their homes and indeed, we know that there are problems with many developments built during the boom. People may be left with no home insurance and with nowhere to turn. The law as it stands may address this matter but it makes it very complex and difficult for ordinary people, many of whom are working full time, because they must become directors of the management companies. In reality, many of these management companies are questionable and are often two sides of the same coin, with close links to the developers of the estates or complexes.

People need to know that if their management company fails, there will be some sort of compensation or support for them, possibly through the local authorities. We had a near miss last week with Assured Property Management. According to the website of the CRO, that company is now back in a normal state but the consequences of such a company failing are too drastic to contemplate. Residents would find that their refuse would not be collected, their estates would not be managed and ultimately, their home insurance would be invalid, despite having paid high management fees, not to mention the original cost of their homes.

I acknowledge that the Minister was asked to read the reply today and it is not his responsibility but I am highly dissatisfied that this is the type of response given to a public representative who raises a matter of national importance.

Deputy Ruairí Quinn: I can understand the Deputy’s frustration. I am here on behalf of the Department of Justice and Equality and what I have in front of me is entitled Notice of Matter for the Adjournment. We abolished matters on the Adjournment at the start of this Dáil session and they are now called Topical Issues. The reply states clearly that the topic is the enforcement of company law in relation to property management agents. I do not know if that is exactly what the Deputy put down.

Deputy John Lyons: It is, yes.

Deputy Ruairí Quinn: There is a shared responsibility for the vagueness of the reply.

Deputy John Lyons: The heading on the reply incorrectly describes it as a matter on the Adjournment.

Deputy Ruairí Quinn: The response was not specific to the case described by Deputy Lyons. I will draw the attention of the Department of Justice and Equality to the facts outlined by the Deputy and ask it to provide a comprehensive response outlining the rights and safeguards available to his constituent in everyday English, as distinct from a litany of legalese and a set of a steps that could only be followed by a full-time professional without another occupation to pursue.

Pension Provisions

Deputy Willie O’Dea: The pension time bomb has never ticked more loudly. A recent unpublished report commissioned by the Government indicates that the gap between future social welfare liabilities, of which pensions are a large part, and the revenue to fund them stands at a staggering €324 billion. The time was never less appropriate for people to make provision
for themselves. We are living through the worst economic turbulence in the history of the State. Hundreds of thousands of people are living from day to day and cannot even imagine putting money aside for their future but, even if they did, where would they put it, in view of the number of privately run pension schemes which are technically insolvent? Approximately 772,000 people are enrolled in pension schemes in this country, half of whom are in the public sector. A further 200,000 self-employed people also have pensions. Given that there are 2 million people in the workforce, these are extremely worrying figures. It is even more worrying that more than 80% of private defined benefit pension schemes, or four out of every five, are technically insolvent. The response of the Government to this problem was to turn the screw even more, thereby forcing many household names to contemplate winding up their schemes. I refer to AIB, Arnotts, Independent News and Media and even IBEC. This decision will leave those who are yet to retire with far less than they expected, and many will be left with nothing.

Temporary relief was provided by deferring the deadline for trustees and employers to submit recovery plans and by section 50 of the Pensions Act 2009, which allows distressed schemes to reduce member benefits. These measures had as much impact on the pension problem as they had on the temperature in Timbuktu. More than 80% of schemes remain technically insolvent.

The problem is not confined to the asset side, because asset values have generally recovered from the low point reached in March 2009. Arguably, the main problem is now on the liability side. The biggest problem for Irish defined pension schemes is that the minimum funding standard requires them to have sufficient assets to purchase annuities even though they do not have to do so in practice. The annuity rates of so-called safer countries have fallen to very low levels in the past three years, thereby driving up the cost to pension schemes of buying out pensioners. It now costs approximately €210,000 to secure an annual pension of €10,000 for a man aged 65, compared to €140,000 a few years ago. The only concession offered by the Government is to give the trustees the option of buying sovereign annuities for their pensioners, assuming they would purchase such annuities in the event of a wind-up. This approach has been widely criticised because of the substantial risk element involved. Sovereign annuities have a role to play but they are clearly unfit for widespread use. Earlier this year the Government introduced legislation which required defined benefit pension schemes to build up an additional risk reserve of 15% over the next 11 years. Surely this is the worst possible time for such a measure when most schemes cannot even address their current liabilities.

The main selling point for private pensions is tax relief on contributions. A survey published last week by Irish Life, which is Ireland’s largest private pension provider, found that four out of ten of its customers would stop funding their pensions or sharply cut back on their contributions if the Government lowered tax relief in the budget. This is extremely serious, especially when further survey evidence indicates that 100,000 of those already in schemes can no longer afford to make payments and that the number of private pension scheme members has decreased by 38,000 since 2010.

I raise this issue because it is a cause of concern for a large number of people and companies. I ask whether the Government has developed any plan to begin the process of remedying the problems that have arisen.

Minister for Transport, Tourism and Sport (Deputy Leo Varadkar): I am taking this topical issue on behalf of my colleague, the Minister for Social Protection, who is currently travelling overseas.
It is acknowledged that the fundamental problem facing occupational pension schemes is that pensions are significantly more expensive due to increasing life expectancy and lower than expected investment returns, which are reflected in increased annuity rates. The pensions regulator suspended the funding standard four years ago, following the downturn in the financial market, to give trustees and employers an opportunity to assess the impact on pension funds and allow time to develop responses to the challenge. The re-introduction of the funding standard was delayed on a number of occasions pending changes to legislation which were designed to help trustees respond to the funding challenges facing pension schemes. The Government also introduced the following measures to ease the funding pressures on defined benefit schemes while the funding standard was in abeyance: the removal of the priority given to post-retirement increases for pensioners to ensure a more equitable distribution of assets in the event of the wind-up of a defined benefit scheme; the establishment of the pensions insolvency payments scheme to reduce the cost of purchasing pensions for trustees where the employer has become insolvent; and the introduction of the sovereign annuity initiative.

The purchase of a sovereign annuity is an option that the trustees of a scheme can exercise in order to reduce scheme liabilities. The sovereign annuity market is still in its early stages and demand for sovereign annuities remains to be seen. However, last August the National Treasury Management Agency announced details of the sale of just over €1 billion of Irish amortising bonds with durations of between 15 and 35 years. It is anticipated that the NTMA will be in a position to issue additional bonds as pension fund trustees complete their funding plans in line with the funding standard. The funding standard provides a benchmark against which the health of a scheme can be tested. The existence of the standard is not the central issue in whether a scheme is properly funded because the responsibility rests with the employer and trustees for ensuring that a scheme is properly funded and managed. However, the funding standard provides the regulatory mechanism for ensuring that a scheme can live up to the promised level of pension benefits.

The requirement for a risk reserve is also being introduced from 2016 to provide a level of protection for scheme members against future volatility in financial markets. It is accepted that the requirement for a risk reserve presents an added challenge for schemes but guidance issued by the regulator identifies options that schemes can consider in meeting this requirement by 2023. This guidance is being kept under review. Overall, the changes made to defined benefit schemes are intended to bring increased stability to pension promises in the future and reduce schemes’ exposure to risks.

Deputy Willie O’Dea: Despite the changes the Minister has outlined, which are welcome as far as they go, the problem remains that at least four out of every five defined benefit pension schemes are technically insolvent and a number are in imminent danger of closing down. I do not understand why he stated “The existence of the standard is not the central issue in whether a scheme is properly funded because the responsibility rests with the employer and trustees for ensuring that a scheme is properly funded and managed.” Surely the ability of an employer or trustee to afford to fund a scheme in these difficult times depends on the funding standards he or she is required to meet.

Does the Minister accept that independent economic experts have criticised the sovereign annuity system because of the level of risk and for other reasons? Does he agree that the results of the Irish Life survey show that approximately half of those who are currently contributing to defined benefit pension schemes would either cease their contributions or sharply reduce them if the tax regime is changed? Can the Minister give us any assurance in that regard, in view of
the fact this has been mentioned as a potential target in the forthcoming budget?

Deputy Leo Varadkar: It is important to point out that the pensions regulator is independent and that we have an independent regulatory system for pensions. In Ireland, we are all suffering the consequences of the bad financial regulation of the banks, when the Financial Regulator did not require the banks to make proper provision for losses. I suppose what the pensions regulator is trying to do is to ensure that does not happen in the case of pensions and that they are properly funded. When many of these pension funds were established, it was not thought that people would live so long. Thankfully, now they do. Also, the contributions being made by employers and employees were inadequate over the years. This of course has had to change.

With regard to the issue of the funding standard, the reply given to me by the Department means that even if there was not a funding standard, it would still be the responsibility of the trustees and employers to make sure the scheme was properly funded. With regard to the NTMA bonds, this is something new, but it has the potential to work well. The NTMA offers a good interest rate on those bonds.

I cannot make any comment on the budget. As the Deputy knows, last month we had the highest consumer confidence recorded in five years, albeit lower by historical standards. Within a month that had fallen by ten points, probably due to Ministers and others talking about child benefit cuts, property taxes and all sorts of things.

Deputy Willie O'Dea: I could not agree more.

Deputy Leo Varadkar: Therefore, I will be my better self and not engage in that sort of speculation on what is in the budget. I take the Deputy’s point with regard to the impact a reduction in the tax relief might have on people’s behaviour.

Acting Chairman (Deputy Tom Hayes): As we have no other Deputy present, we will move on the next business.

Deputy Leo Varadkar: Deputy Pádraig Mac Lochlainn was to be next.

Acting Chairman (Deputy Tom Hayes): We are not taking it if he is not here.

Sitting suspended at 5.55 p.m. and resumed at 6.05 p.m.

6 o’clock

Fiscal Responsibility Bill 2012: Order for Second Stage

Bill entitled an Act to make provision for securing that the rules in Article 3 of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union take effect in the law of the State in accordance with paragraph 2 of that Article and that the rule in Article 4 of that Treaty takes effect in the State; to make provision in accordance with Article 3 of that Treaty in relation to a medium-term budgetary objective and a correction mechanism; to establish a body to be known as Comhairle Chomhairleach Bhuiséadhach na hÉireann or, in the English language, the Irish Fiscal Advisory Council and provide for its functions; and to provide for related matters.
Minister for Finance (Deputy Michael Noonan): I move: “That Second Stage be taken now.”

Question put and agreed to.

Fiscal Responsibility Bill 2012: Second Stage

Minister for Finance (Deputy Michael Noonan): I move: “That the Bill be now read a Second Time.”

I thank the House for agreeing to discuss this Bill today. As Deputies will be aware, the Irish people voted to ratify the stability treaty or, to give it its full title, the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union, in a referendum held on 31 May 2012. The aim of the stability treaty is to improve the stability of the euro and provide for better co-ordination between the participating countries and agreeing on shared ways of managing our economies.

To ensure that the electorate was as fully informed as possible in the context of the referendum, I published the general scheme of the Fiscal Responsibility Bill 2012 on 26 April 2012. The general scheme set out the draft legislation that would implement key provisions of the stability treaty, subject to the will of the Irish people. The key purpose of this legislation is to implement the fiscal rules in the stability treaty. These rules are sensible and prudent and represent a responsible approach to budgeting.

I would like the House to note that, as per our programme for Government commitment, I established the Fiscal Advisory Council on a non-statutory basis in June 2011 to assess the official macroeconomic and budgetary forecasts and the fiscal stance. Now, as part of the Fiscal Responsibility Bill, I am continuing the process by putting it on a statutory basis and assigning it additional responsibility for monitoring and assessing compliance with the fiscal rules to which we have signed up under the stability treaty. These enhancements of the council’s status and roles are important reforms, which will assist in rebuilding the State’s financial market credibility.

The Fiscal Responsibility Bill is part of an overall move towards more stable and secure economic governance throughout Europe. Many steps have been also taken to address the problems caused by the acute economic crisis on a Europe-wide level to encourage recovery and to ensure the mistakes of the past cannot be repeated. The stability treaty is an important part of this effort, and the Irish people agreed.

The EU has already fundamentally strengthened the economic rules that apply, particularly in the group of countries which use the euro, through reforms included in the six-pack, consisting of five regulations and one directive, which covers fiscal surveillance and macroeconomic surveillance. The reforms strengthened the Stability and Growth Pact, reinforcing its corrective elements. Other major steps were taken to strengthen the euro area economy. Rescue mechanisms were put in place from which member states that experience difficulties, such as Ireland, could receive loans when they could not raise money from the markets at a sustainable cost. The EU has worked to stabilise Europe’s banks and has refocused its efforts to ensure that eco-
nomic growth and job creation are its top priorities. Ireland has participated fully in this work. These aims were clear in the stability treaty. According to its first article, its aim is to “support the achievement of the European Union’s objectives for sustainable growth, employment, competitiveness and social cohesion”. It contributes to these objectives through budgetary rules and arrangements for countries using the euro to work closely together and to support each other.

The stability treaty will enter into force on 1 January 2013, provided that 12 euro area member states have deposited their instrument of ratification, or on the first day of the month following the deposit of the 12th instrument of ratification by a euro area member state, whichever is the earlier. At present, eight euro area member states and three other European member states have ratified the stability treaty. Ireland will deposit its instrument of ratification as soon as the Fiscal Responsibility Bill 2012 has been enacted.

Before I turn to the specifics of the stability treaty and the Fiscal Responsibility Bill 2012, I would like to say a few words on recent developments. The ESM treaty, which was related to the stability treaty, has now been ratified by all euro area member states, representing the full subscriber capital base, and entered into force on 27 September. This contributes to restoring confidence in a stable euro by ensuring a permanent rescue fund is in place for euro area member states, should it be necessary.

In other measures to improve the quality and control of expenditure, the Ministers and Secretaries (Amendment) Bill 2012 was published at the end of September. The purpose of this Bill is to provide for medium-term expenditure management through the provision of multiannual Government expenditure ceilings and multi-annual ministerial expenditure ceilings. It will amend section 17 of the Ministers and Secretaries (Amendment) Act 2011 and provides for the Government, following a proposal from the Minister for Finance, to approve an upper limit on Government expenditure, which includes the aggregate amount of voted expenditure and the expenditure of the Social Insurance Fund and the National Training Fund, for each of the following three financial years. It also provides that the Government shall, following a proposal from the Minister for Public Expenditure and Reform, approve the amount of Government expenditure to be apportioned into “ministerial expenditure ceilings” for each of the three financial years concerned.

The Bill before the House closely follows the articles of the stability treaty accepted by the Irish people. A key change from the general scheme involves providing the specifics of the correction mechanism to be triggered automatically in the event of significant observed deviations from the medium-term objective or the adjustment path towards it. These specifics, which concern the nature, size and timeframe of the corrective action to be undertaken, could not be included in the general scheme because the common principles required under the stability treaty were not at that time available. However, the European Commission subsequently adopted them in June. In addition to the correction mechanism, the common principles also covered the role and independence of the institutions responsible at national level for monitoring the observance of the rules and these elements have now been reflected in the Bill.

The key elements of this Bill are as follows: the introduction of a budgetary rule; the introduction of a debt rule; the requirement to implement a correction mechanism if there is a significant deviation from the budgetary rule; and placing the Fiscal Council on a statutory basis, ensuring its independence and ability to complete the relevant competencies.

I will now set out full information on the Bill, section by section. The purpose of the Bill is
to provide for the implementation of Articles 3 and 4 of the stability treaty, including the establishment of the Irish Fiscal Advisory Council on a statutory basis, as it will be the “independent body” responsible at national level for monitoring compliance with the fiscal rules. Only Articles 3 and 4 of the stability treaty require implementation by way of national legislation as the remaining articles of the stability treaty are binding obligations at international law that do not require to be reflected in national law.

Section 1 is the interpretation section. Section 2 requires the Government to endeavour to comply with the fiscal rules, which are set out in the subsequent sections. This section also provides that the official macroeconomic and budgetary forecasts prepared by the Department of Finance include all the data needed to assess if the Government is complying with the budgetary rules.

Section 3 outlines the budgetary rule required by Article 3 of the stability treaty. One of two conditions must be satisfied. These conditions require that the budgetary position of general government is in balance or in surplus, and this will be deemed to be the case if the medium-term budgetary objective set under the Stability and Growth Pact is achieved or, if it is not, that it is on the adjustment path towards adhering to our medium-term budgetary objective. In line with the stability treaty, the section allows for neither requirement to be met in the event of exceptional circumstances. The definition of exceptional circumstances means an unusual event outside the control of the State which has a major impact on the financial position of the general government or a period of severe economic downturn, provided that the temporary deviation of the State does not endanger fiscal sustainability in the medium term.

Deputies should be aware that the medium-term budgetary objective set under the Stability and Growth Pact is expressed in structural terms. This means that the deficit target excludes one-off and temporary measures and is cyclically adjusted.

Section 4 deals with the debt rule specified in Article 4 of the stability treaty. The requirements of the debt rule are already law under Council Regulation No. 1467/97, which was amended by the EU six-pack of reforms. However, as it is specifically included in the stability treaty, we are providing for its implementation in domestic law through this Bill. The text accomplishes this by direct reference to the relevant EU regulation. This eliminates the possibility of drafting a provision that could be inconsistent, and ensures better adherence to the regulation. The EU regulation states that debt in excess of the 60% debt-to-GDP ratio must be reduced by at least one twentieth per year based on changes in the past three years. It goes on to provide for a transition period for member states, including Ireland, that were subject to an excessive deficit procedure on 8 November 2011. This transition period means that the general rule will only apply three years after the correction of the existing excessive deficit. Our existing excessive deficit will be corrected in 2015 when our general government deficit is targeted to be under 3% of GDP. This means that the one twentieth rule will fully apply in 2019. In the meantime, it is required that there is satisfactory progress in reducing the debt-to-GDP ratio and this will be assessed by the Commission and ECOFIN.

Section 5 provides for the requirements in Articles 3.1.a and 3.1.d of the stability treaty on the setting of the medium-term budgetary objective or MTO under the Stability and Growth Pact. The MTO results from the requirements of Council Regulation No. 1466/97. It is a calculated figure and what the stability treaty, and this section, state is that notwithstanding the result of the calculation, the lower limit of the MTO is an annual structural deficit of the general government of minus 0.5 % of GDP. In line with the stability treaty, the section provides that
when the debt-to-GDP ratio is significantly below 60% of GDP, the lower limit is changed to minus 1% of GDP. In most countries, this situation will not arise for the foreseeable future. Ireland’s current MTO is minus 0.5% of GDP.

Section 6 has been changed substantially from the general scheme, as it provides for the correction mechanism that member states are required to put in place under the stability treaty. The correction mechanism has been drafted in light of the now-available common principles from the European Commission. This section provides that the Government shall present a time-bound plan that specifies the corrective revenue and expenditure measures it will take if fiscal performance significantly deviates, or is projected to deviate significantly, from the medium-term objective or from the agreed convergence path towards that objective. Reference is made in the section to Article 6.3 of Council Regulation No. 1466/97, which defines a significant deviation as 0.5% of GDP in a single year or 0.25% of GDP in two consecutive years.

The correction plan must be consistent with recommendations made to the State under the Stability and Growth Pact. Provision has been also made in this section for the Government to lay a statement before the Dáil outlining the steps it intends to take if a significant deviation is likely to occur in the future. This was added into the Bill as the common principles allow for an option for either ex-ante or ex-post activation of the correction mechanism. Credible fiscal management suggests that it would be prudent to address both circumstances. This is a sensible and prudent measure, as it would be very difficult for the Government to refuse to take action on an ex-ante basis if, for example, its own forecasts projected a significant deviation.

Section 7 provides for the establishment of the Irish Fiscal Advisory Council or Fiscal Council on a statutory basis, which will operate in accordance with the Schedule. Section 8 provides that the Fiscal Council shall be independent in the performance of its functions and assigns it the function, as required under the stability treaty, of monitoring compliance by the Government with the duty imposed on it by section 2 of the Bill. In light of the finalisation of the common principles, some further clarification was required in the Bill on the duties of the Fiscal Council in relation to the stability treaty. The common principles require that the Fiscal Council’s monitoring and assessments should cover whether there has been a significant deviation from the agreed fiscal targets; exceptional circumstances have begun or ceased; and if a correction is proceeding in accordance with the corrective plan.

The common principles also require governments to comply with those assessments or explain publicly why they are not complying. Provision has been made to fulfil this requirement. Provision must be also made for the other functions already assigned to the Fiscal Council by Government. These functions, which were included in the general scheme, are to assess the official macroeconomic and budgetary forecasts of the Department of Finance and assess the appropriateness of the fiscal stance of each budget and stability programme. The Fiscal Council is required to publish its assessments, within ten days of giving a copy to the Minister for Finance.

Section 9 provides for the regulation-making powers required by the Bill. A residual power to make regulations if the common principles change has been retained but it can be used only if the resulting changes are not substantive. Section 10 is the standard section for expenses incurred in the administration of the Act. Section 11 provides for the Short Title and the commencement provisions.

The Schedule sets out the provisions with regard to the establishment and operation of the Fiscal Council, including membership, terms of office and staffing. These measures are
to ensure the Fiscal Council’s independence is protected and guaranteed, which is vital to the performance of its role. In addition to measures which I will detail further, the Fiscal Council’s mandate is also protected, and cannot be altered without legislative action.

The Fiscal Council will have five members appointed for staggered terms of four years. That does not include the current members, some of whom will serve shorter terms in order to rotate their end dates. The Schedule also sets out the details of appointment of members of the Fiscal Council. These members will be chosen with regard to the desirability of their having competence and experience in domestic or international macroeconomic or fiscal matters and, to the extent practicable, ensuring an appropriate balance between men and women in the membership of the Fiscal Council.

There are a number of key differences in the provisions for this body compared to most other non-commercial State agencies. These differences result from the need to ensure the Fiscal Council meets the independence requirements of the common principles. The principal issues are that the termination of the appointment of a Fiscal Council member by the Minister on the grounds set out in section 4(2) of the Schedule will require a motion of approval from Dáil Éireann; and the Fiscal Council will be funded from the Central Fund for expenditure incurred in the performance of its functions up to a ceiling of €800,000 per annum, which will be indexed to the Harmonised Index of Consumer Prices. This ensures that the Fiscal Council’s annual budget is guaranteed unless a future Oireachtas decides to amend this provision.

The purpose of the Bill is to give full effect to the decision made by the Irish people in the referendum on the stability treaty. The Bill will facilitate stable economic governance in Ireland and ensure more controlled fiscal structures going forward. The Bill will also allow us to ratify the stability treaty, in line with our fellow euro area member states, which is in the interests of this country and the euro area. Therefore, I urge Deputies to support the Fiscal Responsibility Bill 2012.

I commend the Bill to the House.

Deputy Michael McGrath: I thank the Minister for his Second Stage speech on the Fiscal Responsibility Bill. I welcome the positive jobs announcement by the Kerry Group of up to 900 jobs in Naas, County Kildare, plus construction jobs, which is a tremendous boost for the economy. We all want to hear many more such announcements in the weeks and months ahead. It underlines the point that must be borne in mind in the lead-up to the budget, that we should not make any decisions that damage those sectors and companies that have the potential to create employment and bring about growth in the economy. The Minister must consider carefully the implications of decisions such as the proposal of the Minister for Social Protection, Deputy Joan Burton, on the introduction of a statutory sick pay scheme or that employer’s PRSI would be increased. If such decisions were made they would impact on the ability of companies such as the Kerry Group and many others to bring about the job creation which was confirmed today, which I warmly welcome. It also confirms that if we nourish our enterprise sector anything is possible. We all know the very humble beginnings from which the Kerry Group developed. There are other Kerry Groups out there, other companies now laying down foundations, enterprising people who are taking risks, investing in business and creating employment at an extraordinarily difficult time in our economy. We should give those people every support possible. We all know that employment across the public service will continue to reduce, contracting by probably another 10,000 jobs in the coming years. The only area for potential growth in employment terms will come from the private sector. We should listen very carefully to what
that sector tells us about issues such as the introduction of a sick pay scheme and the mooted increase in employer PRSI contributions.

During recent days the Minister has continued his efforts to negotiate a deal for Ireland on the banking debt, the two main streams of the promissory note and the direct recapitalisation by the ESM. Yesterday he said he hoped for a statement of intent from the President of the European Central Bank, Mario Draghi, in advance of December’s budget. I assume he hoped for a positive statement, although in response today to the Minister’s party colleague, the MEP Gay Mitchell, Mr. Draghi’s comments were less than positive. If one analyses what was said, he was essentially restating the position of the ECB and ruling out any possibility of a write-down of the debt because that would represent monetary financing in terms of the ECB. If there were to be a write-down of the promissory note on the balance sheet of IBRC there would have to be a corresponding write-down on the liability side, namely, a write-down of the exception liquidity assistance which that bank owes to the Irish Central Bank. If there were to be such a write-down, that would represent monetary financing in the eyes of the ECB. It has the power to prevent that from happening by exercising the power conferred on it by a vote of two thirds of the governing council. We can take from Mr. Draghi’s statement today that if we were to undertake a bold move of that nature the ECB would invoke that power and would prevent such a write-down. Therefore, what we are looking at, which is consistent with the Government’s stated position for some time, is a re-financing of the promissory note arrangement.

Progress has been slow, however. As I stated in the House last Thursday, I accept that next March is the real deadline. I also agree with the Minister that it would be desirable to have greater clarity on the intentions of the ECB in the lead-up to December’s budget. After the interest holiday on the promissory note has expired, there will be an impact on the general Government deficit next year, arising from the interest element thereof, which will be there for many years to come. I agree there should be clarity on that point in advance of the budget even though the actual cash amount does not have to be paid until next March. Mr.Draghi’s comments today will be seen as a set back to our efforts to get a deal on the promissory note. That deal is important and I wish the Minister well in his ongoing efforts to achieve it.

It is essential we get progress not only on that point but on the other aspect of the ESM re-capitalisation of banks and revisiting the direct recapitalisation made by the Irish State. I realise Ireland was not on the formal agenda of the inaugural ESM meeting today and I also note the comments of Klaus Regling who stated that no European body has yet discussed the question of whether the summit statement in June takes account of legacy debt. That issue has not yet been decided. There were comments from the German Finance Minister, Wolfgang Schäuble, clarifying that the use of the ESM for direct recapitalisation would involve additional conditionality, an application by the member state, an adjustment programme and a memorandum of understanding. The deadline, or target, of October, imposed by the Commissioner, Olli Rehn, will now be missed, probably by a substantial period. The very least the Taoiseach should be looking for at the European summit later this month is for his colleagues to reaffirm their commitment to a June summit and to go further by laying out a road map and timeline for its implementation, not just for Ireland but for the other member states affected.

As the Minister observed, the Bill before us tonight is essentially to give legislative effect to the rules in the fiscal stability treaty and to establish the fiscal advisory council on a statutory basis. There is little point in spending the time we have rehashing the debate on the rules which formed the core of the arguments in the referendum last May. My party actively supported that referendum, which passed decisively by the people on 31 May. We support the Bill before us
although we are considering the need for amendments. Such amendments would have to be submitted by Friday, in advance of the Committee Stage debate on the Bill.

It has long been recognised that the Stability and Growth Pact rules need to be updated and strengthened. The rules were flouted by many countries; Ireland was not the first country to be in breach of them. As we know, the medium-term objective for Ireland in terms of a structural balance, even prior to the referendum last May, was a structural balance of minus 0.5% of GDP. We are now required to work towards that although there is an interregnum period, as the Minister outlined, given Ireland is a programme country. The second element is the debt brake rule, the reduction of the debt-to-GDP ratio, to 60% over a maximum period of 20 years. These are strict, tough rules and they will have an impact on the preparation of budgets for many years to come. They are rigid, too, but I would hope, as we were given assurances during the referendum campaign, there would be flexibility in their application. In his speech, the Minister referred to the “exceptional circumstances” condition, which is in the actual treaty. If the need arises for that to be invoked I would expect our colleagues in Europe would understand this and that the authorities would make the necessary adjustment so that we are not chasing targets for the sake of it, however counterproductive, given the state of the economy. That needs to be front and centre.

The rules we are now enshrining into domestic law build on the six pack rules of 2011, the five regulations and the directive. The bottom line is there is no getting away from the overall principle enshrined in the treaty, which we are now putting into legislation, namely, the overriding requirement for a balanced budget over a period of time. As a country, we must spend no more than we take in in income. It will take Ireland time to achieve that position but it is one towards which we must work. There is no point in misleading people or giving them the impression there is an easy way of doing that; there is none. We all accept the centrality of economic growth in achieving these targets, particularly the debt brake rule. A modest amount of real GDP growth coupled with inflation will achieve the targets for Ireland over a period, which is the most painless way of doing it. For that reason, I refer to my opening remarks about the need to support the enterprise sector and those in the private sector who are ambitious and want to develop and grow their companies, build on the strong export base we have, and who wish to bring about additional employment in this country. That is the best way to achieve our fiscal targets.

Most people at home are not interested in debt-to-GDP ratios, structural deficit, general Government deficits or primary balances. They measure the strength of the economy by the amount of money in their pockets at the end of the week or month. It is essential we create the conditions that will allow the sectors with potential to grow. There were some positive measures in the budget last year which targeted particular sectors. We need to build on that and give the private sector every support possible rather than strangle the undoubted potential that exists.

In an effort to prevent a recurrence of the eurozone sovereign debt crisis, the fiscal treaty rules provide for some enhancement of the Stability and Growth Pact rules that are already in place. As we are aware, however, rules do not solve or entirely prevent crises. The design flaws in the euro and the weak aggregate demand in Ireland and across the European economy remain to be addressed. The original Stability and Growth Pact proved to be unenforceable in the case of large countries such as France and Germany, in particular, which were its strongest promoters when it was first agreed. The failure of the original pact was largely due to its soft-law nature. Enforcement was inconsistent and patchy. When efforts were made to enforce its rules, these were simply inadequate. The recent change in thinking among the European
political elite, specifically Germany, has been striking. There has been a rush to introduce far-reaching, hard-law provisions as part of the Stability and Growth Pact. The result has been the introduction of a stricter set of rules, which are outlined in the fiscal treaty and which we are now proposing to enshrine in Irish law in the form of the Fiscal Responsibility Bill.

Putting in place a credible commitment to responsible budgeting will help to reduce bond yields further and unlock credit availability for investment and job creation. There is a direct correlation between sound, sustainable finances at national level and the stability of the euro currency. If all countries in the euro area comply with the two basic rules of balancing their budgets and controlling their debt levels, then the euro will become a stable currency over time and the economic foundations of the European Union will be made more secure. The implication of the balanced-budget rule is that the level of revenue or expenditure is a matter for national governments to determine. That is currently and will remain the case. The one proviso is that revenue and expenditure should be brought into balance over a period. If we want to have high levels of expenditure, then we will need to have high levels of taxation. If we want low levels of taxation, we will be obliged to tolerate low levels of expenditure. It will be up to the Government of the day to make the policy choices in this regard. The one choice we will not be given relates to whether we should run a deficit and build up the national debt on a continual basis. It is good that the choice has been taken away from us in this regard.

It appears that in some respects the Government is in denial with regard to the true state of the economy and the public finances. There is a need to strike a careful balance in the context of the messages we send out in respect of the state of the economy. I accept that there are benefits to talking up the economy, particularly as this is of assistance in attracting the attention of overseas investors. For example, stories such as that which appeared on the cover of *Time* magazine under the title “The Celtic Comeback” can have a positive effect. However, any analysis of the economy must be grounded in reality. If we talk up the economy in the absence of proper facts and in a way that does not reflect reality, it could create an impression across the EU that Ireland is fine and does not require a deal in respect of its bank debt because it is meeting all of its commitments under the EU-IMF programme, is ticking all the boxes and has ensured that its public finances are on target. The Minister knows as well as I that this is far from the true position of the Irish economy. There has long been evidence of a two-speed economy. The domestic economy is shrinking, while exports driven by foreign direct investment have performed well. In light of the weak external environment, the latter are showing some signs of slowing.

Since entering office, the Government has introduced a jobs initiative, a job-friendly budget and an action plan for jobs. In the past 12 months, however, the number of people at work has fallen by 1.8% or 33,400, with the total standing at just under 1.8 million. I acknowledge the fact that this fall was driven by the number of early retirements in the public sector, but it has not been compensated for by any growth in employment in the private sector. There is no buoyancy in private sector job creation at present. A slew of recent economic reports show just how fragile is our underlying economic position. In its stability programme update last April, the Government was - in comparison to 2011 - projecting lower growth rates, lower GDP, lower job creation, higher unemployment, lower real wage growth and higher public debt.

In its recent report, the IMF pointed to significant risks to Ireland’s economic outlook and revised downwards the growth forecast for the current year and also that for next year, from 1.9% to 1.4%. The Government is still stating that the Irish economy will grow by 2.2% next year. I suspect, however, the Department of Finance will revise that figure downwards later this month when the medium-term fiscal statement is published. The IMF also states in its
report that a deal on Ireland’s bank debt is needed in order to ensure debt sustainability. It further states that material investments in Irish banks by the ESM could transform the public debt outlook, cut the bank-sovereign link and cement a much-needed win for Europe. We all accept that of the countries which are currently in programmes, Ireland has the best prospect of being such a win for Europe. Not that we needed to be told, but the IMF indicates that the banks are still not supplying credit to meet the needs of households and SMEs.

The recent report from the ESRI states that there is little appreciation of just how bad the country’s finances are, and points out that further cuts in health, education and welfare are inevitable. The ESRI points to the need, in its view, for the public sector pay bill to be adjusted through either a voluntary redundancy scheme or additional working hours. Such a redundancy scheme has now been announced. The ESRI also highlights the rate of unemployment, at 14.8%, and predicts that this will fall only very marginally to 14.6% next year. In its stability programme update last April, the Government predicted that it would fall to 13.6%.

The Irish Fiscal Advisory Council, which will be placed on a statutory footing when the Bill is enacted, issued a sobering report last month in respect of the public finances and the state of the economy. It is a matter of concern that the council indicated that, in its opinion, there is a 40% chance that the debt-to-GDP ratio will fail to stabilise by 2015 under the current policy framework. The current forecast from the Government is that debt will peak at approximately 120% of GDP next year. However, the Fiscal Council has indicated that there is a 40% chance that in a further two years it will still not have been stabilised. What is driving that is a lack of buoyancy and economic growth. The council has also indicated that given the scale of the total adjustment required, all options - including tax rates, public sector pay and pensions and welfare rates - should be kept under close review. I know the Government disagrees with the council in this regard. The Fiscal Council agrees with the projected adjustment of €3.5 billion in the forthcoming budget. It advocates that an additional €400 million be taken out in the budget that will be introduced in December 2013 and a further €1.5 billion be taken out in December 2014. That is a sobering assessment. Overall, however, the council still gives a relatively positive report in the context of our hitting the percentage deficit targets we are required to achieve. We all accept that this year’s target will be met and I am of the view that next year’s is also eminently achievable. However, these are not the measure of where the economy actually stands.

As the quarterly national accounts indicate, GDP was flat for the second quarter of this year. In fact, the economy avoided slipping back into a technical recession by just €3 million of economic output in the second quarter. The quarterly national household survey shows that unemployment continues to increase. The Comptroller and Auditor General’s report indicates that general Government debt increased by €25 billion in 2011 and now exceeds 100% of GDP. The report also states that almost 50% of income tax is now spent on servicing the national debt.

The reason I highlight these issues is to reinforce the need to present a sober picture of where we stand. I accept that there are areas of the economy which are doing very well; I refer in particular to the export sector. Inward investment also continues to be strong and the pipeline remains pretty robust. This is all very welcome, but the domestic economy is extremely weak and continues to contract. In the absence of an overall deal on our bank debt, we are going to encounter difficulties in the context of our debt sustainability in the coming years. More importantly, the preparation of forthcoming budgets could well result in a need to increase the level of adjustment. This would place an intolerable burden on citizens.

Only a very naive individual would believe that the rules set out in the legislation will be a
major game changer in terms of Ireland’s recovery. While they will help somewhat, the real issue for this country is to follow up on the June summit. An incomplete currency union remains vulnerable to asymmetric shocks, regional credit bubbles and sovereign defaults. The elements of a solution have been outlined a number of times; one of these is closer fiscal integration, including the introduction of a banking union involving key elements of centralised bank supervision, common rules for dealing with insolvent banks, a banking resolution fund and a common deposit insurance scheme. These issues remain to be resolved, and we do not know when the single supervisory system, which is a precondition for the overall deal on banking debt, particularly with regard to the question of pillar banks and the use of the ESM, will be in place.

I welcome the establishment of the Fiscal Council on a statutory basis as this should help to improve the overall budgetary process. The resources being allocated are limited and I hope this does not hamper the work of the council. For the council to be successful in the longer term, it will need to be trusted by the general public as a clear and objective voice on budgetary issues. It will be required to provide crisp, concise reports which are accessible to the engaged and informed citizen. We had a good discussion with the members of the council about their report. They are impressive people, and I commend the Minister - as I did previously - on his choice of individuals for the board of the council. We are fortunate that people of such calibre are willing to give their time to the State for no reward. Such is the importance of their work that I would not object if the members of the council were paid a reasonable retainer.

The budgetary process needs to be reformed. Thus far, the Government has not lived up to the programme for Government commitment to reform how the budget is prepared. The programme states: “We will open up the Budget process to the full glare of public scrutiny in a way that restores confidence and stability by exposing and cutting failing programmes and pork barrel politics.” I do not know what that means. I am in favour of having a debate about the budgetary process before the budget but this should be carried out in a structured and co-ordinated way and not on the basis of Ministers or officials leaking decision options, thus provoking a public debate which is not desirable. A proper debate on the property tax can take place only if the Thornhill report is published. A more open budgetary process would achieve a better economic outcome and greater public support for the necessary adjustment process. I do not blame the members of the council if they feel abandoned at this stage because their recommendations have not been supported. They support the €3.5 billion in December. The pace of change in the economy and the wider eurozone issues are such that it is difficult to look beyond that date. We need to keep an open mind as to budgets beyond December.

The members of the council have an important voice. While I commend the Minister on his appointments, the committee system should be given some input into the future selection of members to serve on the council. I would like their reports to be sharper and more pointed. They should not be afraid to criticise the Government or the Opposition. Their conclusions should be firmer, as they are nuanced with conditionality and caveats. They would contribute more to the debate if their conclusions were more clear-cut. It could be that they are finding their feet, as the council is a body in its infancy. They should not be afraid of a bit of cut and thrust in their reports, as this would be in the public interest. I hope to see the council develop a higher profile over time to give citizens the opportunity to robustly question why the Government does not act on the recommendations.

I welcome this Bill and Fianna Fáil will support it on Second Stage. We are considering a number of amendments on Committee Stage and I look forward to a full debate on the Bill in the weeks ahead.
Deputy Pearse Doherty: The impression was given in an earlier contribution that we should be grateful this Bill has been published and that the austerity referendum was successful because we lost the run of ourselves and the budgetary and debt rules in this legislation will save us. I agree with the point that we should base our arguments on facts. We should look at the facts to support that earlier comment. These rules would not have saved the State from the economic turmoil we face.

There are two key rules. The first rule for a balanced budget is the structural deficit rule of 0.5% in our case. The second is the debt ratio rule, which states that debt should not exceed 60% of GDP. If a country does not abide by either one of these rules, it must go into a European Council economic adjustment programme. How badly did the State break these rules in 2007? If we had passed this Bill in 2007, one year before the economic crash, would we have broken the first rule and run a structural deficit in excess of 0.5%? The Minister has informed me and the House, in reply to parliamentary questions, that we did not have a structural deficit in 2007; rather, we had a structural surplus of 2.3%. Therefore, the rule would not have come into play. Similarly, where were we with regard to the debt-to-GDP ratio? Did we breach the 60% rule, which would have forced us, had these provisions been in place in 2007, to outline a plan to bring the gap down by one twentieth per year? The answer is “No”; in 2007 our debt-to-GDP ratio was 27%. These rules would not have prevented the crisis which came in 2008.

The legislation states that none of these rules will apply in exceptional circumstances. Ireland is not currently going through exceptional circumstances on the basis of the rules of the European Council. What happened in 2008 was exceptional circumstances, with the financial sector on the brink of collapse and the Government forced to intervene by bailing out the banks and increasing the national debt to levels beyond anyone’s wildest imagination; therefore, we could have subverted the rules. We need to be clear: this legislation would not have prevented what happened to our country. In my view, this legislation will make future economic recovery a lot more difficult.

We know our debt levels will increase to 120% of GDP next year. Much of that is made up of banking debt. This legislation will be a legally binding mechanism to reduce that debt each year, but we must deal with the fact that a large proportion of it consists of banking debt. The Minister may be able to shine some light on this. I argued with the Minister about the June summit statement and asked him about the issue of legacy bank debt. The Minister told us this was a seismic shift and said it was a game-changer. He said it secured the separation of sovereign debt from banking debt and it secured the fundamental issue of legacy debt. On the question of whether the ESM could be used to recapitalise legacy bank debt, Klaus Regling, head of the European Financial Stability Facility, stated that this aspect had not been discussed by any European bodies.

Did nobody tell the chairman of the European Stability Mechanism that agreement was reached at the meeting attended by representatives of this Government that legacy banking debt would be recapitalised? Why is this individual being kept out of the loop? The Minister referred to one aspect of the agreed statement last week - which made no sense - that if other well performing countries were to perform as well as Ireland, the same would apply to them. Will he inform the House of where the legacy debt issue stands in light of the June statement?

As I have said before, I genuinely wish the Government well in its negotiations. As an
Irish person who wants to see this country rebuild itself, as a person who wants to see our young people in a position to stay at home and avail of the opportunities they should have in their place of birth, I want to see the Government do well in these negotiations. I reiterate, however, that the Minister and his colleagues are selling the country short. Spin simply does not cut it, but the problem is that we having nothing else. Last week I questioned the Taoiseach on the fund that was to be set up to encourage job creation, as a precursor to the investment bank that was promised as a central part of the Labour Party’s general election platform. I was told that the legislation to amend the National Pensions Reserve Fund, which comes under the Minister for Finance’s remit, is not even scheduled to be brought forward this year. As a consequence, the NPRF cannot invest in areas such as long-term capital for small and medium-sized enterprises. Instead of spin, we must deal with the facts.

I was amazed to see a picture of the Taoiseach, good luck to him, on the cover of the European edition of Time magazine with the headline “The Celtic Comeback”. The article talks of the herculean efforts of the Taoiseach in rebuilding the Irish economy from the mess created by Fianna Fáil in the past. The author clearly got a little carried away. In an article responding to the Times report, the UCD economist Professor Karl Whelan, whose comments I have referred to on numerous occasions in this House, sets out some basic facts which undermine the claims made in the report. He points out, for instance, that while the debt-to-GDP ratio was 106.5% in 2011, it will increase to 117.5% this year and is expected to reach 120% in 2013. In other words, it will have increased by at least 14% under this Government.

Unemployment is also increasing. While the percentage out of work stood at 14.1% when the Minister and his colleagues in government took office, that figure is 14.8% today. Moreover, as we all know, the jobless rate would be much worse but for the safety valve of emigration. Between April 2010 and April 2011, 1,500 people left the State every week. Between April 2011 and April 2012, that figure increased to 1,600. Despite the return to GDP growth in 2012, we are heading back into official recession territory as real GDP in the second quarter of 2012 was lower than in the previous year. In fact, the domestic economy has never been out of recession and has contracted further since Fine Gael and the Labour Party took office.

By any social or economic measure, the Government has failed to turn the economy around. The reason is very simple, namely, that the Government is implementing the wrong policies. In fact, it is wedded, for some strange reason, to the same policies as its predecessor. Is it any wonder the situation is getting worse? At the heart of the Government’s failure is its uncritical support for the policies of austerity that were introduced, drafted and designed by the Fianna Fáil Party and now actively supported by this Administration, the European Commission and the European Council. One does not need a Nobel prize in economics to know that austerity will only make our problems worse. Since the beginning of the economic crisis, a total of €26 billion has been wrested from the Irish economy in tax hikes and cuts for low and middle income earners while cuts to vital public services have made the situation much worse. Yet, under the Government’s plans, a further €9 billion in austerity measures are due in the next three years. Yesterday the IMF finally admitted what many of us have argued for many years, that these so-called adjustments are damaging economic recovery. Its world economic outlook report acknowledged that the fiscal multipliers underlining its growth forecasts underestimated the impact of austerity. Rather than €1 billion of austerity measures leading to a loss of economic output of €0.5 billion, the IMF acknowledged that the true impact could be as large as €1.7 billion.

The lesson in all of this is that one can neither cut nor tax one’s way out of a recession.
Instead, we must focus on returning the economy to sustainable economic growth by way of investment in jobs. This is not to say there is no need for reform of the tax system and of public services. Of course there is. However, without sustained investment in saving and creating jobs, reform of the tax system and of public services will not produce the social and economic recovery we need. The problem is that investment in job creation is wholly absent from the Government, the European Commission and Council in response to the crisis. Despite all the talk of investing in job creation, both the Government and the European Union have failed to put their - or, more accurately, our - money where their mouth is.

I am conscious in making these remarks that we have a very good news story today. I welcome the announcement by Kerry Group, an Irish company, of the creation of 900 new jobs in County Kildare over a period of three years. This is tremendous news for people in that area. Perhaps some of those who have emigrated will decide to return and help to rebuild the Irish economy. Having said that, it is important to put this announcement in context. Last year our economy lost a net total of 33,400 jobs. Deputy Michael McGrath would like to claim they were all from the public sector, but that is absolutely not the case. There are 33,400 fewer jobs in the economy this year compared with last year. What would it take even to get back to where we were at the start of 2011? It would require an announcement of the magnitude of the Kerry Group’s every eight days for the next year just to make up for the jobs lost in 2011. Last year the Government invested less than €0.5 billion directly into job creation. It is no surprise the job crisis is getting worse. This year the European Commission, after all its talk of stimulus and investing in jobs, could find only an additional €10 billion to invest in EU-wide measures for job creation. Is it any wonder that unemployment across the European Union is at an historic high? It is important to compare these figures with the enormous sums given to financial institutions. In 2011 this Government - not the Fianna Fáil Government - poured €21.4 billion into the banks, including €3 billion to Anglo Irish Bank. This week the European Council formally launched the European Stability Mechanism, a fund with up to €700 billion for the purpose of shoring up the European banking system. Austerity is not working. Unlimited bank bailouts are not working and a failure to invest in jobs is not working.

All of this is relevant to the legislation we are debating. The core function of the Fiscal Responsibility Bill is to insert in domestic legislation the rules and enforcement mechanisms arising from the Government’s ratification of the austerity treaty. Section 2 enforces the debt and deficit rules contained in that treaty. The impact of adhering to these rules will require austerity budgets up to and including 2020. Sinn Féin warned during the campaign leading up to the referendum on the austerity treaty that the new deficit rule would mean greater levels of austerity. We argued that the structural deficit of 0.5% could mean billions of euro in further adjustments past 2015. This will mean more taxes and further public spending cuts.

Our structural deficit is expected to be 3.7% in 2015, which amounts to almost €6 billion in monetary terms. Compliance with this rule will require either growth coupled with inflation or, where the necessary growth levels are not achieved, greater austerity. While it is fine to put on paper projections for economic growth in 2016, it should be noted that every growth forecast made by the Department has been subsequently revised downwards, as demonstrated in the Fiscal Advisory Council’s analysis of economic growth and the report published yesterday by the International Monetary Fund. In light of regular downward revisions of future growth forecasts by the Government, Central Bank, IMF and European Commission, it is highly unlikely that the current growth forecasts for 2015 will stand.

Put simply, section 2 seeks to place in law a rule that will require all future Governments to
comply with an arbitrary deficit rule. Based on the current course it is pursuing, the Government will attempt to comply with this rule by imposing greater austerity on low and middle income families and further cuts to front line services. That this rule refers to a structural deficit that many economists argue is difficult to define - it is not clear who will define it - is another issue. Greater levels of austerity will lead to even lower growth forecasts, trapping us into a lengthy period of economic stagnation. How anyone believes it is fiscally responsible to write this type of economic policy into law is beyond me.

Section 6 enforces the section of the austerity treaty that gives significant new powers to the European Commission to impose its detailed policy prescriptions on member states deemed to be in breach of the debt and deficit rules. During the austerity treaty campaign, Sinn Féin warned that the European Commission was being given significant new powers to enforce member state compliance with the existing and new deficit rules. Member states that have ratified the treaty have signed up to legally binding obligations to enter automatically into an economic partnership programme when they are deemed to be in breach of the rules. The content of the programme, which will be determined by the Commission, will be similar to that of the current EU and IMF austerity programmes. The powers of the Commission have been increased substantially at the expense of democratically elected parliaments and governments.

When Sinn Féin made these arguments during the referendum campaign, the “Yes” side accused us of misrepresenting the treaty. Anyone reading sections 6(2) and (3) of the Bill will see that we were correct. They provide that if a country is deemed to be in breach of the deficit rules, the Government of that member state, on instruction from the European Commission, must outline a plan detailing how it intends to meet the rules. Let us consider what is provided for in the plan. We are all used to Ministers stating they want to bid farewell to the troika or shifting responsibility for various measures to the troika. The plan the Government is asking us to sign into domestic law includes a requirement to “specify the period over which compliance with the budgetary rule is to be achieved”. This is the same as the troika plan. Moreover, if the period is longer than one year, the Government must “specify annual targets to be met”. This, too, is the same as the troika plan under which annual targets must be provided for reducing the deficit. The plan also requires the Government to “specify the size and nature of the revenue and expenditure measures that are to be taken”. This provision is also the same as the provision in the troika’s programme under which the Government must specify the value of tax increases and public expenditure cuts that are to be made. Section 6(2)(d) the Government must “outline how any revenue and expenditure measures that are to be taken will relate to different sub-sectors of the general government”. This, too, is the same as the troika plan in that the Government will be required to specify whether the measures will be in areas such as social welfare and household taxes.

The Minister is proposing to replace one troika with another. Worse still, section 6 also places a legal obligation on the State to implement any recommendations made by the European Commission on the details of the plan. The Commission’s ability to impose its policy prescriptions and adjustment timeframes on our democratically elected Government will be given the force of law. Section 6(3) requires that the plan must be consistent with “any recommendations made to the State under the Stability and Growth Pact in relation to the period over which compliance with the budgetary rule is to be achieved and the size of measures to be taken to secure such compliance”. It is astonishing that, having been bound into a troika programme, the Minister is asking Parliament to sign and adhere indefinitely to a set of rules which could result in the country entering a similar programme in future.
One of the strange aspects of the Bill is the suggestion that there are exceptional circumstances during which the rules and enforcement mechanisms may not apply. We are agreeing to these rules while engulfed in a set of circumstances which, by any ordinary assessment, are clearly exceptional. Despite clear evidence of exceptional circumstances, the debt and deficit rules are being applied to Ireland. While I acknowledge that some of them will not come into effect until 2015 and 2018, it is strange that the current exceptional circumstances, for example, bailing out the country’s banks, are not considered exceptional, as defined in the legislation.

As with the austerity treaty, the Bill is bad economics and bad politics. It would be better to rename it the “Fiscal Irresponsibility Bill” as it impacts may result not only in damage to the fiscal stability of the State, but also to social and economic stability, not to speak of the political legitimacy of the institutions of government. The Bill also provides the statutory basis for the Irish Fiscal Advisory Council. Sinn Féin does not have any difficulty with the establishment of a body of this nature. The more independent, evidence-based advice that is available to the Government and Opposition, the better. Unfortunately, section 8 gives the council a narrow remit, defining its role as monitoring the State’s compliance with sections 2 and 6, the debt and deficit rules and the enforcement of these rules. This does not make sense. Fiscal policy does not exist in a vacuum. Issues of taxes and expenditure are bound up with the type of society we are trying to create, the type of economy we are trying to construct and the type of public services we are trying to deliver. For this reason, any advice to the Government on fiscal policy must be placed in the broader social and economic context. It is meaningless to advise a particular course of fiscal action without a parallel assessment of the impact of such a course on social and economic development.

This narrow focus will make the Irish Fiscal Advisory Council a very limited tool. To date, as has been noted, the Government has chosen to ignore the council’s advice to implement significantly higher levels of adjustment than agreed under the troika programme. While I do not object to the Government’s decision to ignore this advice - it is the prerogative of all Governments to take or ignore advice - where such advice is ignored, the Government should publicly explain the reasons for its decision. Unfortunately, it has not done so thus far and it is clear from the Bill that it does not intend to do so in future. Section 8 places a limited obligation on the Government to respond in future to the council’s advice, namely, only in respect of meeting the debt and deficit targets and compliance with enforcement procedures. This section should be expanded to include responding to the council’s budgetary proposals and growth projections.

The Government proposes to establish on a statutory footing a fiscal advisory council which will have two roles. First, it will monitor the Government’s compliance with the debt and deficit rules and if, in this area, the Government chooses not to heed the council’s advice, it must, within two months, present the arguments for choosing not to accept the advice. Its second role is to examine budgetary matters and fiscal projections. However, when the Government chooses to ignore the council’s advice in this area, as it has done in respect of all reports done so far, it is not obliged to state its reasons for doing so. This is a major flaw in the provision and it should be amended.

Over the weekend, I re-read a report done in 2011 on the advice the Department of Finance offered to the previous Government. The report included a number of proposals, including a recommendation to establish a fiscal advisory council. It recommended, however, that where advice is not followed, an acknowledgement and rationale for choosing not to adhere to it should be provided. We know from the report that during the period of the artificial boom advice was being given by the Department of Finance to the then Minister, Deputy Martin, and
his colleagues around the Cabinet table but they decided to ignore it without providing any rationale for their decision. It is important the Minister looks at this section. He has already agreed the principle in relation to the debt and deficit rule that he will make a public statement to the Houses as to why the advice has been ignored and it is important he does the same for the budgetary proposals and for the economic forecasting advice.

Sinn Féin is in favour of fiscal responsibility. We want the Government to get the deficit under control but we are convinced the policies the Government is implementing are actually making the crisis worse. Even where they have an impact on the deficit, it is at great cost to the economy and society at large. It is easy when looking at forecasts, quarterly Exchequer accounts and GDP percentages to get wrapped up in figures and lose focus on the bigger picture. This week the Government began implementing €8 million worth of cuts in home help services. This is one of the cruelest cuts the Minister could implement. I know elderly people in receipt of home help who have seen two world wars; some have even seen the 1916 Rising. At this stage in their lives they are just looking for a helping hand from the Government, but it is being taken away. It might be fine on paper when the Minister for Health, Deputy Reilly, has to balance his budget with the troika, the Minister for Finance and the Minister for Public Expenditure and Reform breathing down his neck. What is missing in this judgment is a realisation of the social consequences of such cuts. Home help is just an example but there are many more.

Is it fiscally responsible to have a debt-to-GDP ratio of 127%, 440,000 people on the live register and 87,000 emigrating each year? Is it fiscally responsible to depress domestic demand by reducing the disposable income of low and middle income families? Is it fiscally responsible to have over 100,000 households in mortgage distress while paying out billions of euro to dead banks? The answer is obviously “No”, but these are the consequences of the policies pursued by the Government with the support of the European Council and the Commission. The measures contained in this Bill will simply serve to further deepen the levels of austerity imposed on the people. They will increase financial hardship, undermine public services and add yet another block to our economic recovery. We urgently need a new approach. At the centre of it must be investment in jobs. On Thursday, Sinn Féin will launch its detailed job creation package and next month its alternative budget. These two documents will outline our alternative to the failed policies of austerity and bank bailouts pursued by Fine Gael and the Labour Party, the European Commission, the European Council and Fianna Fáil before them. These are the very policies being written into this Bill.

While I will table amendments on Committee Stage, Sinn Féin clearly opposes the Bill in its current form. It is bad for the economy and society, and it is bad for the hundreds of thousands of low and middle income families who are struggling under the weight of five years of austerity and are saying they simply have no more to give.

Deputy Seamus Healy: I welcome the opportunity to speak on the Fiscal Responsibility Bill 2012. I ask the Minister to withdraw it, as it effectively enshrines permanent austerity in this country. The Bill’s proposals and measures, if implemented, will continue to destroy the domestic economy, increase unemployment and emigration levels and put pressure on low and middle income families - the coping classes or the squeezed middle, as they are called. The Bill encapsulates the Government’s austerity policy to target low and middle income families, a continuation of the previous Government’s, with no stimulus for growth. Neither does it contain a demand that significantly wealthy people pay their fair share of taxation.

The legislation is bad for the economy, for families and for business. One only has to look at
the main streets of our villages and towns to see the effect of the austerity policy that the Minister is now proposing to put into law. We see closed shops, less footfall and more unemployment while the domestic economy is left reeling by the withdrawal of up to €26 billion from it in recent years. A further Government target amount of €8.6 billion will be taken out over the next three years, and the 0.5% structural deficit rule and the 60% debt-to-GDP rule will add another €10 billion per annum to this figure. This will simply draw the lifeblood out of the economy, resulting in company closures and unemployment as well as hardship for families. Ireland’s debt-to-GDP ratio will peak next year at 120%. With the 60% debt-to-GDP rule contained in this Bill, it will take 20 years to reduce Ireland’s current ratio, which, it is estimated, will lead to further cuts of more than €4 billion per year. This will destroy the economy and make matters worse. With Ireland’s structural deficit at 3.7% next year, the rule in the legislation specifying that this should be no more than 0.5% could lead to additional cutbacks of €5 billion per annum.

We are enshrining perpetual austerity in law and targeting low and middle income families who are already stressed, stretched and under severe financial pressure with more taxation. The background to this issue is the fact that through the EU-IMF deal Ireland and its people have effectively been made subordinate to Britain, Germany and France and the bankers and speculators of these countries. The treachery of the previous Government and the self-serving greedy behaviour of the Irish elite continue to lead to savage attacks on poor and middle-income earners. There is no doubt that this is a real national, economic and social emergency. The crisis is resulting in an unprecedented onslaught on living standards, spiralling mass unemployment and a dramatic rise in poverty levels. Meanwhile, we are paying out billions of euro which are being taken from working people and given to bankers, developers, international speculators and finance houses. We were told by the new Government that there would be a new beginning, that it would ensure all would change and that we would put behind us the policies of the previous Government. Of course, that did not happen. We were told that the bondholders would be burned, that there would not be another cent for the banks and that it was going to be “Labour’s way, not Frankfurt’s way”. We were told that the vulnerable would be protected. Of course, nothing like this has unfolded. Some people in the country are under serious pressure from cuts and increased taxes. We are far from the promises and commitments made during the general election. What happened subsequently - it is still taking place - was that the banks received billions of euro; the bondholders were paid; there were closures of health facilities and beds in hospitals and homes throughout the country for the elderly; military barracks were closed; higher taxes were imposed; and there were various cuts throughout the education system.

I reject solutions to the economic crisis based on slashing public expenditure and cutting welfare payments and workers’ pay and pensions. There can be no just or sustainable solution to the crisis based solely on market circumstances. Instead, there must be democratic and public control of resources such that social need is prioritised over profit. We must end the bailout of banks and refuse to pay the private debts of banks to international speculators and finance houses. Allowing private banks to borrow €90 billion abroad between 2003 and 2007 was an act of treachery by the then Government and the Irish Establishment generally. We must stop it, call a halt to it and say we are not responsible for the private debts of bankers. Naturally, it will be said this would be a risky strategy, but the riskiest would be continuing along the path taken by the Government and the previous one. That is the path of robbing people to pay off the debts of private banks and developers and it will end in a devastated country and economy and families throughout the country.

It has always been suggested the country is being bailed out, but the fact is we, that is to say, the country and its people, have bailed out the European Union and foreign banks. There is no
doubt that the European Union and the banks are not good Samaritans. They are not helping out a neighbour in trouble; rather, we have been ripped off by the European Union and the banks. Europe’s major banks were owed tens of billions of euro by Irish banks and hundreds of billions of euro by the banks and the governments of Greece, Portugal, Spain, Italy and other countries. Every cent was private debt, but the European Central Bank feared contagion if an Irish bank defaulted. It, therefore, decided that every bond would have to be paid in full. Its solution was to use its financial muscle. It coerced a weak Irish Government into converting private debt to sovereign debt, a policy which it now accepts was wrong. It is clear that the austerity programme which has resulted from this policy has failed. We need a new direction. We need to set aside the policies we have been pursuing during the term of the Government which amount to a continuation of the policies of previous Governments. We need to set them aside because austerity is driving down domestic demand. It is creating mass unemployment, high welfare costs and lower tax revenues. This is being done to divert borrowed moneys into bank, bond and interest repayments. The wealthy are being protected, while working people are suffering as a result of a policy that is deepening the recession and making the economic crisis worse. Vast amounts of money have been taken out of the economy and it is proposed to continue in this vein. The inclusion of these two rules and making them legally binding in Irish law will perpetuate the problem, take further money out of the economy, depress the economy further, increase unemployment and create vast problems for ordinary families throughout the country.

Some 12 months after the Government entered office there were approximately 440,000 people unemployed, giving a 14.8% unemployment rate, up from 14% when it took power. There are fewer jobs in the economy now, although there have been several so-called initiatives taken. The most recent Central Statistics Office figures show that for the year to June 2012 which coincided with the Government’s first year in office, there was a net decrease of 33,400 jobs. This is the result of the austerity which the Government has been pursuing. It is also the result of the austerity being imposed by the EU and being accepted by the Government. Despite what was stated in these so-called initiatives, if money continues to be taken out of the economy and if austerity is to be effectively made permanent as this Bill will do, there will be further job losses.

The austerity has also created emigration, as has been covered by previous speakers. Recently, there have been health cuts which have brought about a situation where hundreds of thousands of home-help hours have been cut. Those with disabilities have been targeted. Child benefit has been targeted. In that regard I recently came across an article in a newspaper which showed a poster in the most recent election in 2011 by the Labour Party, stating “Protect Child Benefit. It has been cut too much already. Labour is against Fine Gael’s latest proposal to cut Child Benefit by €252 p.a. for the average family. Families Need Labour in Government”. However, we all know where that has got us - promises made but promises broken. There have been more child benefit cuts and now there are kites being flown and promises of additional child benefit cuts. The elderly have already been targeted with reductions in the fuel scheme and the electricity scheme. The numbers of special needs assistants in schools have been reduced. Guidance counsellors have been put into the quota and, effectively, their numbers have been reduced. College fees, which the Labour Party promised would not be re-introduced, are now effectively being introduced by the back door.

An Leas-Cheann Comhairle: The Deputy is straying a little from the Bill and I ask him to refer to it.

Deputy Seamus Healy: I thought the other speakers strayed as well, if that is the case.
The question of austerity is an important one. One of the reasons I say the Minister should consider withdrawing this Bill is that today the IMF accepted at last what many of us have been saying for some time, that austerity is not working. According to both the Irish Examiner and the Financial Times today, and in its own report presented today, the IMF has now accepted this and that austerity has created further difficulties for the Irish economy. The IMF now states that for every €100 of austerity taken out of the economy through spending cuts and taxes, the effect has been double what it believed it would be, resulting in a reduction in economic activity ranging between €90 to €150 for every €100 taken out. Apparently, the IMF had believed that the reduction in activity would be perhaps €50 but it has now accepted that this austerity is taking out double, if not treble, what it originally thought. Surely it is food for thought for the Government that even the IMF has accepted that austerity is not the answer to our problems.

There is need for a new direction in economic policy in this country. We should put aside the austerity and the targeting of middle-income and lower-income families and embark upon a policy of stimulus and growth, ensuring that the very wealthy in this country pay their fair share of taxation.

There can be no doubt that there are very wealthy people in this country. It has been said that this is not a wealthy country but it is a very wealthy country. It is still probably the second wealthiest country in Europe. There is significant wealth in the country and various reports, including reports from the Central Statistics Office, confirm that. For instance, the Central Statistics Office confirmed that the wealthiest 5% in this country had increased their assets by €46.9 billion over the two years, 2009 and 2010. A report in the Sunday Independent in March of this year, by its financial correspondent Mr. Nick Webb, confirmed that the 300 wealthiest people in this country had increased their wealth from €50 billion to €62 billion in the previous 12 months. There is significant wealth in this country and there is definite need for a wealth tax.

There is a wealth tax operated in other European countries and in states in the United States of America. No doubt a wealth tax should be introduced. It would bring about significant income for the Exchequer. That needs to be done urgently.

There is also need for a new direction on job creation. We need a State-led job creation programme because the private sector will not create the jobs. The figures from the Central Statistics Office which I indicated earlier confirm that far from increasing jobs in the industries in the private sector, there has been no such response. The State needs not only to create the environment for job creation but also to create jobs. It needs to lead the way in this and only in that way can we ensure that there will be job creation. There is, in fact, an investment strike by very wealthy people in this country and, indeed, internationally. The State needs to lead the job creation drive and to ensure that people go back to work, that there are savings on social welfare and that families of middle-income and lower-income workers are not targeted, as has been the case.

I believe that we are on the wrong road. I believe that the Minister should withdraw this Bill, change direction and ensure that there is a stimulus in place for growth and for job creation. The State should get involved in job creation and the very wealthy people in this country should be made pay their fair share of taxation. That is the only road to recovery. Austerity, as we all know and as the IMF has admitted today, has failed and will fail in the future.

Debate adjourned.
Agriculture: Motion [Private Members]

Deputy Éamon Ó Cuív: Imove:

That Dáil Éireann:

- acknowledges the central role that agriculture plays at the heart of rural life and as the engine of the economy of rural Ireland;

- recognises the vital need for clear decisive actions to be taken by the Government to support the agrifood industry which generates 300,000 jobs and contributes €24 billion to the Irish economy;

- notes the critical role that the Rural Environment Protection Scheme, REPS, Agri-Environment Options Scheme, AEOS, and the Disadvantaged Area Scheme, DAS, payments play in maintaining farmers’ income and ensuring that agriculture provides a viable livelihood for active farmers;

- fully accepts the impact that rising fuel costs has on hauliers, agricultural contractors and, in turn, on farmers’ basic costs;

- further notes the changes that the Minister for Agriculture, Food and the Marine has implemented in the DAS through new retrospective minimum stocking ratio requirements, a cutback that has had a direct negative impact upon farmers;

- observes that the new AEOS opened by the Minister caps the maximum payment at €4,000 and only has 6,000 places, despite the fact that 13,000 farmers came off REPS 3 in 2011;

- calls on the Minister to expand the new AEOS to encompass a €5,000 maximum payment and 8,000 places in order to accommodate demand and minimise the impact of the financial transition from REPS 3;

- further calls on the Minister to rescind the minimum stocking density ratio changes he has introduced in the DAS;

- and exhorts the Government to tackle rising diesel prices and introduce an effective essential user rebate scheme that will alleviate the rising pressure on hauliers, agricultural contractors and reduce costs on farmers.

I wish to share time with Deputies Timmy Dooley and John Brown. I am delighted to have an opportunity to speak on this very important motion. As the Minister for Agriculture, Food and the Marine knows, 10,000 farmers gathered outside Leinster House today to try and impress on him, the Government and the European Union the importance of agriculture to our economy. Agriculture represents 20% of our net exports and the agrifood industry generates 300,000 jobs and contributes €24 billion to the Irish economy. In that context, I welcome the announcement today by the Kerry Group of a major new development.

Over many generations agriculture has been a major element of our economy. The agri-
culture industry that we have today is a modern one which produces top class ingredients for a highly sophisticated food and drinks industry that literally exports to the four corners of the globe. High technology is now used in agriculture at all levels of the industry, from farms to large processors to niche artisan producers. It is vital for the well being of our economy and for all the people of Ireland, both rural and urban, that we continue to have a modern, well developed agriculture sector. However, it is equally important that this sector continues to be based on the farming structure we have, that is, the family farm and that we do not move towards a farming system dominated by big commercial entities, as is the case in other parts of the world. Our farm structure has given Irish agricultural produce a very good name and our grass-based livestock production is one of the main selling points of our products.

It is also important when discussing agriculture to realise it is a very diverse industry and that people in different parts of the country face very different challenges based on the land in their area. All farmers, whether on highly productive land or on the poor land of the mountains around the country or of the west of Ireland, must be supported and encouraged to keep farming. Therefore, all of our agriculture policies must be focused to enable each farmer, irrespective of whether he or she is on an off-shore island or on the plains of Meath, to farm to the maximum ability of his or her farm.

I call on the Minister and on the Government to put down a clear marker in relation to the CAP negotiations. Nothing less than the same nominal envelope of €1.6 billion per year, as was available under the previous CAP, will be acceptable. This will mean a cut in the CAP money of 7% in real terms but any further cuts from this level will be totally unacceptable to the Irish people and to Irish farmers. It is a habit to say we are getting the same nominal amount but of course, what counts is the real value of money and not some notional value of money on an historic basis. It is up to the Minister to ensure that Ireland takes a pro-active role in negotiating the financial envelope and that this is maintained intact. Anything less will be an abject failure.

Since becoming Minister, Deputy Coveney has talked a good talk, but when it has come to actions all we have seen are cutbacks and under-spending. Last year there was a very significant under-spend of €60 million under the AEOS, REPS spend and a total underspend in the Department of €200 million. This is money that would have been a huge help to farmers who are struggling at this time and which was surrendered to the Exchequer. This year, belatedly, the Minister has announced an AEOS scheme that will not commence until 2013 and under which payments may not be made until 2014. If he had spent his allocation last year he could have introduced a proper AEOS scheme last May. Instead, when one takes into account that 13,000 farmers have left the REPS this year and that the average payment under the REPS was €6,000 per annum, he has already cut-back on next year’s budget by between €60 million and €80 million. If the Minister does not pay the AEOS payments until 2014, the actual opening cut back is €80 million. This is totally unacceptable and I call on the Minister to increase the maximum payment under the AEOS he announced to €5,000 and to increase the number of places on the scheme dramatically. I also call on him to commence this scheme immediately rather than on the delayed basis that he has announced.

In relation to the DAS, the policy of the Department seems to be to hit the poor or the most vulnerable farmers all the time. I understand that 10,000 letters were sent to farmers in relation to stocking density, the vast majority of whom are living in very poor land areas and in many cases are restricted in the amounts of stock they can hold by regulations imposed by the Department of Agriculture, Food and the Marine and the Department of Arts, Heritage and the Gaeltacht. Last week I asked, by way of parliamentary question, for details on the number of
people who sought derogations. I did not get an answer but the previous week I got an answer to the effect that over 9,000, out of just over 10,000, applied for derogations. I also asked how many of those who had applied for a derogation were granted one. The Department refused to tell me but my understanding, on the grapevine, is that the vast majority of those who went through this huge bureaucratic exercise, giving the Department information that it already had, will be entitled to the payment after all. The Department has engaged these farmers in a huge bureaucratic exercise that is delaying payments to thousands of farmers, who inevitably will be able to prove that they should never have had any question raised regarding their stocking density, as the information was already available to the Department. I call on the Minister, once and for all, to drop the retrospective minimum stocking ratio requirements introduced this year and to pay these farmers the money they are owed immediately. It would seem that it is of no concern to the Minister that many of these small farmers have been waiting anxiously for their payment only to be told that they will have to wait, in some cases until the end of the year to receive payment. There is a saying in Irish, mair a chapaill agus gheobhair féar. It is a very apt agricultural saying which means live horse and you will get grass and it seems the current Minister believes this policy is good enough for some of the most vulnerable farmers in the country.

Deputy Tom Hayes: It was Charlie Haughey who said that, when he was Minister for Agriculture.

Deputy Simon Coveney: We are ahead of where we have ever been.

Deputy Éamon Ó Cuív: Except for these farmers.

Deputy Timmy Dooley: The Government’s way is that of Marie Antoinette - let them eat cake.

Deputy Simon Coveney: The payments are ahead of schedule.

Deputy Éamon Ó Cuív: Yes, because Fianna Fáil left things organised for the Minister.

Deputy Simon Coveney: The payments ---

Deputy Timmy Dooley: The Government policy is to let them eat cake.

An Leas-Cheann Comhairle: I ask the Deputy to refrain from interrupting.

Deputy Simon Coveney: We are doing more for farmers than ever before.

Deputy Éamon Ó Cuív: Not for these farmers.

Deputy Tom Hayes: Charlie did not do much for farmers.

Deputy Timmy Dooley: He did more for farmers than anyone in Fine Gael will ever do. He understood them.

Deputy Éamon Ó Cuív: I always reckon ---

Deputy Tom Hayes: He put them in jail. That is what he did.

An Leas-Cheann Comhairle: No further interruptions please.

Deputy Éamon Ó Cuív: Deputy Hayes is interrupting because he is feeling sore about the truth.
Again, to quote another saying in Irish, tá an fhírinne searbh ach sí an fhírinne í. The Minister can translate that one for himself. I am once again calling on him to give aid to those farmers who lost all of their silage and face financial catastrophe because of the very poor summer this year. All farmers accept the general ups and downs of agriculture but where somebody faces total devastation of his or her livelihood, I believe aid is warranted. Instead of coming to the aid of these farmers, the Minister has stood idly by all summer and has not acted in any proactive way to help farmers.

8 o’clock

The only gesture the Minister made was on the single farm payment, which would in any event have been paid in October and in respect of which he admitted that nothing exceptional is being done this year. It is paid in October every year.

**Deputy Simon Coveney:** It is not paid in October every year.

**Deputy Éamon Ó Cuív:** His colleague made a minor concession on the spreading of slurry and fertiliser but, as a farmer pointed out to me earlier, it was not sufficient because the weather is variable and unless it is good this week - the forecast is not good in parts of the country - farmers will face an impossible task in spreading slurry. Nothing has been done to help the farmers who have lost everything either because they could not save their hay or silage this year or because it turned rotten. The minor measures taken by the Government are of no assistance to them in their plight.

As we know, uncertainty is one of the reasons for the lack of confidence in the future. I call on the Minister to state once and for all whether a suckler cow welfare scheme and a sheep grassland scheme will be in place next year. Dangling farmers like a puppet on a string is not good enough and will not be acceptable to the farming community.

Many farmers took time off from their busy lives to come to Dublin today because they are genuinely worried about their future under the CAP and about the Government’s intentions in the forthcoming budget. At a time of increasing food demand around the world, it makes sense to continue to invest in agriculture, a sector in which Ireland has a natural advantage, in order to support farmers with a decent livelihood, encourage young farmers to take up farming and ensure the future of Irish agriculture based on good environmental practice and high production standards. There is no question that the Minister talks the talk but it appears from everything I have seen since becoming spokesperson on agriculture that he does not walk the walk. Our fruit, vegetable and potato producers are under severe pressure from the supermarkets. Our milk suppliers are under pressure from the same source but this did not become a matter of public concern for the Minister until I raised it publicly over the summer.

**Deputy Tom Hayes:** It is great to have him back as spokesman.

**Deputy Simon Coveney:** Did he read the programme for Government?

**Deputy Éamon Ó Cuív:** I am pleased the Joint Committee on Agriculture, Food and the Marine is to investigate this issue and I hope the Minister will implement our proposals when we bring them forward. For the sake of the farmers of Ireland and an agrifood industry that employs 300,000 people, I hope we can finally rely on him to ensure that agriculture prospers and grows for the benefit of the entire nation. As Fianna Fáil spokesperson for agriculture, I am delighted to move this motion and I hope after today that agriculture will once again get the
Deputy Timmy Dooley: I second the motion and welcome the opportunity to contribute to this debate. I acknowledge the farming community’s tremendous show of strength today and commend the staff and stewards of the IFA on organising a model for how an appropriate level of interaction can take place between parliamentarians and the industry concerned.

Deputy Tom Hayes: Well done lads.

Deputy Timmy Dooley: The way in which they reduced the numbers on the streets was also recognised. Farmers were in some cases encouraged to stay outside the city. Otherwise 30,000 or 40,000 farmers could have taken to the streets, such is their concern for the budget and -----.

Deputy Simon Coveney: He is not even saying this with a straight face.

Deputy Timmy Dooley: I was told by farmers that some of their colleagues remained outside the city because they did not want to interact negatively with the consumers they regard as an important part of their industry. We will not get into semantics; it was an important demonstration of strength and all concerned have shown they can act in a fair and equitable way. We have moved away from the negative protests of the past, which were not beneficial to anybody.

The people with whom I spoke expressed several key concerns. They wanted to demonstrate the importance of the agricultural sector not only to Members of the Oireachtas, but also to the people of this country. Deputy Ó Cuív outlined the importance of this sector to the economy. I acknowledge the announcement by Kerry Group. Agriculture is often regarded as solely benefiting the farming community but when one considers the considerable employment and revenue it generates, it must be seen as a benefit to everybody. Many farmers believe it is important to maintain CAP direct payments for farm incomes. Some in this country regard direct payments as supporting the farming community but they do not realise that payments under the CAP helps to ensure safe and traceable supplies of quality food at a time when the global population is growing.

As the Minister will be aware, this is a critical time for negotiations on the EU budget, which is due to be agreed during the autumn. Farmers seek to retain the current envelope of money. We can discuss the details of how that money will be distributed at a later stage.

Farmers regularly point out to Members that farm schemes were hit disproportionately in budget 2012. Total expenditure across all Departments was cut by approximately 3.5% but the agricultural budget was cut by 6.5%. That is a disproportionate reduction which I hope the Minister will be able to reverse in the next budget. He has been in office for long enough to gain a better understanding of the concerns of farmers and the industry and I hope he will make a better fist of the Estimates negotiations this year. Under the agriculture budget generally, expenditure on farm schemes was cut by 17%. The Minister should by now realise the importance of these schemes to the farming sector. Deputy Ó Cuív spoke about the cuts to disadvantaged areas payments and REPS, which target the most vulnerable farmers. Farmers are concerned about the Minister’s approach to budget negotiations for 2013. Cuts of up to €90 may be inflicted on the agriculture budget, which would represent a further 6.6% reduction in funding. However, the many kites that have been flown about the budget have allowed certain Ministers to escape the limelight. Perhaps we should not believe all we hear in this regard.

attention it deserves.

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Farmers want to be treated with fairness and equality. They see themselves as primary producers who provide raw material for which they are price takers. They believe they will have a real impact on the recovery of this economy. They are committed to working their land and to providing the raw materials through which Kerry Group and other companies can generate profits for their shareholders and a considerable return to the State through corporation tax and job creation. Without primary producers being able to maintain a standard of living that encourages them to continue to do their work and to attract their sons and daughters and younger farmers back into the enterprise, the seed with the capacity to do so much for the recovery of this economy will not germinate and will be lost. It is in that vein that I appeal to the Minister to look at the primary producers in a way that gives them protection, as the CAP has done in the past.

We can all remember a period when the CAP supported continuous production when demand was not there. We all recall the butter and beef mountains and the wine lakes. This seemed a crazy policy to some at the time, but we saw the benefits of it in the long run, because it retained the primary producers within their farming enterprises and saw them through the period when supply outstripped the demand that existed. Having succeeded in retaining so many farmers and families on the land, we are now in a position, thankfully, to benefit from increased demand across world markets. We have seen off the importation of beef from Brazil, we have seen off the competition from other sectors and have succeeded in maintaining a primary producer that will benefit the greater economy.

Now that the world population and the price of food have increased, we are in a position to be able take advantage of that. This is because at the time, people like former Commissioner Ray MacSharry and others saw the long-term potential for agriculture. I appeal to the Minister now to recognise the potential. It is now more obvious, because we can see the growth of consumer demand. We have a well recognised strategy, Harvest 2020, and it feeds into the increase in the consumer population and in demand. Unfortunately, however, if we continue to erode confidence in the farming sector and continue to put pressure on smaller producers, we will do them a disservice.

In the context of the CAP and the allocation of resources, we encouraged many farmers to remain in marginally viable farms and in the past we talked a lot about the protection of the environment and farmers being the custodians of the environment and lands in rural areas. It is vital that we continue supporting these farmers through providing support schemes. They may not be the strongest or greatest producers in terms of quantity, but they have a significant role. That is the reason schemes such as AEOS and others are of vital importance. I appeal to the Minister to consider this.

The regression on stocking density was outrageous and it has had a devastating effect on many farming families. The impact of it is affecting their livelihoods and their incomes.

Deputy Simon Coveney: Some 90,000 out of the 100,000 are not affected at all.

Deputy Timmy Dooley: I accept that. However, the Minister has targeted a particular cohort of small farms, the stocking density of some of which is low because of the poor quality of the land.

Deputy Simon Coveney: They can appeal and are appealing.

Deputy Timmy Dooley: They can. I have filled out more appeal forms in this regard than
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the Minister has and I have seen the difficulties these farmers encounter as they come from a particularly disadvantaged area of the country. They are just as important to the entire ecosystem that is the farming community as are large producers in other areas of the country who are fortunate enough to have quality land. We must treat individuals with equality. What we do not want in the rush to fulfil Harvest 2020, which was an initiative of the previous Government, is to create a national divide and only have the best land farmed. We should not allow parts of our rural landscape to go fallow, wild and unused because that will impact on one of the other primary elements of the economy, tourism. We must get the right mix and balance. I agree it is important to support the large-scale producers, who have a significant impact on the economy, but we cannot do that at the cost of those farmers who followed proposals at the time and got into REPS and AEOS schemes on the basis of being custodians and protectors of the rural community, in addition to being primary producers.

Another significant element of our motion concerns costs relating to farming. The increased price of diesel is having a huge impact, not just on domestic motorists, but on farming contractors and hauliers hauling produce. The previous speaker identified the fact that approximately 90% of all agricultural produce must be exported. In order to do that and to ensure that prices for farmers remain competitive, we must deal -----

Deputy Tom Hayes: Where would the money for that come from? Who would it be taken from?

Deputy Timmy Dooley: As Deputy Hayes knows, many international hauliers currently buy their diesel outside the State, because a rebate system exists in a number of other states.

Deputy Tom Hayes: This is a motion on agriculture, yet the Deputy is talking about contractors and hauliers. Where would the money the Deputy is talking about come from?

Deputy Timmy Dooley: I will explain if the Deputy gives me a chance. We are asking the Government to move toward the introduction of a rebate scheme for hauliers.

Deputy Tom Hayes: Where will the money come from?

An Leas-Cheann Comhairle: Allow the Deputy to continue, he has only one minute left.

Deputy Timmy Dooley: Additional revenue will be generated through diesel being purchased in the State. Also, if the Government is prepared to take on the criminal fraternity that is laundering diesel, considerable revenue will flow to the State.

Deputy Tom Hayes: Fianna Fáil let them away with it long enough.

Deputy Timmy Dooley: That will allow the capacity to reduce the price of diesel to agricultural contractors. As a fairly significant farmer, Deputy Hayes understands the impact of the rising costs of fuel, silage wrap, feedstuffs and fertilizer. This puts enormous pressure on his neighbours. Many farmers in south Tipperary do not have an additional income and it is fairly hard on them. They do not have the capacity to generate another income outside the farm and must be assisted through reducing costs.

Deputy Tom Hayes: The Deputy is playing to the people in the Visitors Gallery now, but they understand money is needed. Where will the money come from?

An Leas-Cheann Comhairle: Order please.
Deputy Timmy Dooley: I meet farmers and when I come up here, I do not lose sight of from where I come. Sadly, I see people now on the Government benches who forget how they got here. It is a sad reflection on the capacity of the Government that it cannot deal with the farming community in a way that considers rising costs and asks what it can do to help. I do not suggest cutting the price of diesel by 50%. However, I suggest that the Government can work with all concerned to try to come up with a solution that makes it possible for farmers to get through the tough years.

There will be better years. In fairness to the farming community, when they have good years, they spend money and do not gripe. However, when their backs are to the wall, they need help. I do not see that help coming from that side of the House.

Deputy John Browne: I support the motion put forward by Deputies Ó Cuív and Dooley. Like Deputy Dooley, I was outside today with the farmers. In particular, I met farmers from my county of Wexford, one of the most productive farming counties in the country. Government backbenchers made many promises to the farmers outside today and the Minister will have his hands full delivering on all of them and on the promises made to deliver on all of the issues we have asked for in our motion. It was good to see the backbenchers outside, but the Minister has a lot to live up to following the promises made by them today.

Farming is one of the success stories of recent times. Despite the difficult economic climate, farming has been the driver of the economy in recent years and many more young farmers are staying on the land in comparison with some years ago. All of the agricultural colleges are full, because young people see a future in farming and want to remain on the land. It is very important that the Minister encourages and supports younger farmers to remain on the land and become even more productive. The agrifood sector in Ireland contributes a value of €24 billion to the national economy, generates 6.3% of gross value added and provides over 7.4% of national employment. There are more than 300,000 jobs in the agriculture sector. That signifies the importance of agriculture at present and into the future. Food Harvest 2020 represents one of the good ideas that came from the previous Government. It is now supported by the Minister. It needs practical support.

Many people in the farming and food sectors who want to develop and expand their businesses are encountering a great deal of bureaucracy and red tape. Like people in every sector of the economy, they are finding it difficult to get bank loans. This area needs to be tackled. As we know, the banks are reluctant to allocate loans in any way, shape or form. Their representatives go on radio and television to tell us they are providing loans hand over fist, but that is not the case. I have met many people in the food sector who are finding it difficult to get bank loans without high interest rates. They are also being held back by other areas of red tape and bureaucracy. Many people in the farming sector are also concerned about the prices they are receiving for their products. I am not blaming the Minister for this because it is not his fault. The supermarkets and the people who are purchasing from farmers are squeezing the production sector and farming as a whole. Various Governments have tried to tackle the supermarkets and the multinationals and to change the way they deal with primary producers, but they have not been successful. It is important for us to continue to encourage the paying of a decent price for the products that are on the shelves of supermarkets.

I have raised with the Minister the issue of the Leader programme, which is really at the heart of rural Ireland. I suggested on Question Time a number of months ago that responsibility for the programme should be transferred from the Department of the Environment, Com-
community and Local Government to the Department of Agriculture, Food and the Marine. As the
Minister knows, many farmers and others in the agriculture sector want to diversify into other
products. They are finding it difficult to do so because bureaucracy and red tape are preventing
them from getting grant aid under the Leader programme. Given that agriculture and fisheries
are at the heart of rural Ireland, responsibility for the Leader programme should have remained
with the Department of Agriculture, Food and the Marine. Deputy Ó Cuív might not agree
with the view, which I have always held, that this should be part and parcel of the Department
of Agriculture, Food and the Marine. Some of the roadblocks farmers encounter when they
try to diversify into alternative food products should be removed and grant aid should be made
available in this area. I ask the Minister to examine this matter again to see how the Leader
programme can be made more relevant to rural Ireland and the farming sector. Many farmers
in my county who apply for grant aid are told they cannot get it because of rules laid down at
EU level. Such difficulties are blocking them from getting grants.

The issue of Common Agricultural Policy reform has been highlighted when agricultural
issues have been debated in the Dáil in recent months. The manner in which it is handled is
crucial for the future of agriculture in this country. It is important the current €1.6 billion enve-
lope remains in place. From next January, it will be in the Minister’s gift to ensure farmers are
not short-changed in these negotiations. He will be in the chair at the Agriculture and Fisheries
Council when Ireland holds the Presidency of the EU for the first six months of next year. It is
important for the Minister to use his good offices and his time in that chair to ensure some of
the ideas and suggestions with regard to CAP that are being made are thrown out the
window. That is necessary if we are to get a CAP reform programme that is relevant to Irish
farming. Some of the suggestions that are being made in this regard at present are of major
concern to Irish farmers. The high level of concern about CAP is one of the main reasons so
many farmers came to Dublin today. Irish farmers are concerned they might be short-changed
or might lose out when the future CAP proposals are made.

We have to bear in mind that the decisions that are made with regard to CAP will remain in
force for a number of years. If the €1.6 billion envelope is not retained, it will have a serious ef-
fect on farming. It could be argued that reductions should be imposed on productive farmers at
the higher end. At a time when we want to see productivity in farming and we want agriculture
to develop further in this country, surely it is important that cutbacks are not imposed on the
productive farmers in my county and other counties who provide the raw materials for the food
sector and other sectors in the agricultural community. There is serious concern in this regard.
I have attended IFA meetings and public meetings on CAP reform. Many farmers are worried
by the threat that CAP will not be what it was in the past, that the overall budget within the EU
will be reduced and that agriculture will have to take a higher cut than it did in the past and
certainly a higher cut than any other area of the EU budget. It is important for the Minister to
use his position as chair of the Agriculture and Fisheries Council to ensure that does not happen.

On the domestic front, the funding for a number of critical farm supports was slashed in the
last two budgets in a manner that has limited the capacity of farmers to farm. The new agri-en-
vironment options scheme that was announced recently is too limited in scope and in payments.
The Government should increase to 8,000 the number of places on the scheme. As Deputy Ó
Cuív has suggested, the maximum payment under the scheme should be increased to €5,000.
The suckler cow welfare and grassland schemes have played an integral role in improving
livestock quality and have formed the backbone of the beef industry. The Minister must quell
the rumour that he intends to cut these schemes by ensuring they are fully protected in 2013.
It has been rumoured that the Government intends to cut this scheme by reducing significantly the moneys involved. That would also have a devastating effect on the farming community and the beef industry. I hope the Minister will put that to bed in his reply and bring an end to the rumours that are circulating.

I wish to speak about diesel costs. I worked in the oil industry for a long time. The price of oil in this country is far too high, even allowing for the price on the spot market at present. I have always held the view that a cartel is operating in this country’s oil industry. The hauliers and farming contractors associations have submitted a number of suggestions to the Minister and his colleagues, the Ministers for Finance and Transport, Tourism and Sport, on how the high cost of oil might be alleviated. The Minister for Finance established a group in his Department to look at the matter, on which the Departments of Agriculture, Food and the Marine, the Environment, Community and Local Government and Transport, Tourism and Sport were represented. We are still waiting for the group’s report, which has been completed but unfortunately has not been made public. Certainly, no action has been taken in relation to the report. I am sure the group made some suggestions on how to deal with the problems faced by hauliers, agricultural contractors and farmers. It is important for the report to be made available. The suggestions in the report on how to alleviate these problems should be implemented without any further delay. The cost of diesel is having a serious effect on the haulage and agriculture industries. The Minister and the Government should take on board the Private Members’ motion put forward by Deputy Ó Cuív and let us move forward together to make sure CAP reforms are implemented to the benefit of Irish agriculture and that some of the bureaucracy and red tape that exists at present is taken out of agriculture. The Minister must restore some of the schemes he has cut in the past and put adequate money into schemes to ensure farmers have a viable family farm for the future.

Minister for Agriculture, Food and the Marine (Deputy Simon Coveney): I move amendment No. 1:

To delete all words after “Dáil Éireann” and substitute the following:

“acknowledges:

— the economic role of the agrifood sector and the importance of Food Harvest 2020 which is being led by the Minister for Agriculture, Food and the Marine as a strategic vision for the agrifood sector;

— the increase in employment in the food and beverage manufacturing sector between 2010 and 2012 and the potential for 25,000 new direct and indirect jobs through the delivery of Food Harvest 2020 targets;

— the initiatives taken by the Minister in leading several trade missions, most recently to China and the USA, to develop new markets for the Irish agrifood sector and the opening of markets in Singapore, the United Arab Emirates and South Africa for Irish produce; and

— the commitment of the Government to the Irish agrifood sector, evidenced by the strategic importance attached to the agrifood sector in budget 2012;

recognises:
— the importance of an effective and well-resourced Common Agricultural Policy, CAP, in creating sustainable development of agriculture across Europe supporting the ambitions and targets of the Irish agricultural sector;

— that the amount of EU funding attributable to CAP will depend on the outcome of parallel negotiations for the new multi-annual financial framework for the EU budget from 2014 onwards;

— the need for the current reform discussions to respond to future challenges for agriculture and rural areas, increasingly from external sources, so as to maintain viable food production, sustainable management of natural resources and respond to climate changes; and

— the reform proposals in respect of the distribution of funds among and within member states and the need to retain levels of funding and provide maximum flexibility for member states;

supports the Minister in continued strong negotiations on CAP reform in order to maintain Ireland’s direct payments and rural development at current levels as a means of best achieving Food Harvest 2020 targets; and

notes:

— the importance of payments to farmers under the single farm payment, the rural environment protection scheme, REPS, the agri-environment options scheme, AEOS, and the disadvantaged area scheme, DAS;

— the introduction of a new €20 million AEOS scheme which will deliver an annual income in return for farming to high environmental standards;

— the advance payment of the 2012 single farm payment from 16 October which will represent the early payment of some €600 million to farmers;

— the payment of some €161 million to date under the DAS, benefiting close to 76,000 farmers; and

— the payment of €64 million under 2011 REPS to date.”

I thank Deputy Ó Cuív and the Fianna Fáil Party for bringing forward this Private Member’s motion. Today is a very significant day, both for farming in terms of the strong statement that thousands of farmers made on the streets of Dublin today, but also in terms of the agrifood industry generally. The announcement by Kerry Group this morning that it is making the single biggest food innovation investment ever witnessed in Ireland is hugely significant. Not only will this create 900 permanent jobs and 400 temporary construction jobs, it is a fundamental endorsement of the Government’s Food Harvest 2020 strategy, the innovation agenda which has been driving the Government’s efforts to build a reputation for creativity, enterprise and innovation through the food sector. Graduates emerging from agrifood courses in universities and agricultural colleges across the country will now have an opportunity to compete for high-end jobs in one of the world’s leading food nutritional and ingredients companies.

At the heart of the Food Harvest 2020 strategy is innovation. We are taking a strategic approach to developing quality food products, adding value and competing at the top end of
markets worldwide. Kerry is leading the way with this investment in terms of innovation but I believe other companies will follow in time.

I want to focus today on the progress that has been made in the agrifood sector since the Government took office. Political priority has been attached to the sector from the very beginning and the agrifood and drink industry is now recognised as a major building block for recovery in the economy. In my view, it is by far the most important sector within the economy and has proved its worth today.

A significant amount has been achieved in 18 months. The strategic vision for the agrifood sector, Food Harvest 2020, which was put in place during the last Government’s time in office, has been an integral part of this progress. The vision is simple - smart, green and sustainable growth for the agrifood sector. I published a second progress report on Food Harvest 2020 during the summer which shows how targets are being met. Action has commenced or has been advanced on 90% of the Food Harvest recommendations. Significant progress has been achieved to date on the main growth targets, including a 19% increase in the value of primary production against the 33% projected target for 2020, while exports have already reached 10% of the planned 42% growth by 2020.

An independent report recently published in Trinity College estimates that achieving Food Harvest 2020 targets could deliver 25,000 new direct and indirect jobs. The Irish food and drink sector is now truly operating on a global scale. In 2011, agrifood exports were valued at €8.84 billion, a 12% increase on the previous year. In fact, agrifood exports accounted for almost a quarter of the total increase in revenue from goods exported in 2011. From primary producers to food industry giants like Kerry Group, the agrifood industry is working together to develop high end, quality products with added value, aimed at key emerging markets. Food Harvest 2020 is a work in progress and will continue to be. We have quarterly targets which are monitored by my Department and we constantly review how the strategy is being rolled out to meet the targets in terms of what the market demands.

On a macro level, we are starting to see some of the ambition of Food Harvest 2020 being met in terms of trade opportunities opening up for the sector. Earlier this year, I visited China to discuss the possibilities around developing trade relations between our two countries. Subsequently, we signed an action plan on mutual co-operation between the Chinese Ministry of Agriculture and my Department on both the agriculture and fisheries sectors, as well as protocols in a number of specific areas. Tangible examples of this kind of co-operation are now starting to become more visible. Kerry Group last week signed a partnership agreement with Beimingate of China for the supply of Irish dairy ingredients for infant nutrition applications in China, and it is worth noting that Beimingate has 5 million customers a day buying its product. These kinds of partnerships will be hugely important to Ireland in a post-quota climate where secure paths to market for increased levels of production will be vital.

A number of new markets for Irish produce have come on stream within the last few months. The United Arab Emirates recently removed the age restriction on beef exported from Ireland to the UAE. Agreement was reached with the veterinary authorities in South Africa which allows for the exportation of sheepmeat from Ireland to South Africa. A similar agreement for sheepmeat was reached with the veterinary authorities in Singapore. I also led a trade mission to the USA during the summer months, focusing on a number of areas, including beef access to the United States, which I believe will materialise in the not-too-distant future. My visit to Beloit, the location of the Kerry Group’s headquarters outside Chicago, was made for obvious reasons,
as people will understand from the developments at 10 o’clock this morning.

In March of this year, I launched a €2 million Africa agrifood development fund with my colleague, the Minister of State, Deputy Joe Costello, which is supporting new partnerships between the agrifood sectors in Ireland and exciting new growing markets in Africa. I hope to visit a number of other countries between now and the end of the year to continue to drive new market opportunities for Irish produce. I will be in Saudi Arabia for three days in November with that in mind.

We are now exploiting the potential that exists for Irish companies due to significant investment in recent years across traceability, food safety, veterinary practices and animal husbandry. This is now opening up new markets which are looking for the kind of standards and quality that we have come to expect in the Irish agrifood sector.

To ensure new and growing markets have a sustainable and secure supply of top quality produce, we have to make sure the fundamentals of primary production are firmly in place. In last year’s budget, the Government, in particular the Minister for Finance, recognised we need to get the basics right for the future if we are to drive the Food Harvest 2020 agenda. We introduced a range of measures that are designed to help the sector to plan for the future at farm level and to allow the next generation a chance to thrive. Budget 2012 introduced a new stock relief incentive to encourage farm partnerships and a reduced stamp duty rate on agricultural land from 6% to 2%, with a half rate of 1% applicable to transfers to close relatives until the end of 2014, a change that will substantially reduce the stamp duty payable on transfers of farm land by gift or by sale. We introduced the restructuring of the retirement relief on capital gains tax to incentivise the earlier transfer of farm assets to the next generation and to encourage the sale of land by those farmers with no successors. We introduced a capital gains tax incentive for property purchased before the end of 2013 to try to stimulate the land market. I put it to Deputy Ó Cuív that things are happening; it is not just talk.

If we are to drive our reputation and market access globally, we also need to ensure that we have the science to back up what we already know, namely, Ireland is one of the most sustainable, environmentally friendly and low carbon producers of food on the planet. Bord Bia recently launched Origin Green, a national sustainability development programme which will help Ireland become a world leader in sustainably produced food and drink. If Members have not already done so, I urge them to look at the promotional video accompanying this initiative, which features Saoirse Ronan, who offered her time free of charge to support the project. In my view, it encompasses all that is good about Irish food.

Some 64 Irish food and drink companies have registered their interest in Origin Green, with a commitment to meet key sustainability targets and deliver a progress report on an annual basis. The companies are signed up to a sustainability charter which will ask them to reduce energy inputs, minimise their overall carbon footprint and reduce their impact on the environment. This will not only make them more environmentally sustainable, but also more efficient in terms of how their companies are run. The aim is to arrive at a place where 75% of all food and drink exports are sourced from Origin Green members before the end of 2014 and 100% by the end of 2016.

This programme is building on work Bord Bia and Teagasc have already been undertaking with farmers across the country. Ireland is the first country in the world to monitor the carbon footprint of producers on a national scale. A pilot programme for the dairy industry was initi-
ated in 2011 and a national scheme, equivalent to that operational in the beef sector, will be implemented in 2012 to 2013. By the end of this year we will have the carbon footprint of 32,000 beef farms in the country. Within the next two years we will have audited and have the carbon footprint of all 18,000 dairy farms in the country.

The day of action the IFA organised today sent a strong signal to the Government, the European Commission and consumers at home and abroad that the Common Agricultural Policy is a fundamental part of our agricultural future and food security. I compliment those who organised the day of demonstration. It was handled very well. The inconvenience caused to those living in Dublin was within reason and kept to a minimum. The IFA deserves significant recognition for this, considering the numbers involved.

From an Irish perspective, I wish to ensure we have a well resourced CAP, that the country retains its share of CAP funds and that as a state we have flexibility in delivering reforms on a national level. There are two strands of negotiations ongoing on the CAP and they are fundamentally intertwined; the multiannual financial framework, MFF, negotiations, which is euro-speak for the European Union’s budget, to decide the overall EU budget, the amount for the CAP and the allocation for Ireland. The CAP reform negotiations will decide the future policy framework for EU agriculture in terms of how the money is spent and the schemes it will support. The timescale for and delivery of CAP reform will be linked with the level of progress made in the MFF negotiations, something my Department and I are watching closely.

Throughout the summer and in recent weeks, I have travelled extensively to try to communicate Ireland’s position on the CAP to other agriculture Ministers and Commissioner Ciolos whom I have met on numerous occasions on the matter. I also sought to learn what the key issues were for other countries. During the summer I was to Rome, Berlin, Budapest, Paris, Strasbourg, the three Baltic states, as well as Brussels, Cyprus and Luxembourg. This must be done to drive reform and achieve consensus at EU level, but with 27 member states and widely varying interests, it will be challenging to reach an acceptable outcome to the CAP negotiation process. I will not sign up to an outcome that is not in the interests of Irish farming.

One of the most crucial issues for the country will be the allocation of direct payments within member states. The priority for Ireland is to have as much flexibility as possible for member states with regard to payment models. The Commission’s proposal to move to a flat national or regional rate would cause large transfers from the more productive farms to more marginal and less productive land. We want flexibility to limit the amount a farmer could lose in a redistribution and to achieve this, we have proposed an “approximation” model, by which all payments could move gradually towards but not fully to an average payment. A number of other member states now support the Irish proposal, including Portugal, Spain, Italy, Denmark, Luxembourg and, in principle, France. This has not happened by accident. In the coming weeks I will travel to various locations around the country. We have organised large public meetings with the IFA and the Irish Farmers’ Journal to speak to farmers directly about why we have taken certain positions on the CAP and what the final compromise outcome might look like. I encourage Deputies to come along to these meetings if they wish to contribute to them.

The retail environment is another issue which was highlighted successfully by farm bodies today. I am happy to report the Government is making progress in this area. The programme for Government commits the Government to introduce legislation to have a sense of balance between producers and retail buyers. The Minister for Jobs, Enterprise and Innovation, Deputy Richard Bruton, will introduce a consumer and competition Bill which is due for publication.
during the current Dáil session. The Bill will make provision for a mandatory code of conduct for the grocery goods sector. The Department of Agriculture, Food and the Marine has been closely involved in the development of the code.

I acknowledge that the past 18 months have not been easy for many involved in the agrifood sector, particularly given the poor weather we experienced during the summer. I recognise that not all farms will be able to take advantage of the opportunities I have outlined in terms of Food Harvest 2020 because of their location or restrictions on production. That is why I have availed of every opportunity to bring forward advance payments where possible and introduce schemes to assist those farmers who rely heavily on them for income.

**Deputy Barry Cowen:** What about the figure of €200 million?

**Deputy Simon Coveney:** The European Union has given Ireland approval to pay an advance of the 2012 single farm payment. A total of €600 million will be paid out from 16 October. My Department is working hard to ensure payments will be processed as quickly as possible thereafter. Despite tough economic conditions, we are investing significantly in the REPS to ensure farmers are supported in delivering the environmental benefits attached to the scheme. To date, €64 million has been paid out under the scheme this year.

**Deputy Éamon Ó Cuív:** If the Minister had paid the money last year, he would have another €60 million to pay out again this year. He cheated farmers out of €60 million under the REPS.

**An Leas-Cheann Comhairle:** Order, please. The Minister is in possession.

**Deputy Michael McCarthy:** The Deputy should give over.

**Deputy Tom Hayes:** Steady on.

**Deputy Simon Coveney:** If Deputy Éamon Ó Cuív wants to get political, if we had to operate under the expenditure ceilings on which the Government of which he was a member signed off, we would not have anything like the schemes we have in place.

**Deputy Barry Cowen:** The Minister is selling a pig in a poke.

**Deputy Simon Coveney:** The facts are in black and white; the numbers are available.

**Deputy Éamon Ó Cuív:** The Minister underspent by €200 million last year, a sum he could have had available this year.

**Deputy Simon Coveney:** The Deputy does not want to hear the truth. He does not want me to address his hypocrisy on the issue.

**Deputy Éamon Ó Cuív:** It is not hypocrisy.

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

**Deputy Simon Coveney:** I was happy to outline in a non-partisan way what the Government had done in the past 18 months, but I must refer to the hypocrisy of the motion and what Fianna Fáil is calling for, given what it left the country with before it left office.

**Deputy Éamon Ó Cuív:** The Minister underspent by €200 million last year.

**Deputy Simon Coveney:** I had to negotiate an increase in the expenditure ceilings last year.
because of the mess left by Fianna Fáil.

**Deputy Éamon Ó Cuív:** The Minister could not even spend the money we had left him. It could have been carried forward.

**Deputy Simon Coveney:** If I had not managed to negotiate that increase, we would never have seen an AEOS in place.

**An Leas-Cheann Comhailre:** Order, please.

**Deputy Simon Coveney:** We are going to have a challenging budget for next year, but I will do what I did last year, that is, be upfront and honest with farming bodies and work closely with them, as I already do on the CAP and as we did last year in the build-up to the budget to try to find the savings we needed to make, as every Minister must do within his or her Department, to cut the cost of delivering services. We have, for example, reduced the number of district veterinary offices nationally from 67 to 18 in order to reduce the cost of service delivery. We have also reduced staff numbers in the Department. The cost of running my Department and its agencies has been reduced in the past 12 months by €18 million in order to avoid cutting farm incomes. We will continue in this vein to reduce expenditure where possible and avoid an impact on farmers. I will not give a commitment on what Fianna Fáil has sought in its notional motion which totally ignores-----

**Deputy Tom Hayes:** The reality.

**Deputy Simon Coveney:** -----the expenditure ceilings it had left us with and we had to adjust upwards.

**Deputy Éamon Ó Cuív:** The Government could not even spend the money we had left it.

**Deputy Tom Hayes:** The Deputy’s party left the country broke.

**Deputy Barry Cowen:** The Minister had an extra €200 million available, but he would not spend it.

**Deputy Simon Coveney:** I will do everything possible to protect farm incomes and the supports available for farm families, particularly after the difficult summer they have faced.

**Deputy John Browne:** Will the Minister spend those millions?

**Deputy Barry Cowen:** The Minister is getting so good at not spending money, he is not even spending what he has been given.

**Deputy Andrew Doyle:** It is welcome that the motion is being discussed on what is a red letter day for the agri-sector. Everybody in the country is aware of the importance of agriculture after today’s events. As the day of action concluded, the all-party committee on agriculture met IBEC representatives of the food and drinks industry, Irish Dairy Industries Association, Meat Industry Ireland and the consumer food section of IBEC. In light of the jobs announcement today, I refer to a statistic. One in eight jobs in the Irish economy is directly related to the agrifood sector whereas, by comparison, in Germany one in eight jobs is in the automotive industry, or car manufacturing. That is the context. We are all acutely aware how important the car industry is to Germany. Today there was an announcement of 800 to 900 jobs, plus 400 construction jobs. As far as I can recall, in the past 15 years there has not been as significant a
jobs announcement, one which went back to our basic resources. All the major job announcements in that period came in sectors other than agriculture. This will probably be the biggest jobs announcement this year. At long last, the industry people described as a sunset industry is coming front and centre of the Irish economy. It was never the case that it was not in that position; it was just overlooked. That is important to bear in mind.

Although the Opposition motion does not directly refer to the CAP, these negotiations are critical. During the coming months, during the lifetime of the Irish Presidency, those negotiations will be completed. The Minister is correct to state that the first thing that must be agreed is the overall budget. One thing that has become plain during the discussions that have taken place lately is that the budget which goes towards the CAP will be based on the Commissioner’s fundamental principles, namely, producing as much food as possible within the EU, doing so sustainably and supporting rural economies. It has become apparent that the last factor is key to keeping the European model of producing food to a high quality, doing so with animal welfare at the core and, critically, supporting communities. China decided lately that to keep its people in rural areas it will build around food production and agriculture, in particular, dairy.

One fact that came from today’s meeting with the IBEC representatives is that there are certain areas of common purpose. Next week the committee will meet the Irish Dairy Board and Bord Bia and we hope to develop further these areas of common purpose. In regard to achieving the Food Harvest 2020 goals there are two specific areas involved - first, the coming conflict on climate change, climate change objectives and goals and our increased targets for food production; and, second, the distortion of the price take by the retail sector. This is something processors and producers absolutely have in common. We cannot achieve the targets otherwise. The delegates we met referenced a figure of a potential 30,000 extra jobs. The Minister mentioned 25,000 in his speech. In order to achieve that we have to tackle head on those two issues. We must adopt an international standard of carbon calculation to demonstrate clearly that the Irish model of food production is either the most efficient or among the most efficient. There is no point in yielding on this point in order to achieve a target that is unsustainable.

I welcome that the consumer and competition Bill will be brought to the House during this term. It is long overdue. I advocated the Bill when in opposition and I fully support all efforts to bring it to fruition.

**An Leas-Cheann Comhairle:** Deputies Tom Hayes and Michael McCarthy have three minutes each.

**Deputy Tom Hayes:** I thank the Ceann Comhairle for giving us the opportunity to speak on this motion. As a rule, most Deputies are very interested in discussing this important topic but it is clear to anybody who reads this motion that it is nothing short of a political ploy by Fianna Fáil and an attempt to drive a wedge between the farming community and the Government. If the party was serious about the motion there are other issues it would have included. I heard party speakers mention meeting farmers today. I meet them every week. Last Friday, it was Tipperary, on Saturday it was Cashel and there have been many Mondays in Thurles. I meet farmers throughout County Tipperary. I can tell Deputy Ó Cuív there are three big issues facing farmers but the single biggest one which has faced them for the past month is the price of beef in our factories, how much the factories return and how they push down the price in spite of an enormous market being opened up across the world by this Minister, Deputy Coveney. That is their concern and if the Deputy was genuinely serious that is the number one issue he would have tabled.
The second should have been the renegotiation of the Common Agricultural Policy. Anybody I spoke to on the demonstration today wanted to be supportive of Ireland and its Government. They wanted to put the green flag on their back-----

Deputy Barry Cowen: We want to represent our constituents.

Deputy Tom Hayes: ----and fight tooth and nail for this country because what this Government needs is support. I respect that Deputy Ó Cuív is new in holding the agricultural portfolio but-----

Deputy Mattie McGrath: New. That is good.

Deputy Tom Hayes: ----he should put on his thinking cap and see there is a broader agriculture there than the kind he talks about in the west of Ireland and the hills about which he talks so plainly.

Deputy Éamon Ó Cuív: I talk about all parts of the country.

Deputy Mattie McGrath: Ah, Tom.

Deputy Barry Cowen: Do not denigrate the west of Ireland.

Deputy Tom Hayes: There are productive and commercial farmers right across Ireland who can give a great amount to this economy.

(Interruptions).

Deputy Tom Hayes: These are the people who actually support and help it and that is the reason Kerry Group announced such a massive development, bringing 800 jobs to the middle of Ireland. Hopefully, this will happen in other parts of the country. We should support this Minister on the road he goes.

Deputy Mattie McGrath: When will you get your own portfolio?

Deputy Tom Hayes: He has a very tough job on his hands and I wish him well. That is the most important thing.

Rather than put this motion to the House, I suggest that every Member stands four square behind the Minister to help the farmers of Ireland and the country. The Members opposite would be doing a far better job in that rather than politicising as they have done tonight.

Deputy Barry Cowen: Is that not what the Opposition is elected to do?

Deputy Tom Hayes: Shame on them for doing so.

Deputy Michael McCarthy: I welcome the opportunity to contribute to the debate tonight. There are a number of points I wish to make. Everybody acknowledges the absolutely outstanding role agriculture, the agrifood sector and even the marine sector play in terms of the economic recovery that is so badly needed by our country. There is no part of this country unaffected by the blight of unemployment. Creating sustainable jobs in the agrifood industry and all that follows rotates around having a fine and functioning agrarian background. That is of critical importance to our economic recovery. Creating sustainable jobs in rural Ireland contributes to the recovery of the economy, particularly the social economy.
There is a point worth mentioning, one that is put to us every time we meet the IFA. I acknowledge the very fine protest the organisation ran today, being mindful of people living around the capital city. The IFA is a fine organisation that not only conducts a very honourable service to its members but is very good at communicating with decision makers and policy makers, the people who are key to the success of their members. Its representatives tell us that credit is a significant issue. We must remind ourselves of a number of developments this year - the agrifarm investment scheme fund from Bank of Ireland and the agrifood fund from Allied Irish Banks, offering €200 million and €250 million, respectively. That is absolutely critical. One of the many criticisms of the economy is the lack of credit available here. People are trying to run businesses without that bedrock of funding being available to them. That is a significant issue and one that did not happen by coincidence.

In Deputy Coveney, we have a reforming Minister for Agriculture, Food and the Marine who has driven this issue to top priority at Cabinet level. He is also responsible for many reforms and developments happening in the marine sector, which are worthy of acknowledgment. The motion from Fianna Fáil must rank as the most brazen piece of political hypocrisy witnessed in this country for a hell of a long time. Its party members have come into the Chamber with fa-rytale economics, expecting expansion of this and that. It is a bit hard to take. I remind Deputy Ó Cuív that in the dying days of the last Administration, when the Green Party was jumping up and down, he was silent. He could not find his tongue then.

9 o’clock

The Deputy voted to abolish installation aid and the early retirement scheme, and this had a hugely negative impact on farming families.

**Deputy Éamon Ó Cuív:** I note they have not been reinstated.

**Deputy Michael McCarthy:** The previous Government created a property bubble and this led to fine, young and enterprising farmers leaving the land and obtaining jobs in the construction industry.

**Deputy Barry Cowen:** Will those schemes be brought back in the budget?

**Deputy Mattie McGrath:** Why does the current Government not bring them back?

**Deputy Michael McCarthy:** What happened during the previous Administration’s term was shameful. In its dying days, it also announced €50 million in respect of the agri-environment options scheme. That was monopoly money. No one knew anything about its whereabouts because it did not exist.

**Deputy Barry Cowen:** Is the Deputy making an announcement?

**Deputy Michael McCarthy:** It is laughable, to say the least, for those opposite to expect the Minister to take lectures in respect of decision making on funding, schemes and so forth, within his Department.

**Deputy Barry Cowen:** Is the Deputy making an announcement?

**Deputy Michael McCarthy:** I would have to commend the calibre of clown that led the debate this evening.

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**Deputy Mattie McGrath:** What was the Deputy’s final comment?

**An Leas-Cheann Comhairle:** I call Deputy Martin Ferris.

**Deputy Mattie McGrath:** On a point of order, I did not hear what Deputy McCarthy said.

**An Leas-Cheann Comhairle:** I have called Deputy Martin Ferris.

**Deputy Mattie McGrath:** On a point of order, I did not hear the final word Deputy McCarthy uttered. He referred to the calibre of something.

**Deputy Michael McCarthy:** The final word I uttered was “evening”.

**An Leas-Cheann Comhairle:** We must move on.

**Deputy Mattie McGrath:** No, the Deputy uttered a derogatory remark and it should be withdrawn.

**An Leas-Cheann Comhairle:** I did not hear anything.

**Deputy Mattie McGrath:** I am sure the Leas-Cheann Comhairle heard what was said. I certainly heard it.

**Deputy Michael McCarthy:** Clearly, the Deputy did not hear it because he has inquired on two occasions as to what I said.

**Deputy Mattie McGrath:** The remark should be withdrawn. It was an insult.

**An Leas-Cheann Comhairle:** I did not hear what was said. We must move on. I have called Deputy Martin Ferris. We will listen back to the audio recording to discover what was said.

**Deputy Mattie McGrath:** No. Is there something wrong with the Leas-Cheann Comhairle’s hearing?

**An Leas-Cheann Comhairle:** There is nothing wrong with my hearing.

**Deputy Mattie McGrath:** The Leas-Cheann Comhairle said he did not hear the remark, but I heard it.

**An Leas-Cheann Comhairle:** I did not hear it. I have called Deputy Martin Ferris. Deputy Mattie McGrath should resume his seat.

**Deputy Mattie McGrath:** That remark was insulting to the mover of the motion.

**An Leas-Cheann Comhairle:** Deputy Martin Ferris is on his feet. We must move on. Deputy Mattie McGrath must resume his seat.

**Deputy Mattie McGrath:** That is not good enough. This is not the first occasion on which Deputy McCarthy has done something like this.

**An Leas-Cheann Comhairle:** Deputy Mattie McGrath can pursue the matter with the Office of the Ceann Comhairle.

**Deputy Mattie McGrath:** The Ceann Comhairle will say that the Leas-Cheann Comhairle
was chairing the debate.

**Deputy Martin Ferris:** I welcome the motion and I wish to place on record the fact that Sinn Féin will be supporting it. I also wish to place on record the fact that Sinn Féin and I will be fully behind the Minister in his endeavours in respect of the CAP negotiations. We might have differences on particular issues but when it comes to obtaining the best possible deal for Ireland, the Minister will have our full support.

**Deputy Simon Coveney:** The CAP is not even mentioned in the motion.

**Deputy Éamon Ó Cuív:** That is for technical reasons of which the Minister is aware.

(Interruptions).

An Leas-Cheann Comhairle: Deputy Martin Ferris is entitled to be heard.

**Deputy Martin Ferris:** Themotion refers to the massive importance of the agricultural sector to the economy, the large numbers who are either directly or indirectly employed in it, and the many billions its contributes to the national income. In that context, I welcome today’s announcement by Kerry Group that it is planning to build a technological innovation centre at Naas. This will lead to the creation of 900 jobs and will provide a further boost to the development of the wider agricultural and food sector in this country. Sinn Féin recognises the centrality of the food sector to the economy. As the largest indigenous sector, to a certain extent it can be utilised to create further jobs and growth independently of the wider economic situation. For example, fewer than 20% of inputs in the food sector are imported. This compares with a figure of over 60% in the area of manufacturing. The sector has also proven to be remarkably resilient in comparison with others that have been hit by the economic downturn.

Apart from the issues to which the motion refers, there are other matters that are crucial to farmers at present. The key matter in this regard and which will be at the centre of everyone’s attention for the next year is the 2013 reform of the Common Agricultural Policy. This was the subject of a debate in the Seanad last week. I was interested to learn from my colleague, Senator Ó Clochartaigh, that the Minister accepted a Fianna Fáil amendment to the text of the original motion tabled in the Upper House. This is especially interesting in view of the fact that part of said amendment called on the Minister to support a reform that would cap the maximum single farm payment post-2013 and make corporations and conglomerates ineligible for this payment.

**Deputy Simon Coveney:** That is correct.

**Deputy Martin Ferris:** That is a position which my party is happy to support. Indeed, it is one we pioneered. Since I was elected to the House in 2002, Sinn Féin has consistently stated that the single farm payment should be capped. We have also called for the payment to be changed in order that the maximum limit would be set at €100,000. I would like to hear the opinions of the members of all other parties in the House in respect of this matter. I am of the view that setting a maximum upper limit should be the basis for a common approach on the part of the Minister and his counterpart in the Six Counties, Ms Michelle O’Neill, MLA, during the negotiations.

As I understand it, the European Commission’s current proposal for a flat-rate, area-based payment would lead to a substantial increase of over 80% for most farmers but also to a 33%
cut for those on the higher rates. Obviously, this proposal will be the subject of a process of negotiation and compromise. I am of the view that there is a strong mood for radical reform that would give rise to a redistribution away from the huge beneficiaries - most of whom are not active farmers in the instance - and towards active small to medium and even relatively large producers. An example of the imbalance that exists in respect of the single farm payment as it currently stands is that in 2007, just over 2,000 of the largest beneficiaries received more than €150 million between them. At the lower end, more than 55,000 farmers received payments of less than €5,000. Details relating to individual payments are no longer available. It is clear, however, from the 2008 list of those who received payments of €100,000, that most of the really large payments went to businesses rather than active farmers. I am glad there is now all-party agreement on the need to end those payments to businesses. I would like all parties in the House to commit themselves to an upper limit of €100,000.

If an upper limit such as that to which I refer were put in place, active farmers would have access to the funds within the national envelope which could be redistributed. In my opinion, an area-based payment has merit and there are some interesting proposals in this regard which are worthy of closer examination. At present, the average per hectare single farm payment for Irish farmers is €275. There are, however, farmers at the upper end whose per hectare payments are much greater than this. At the lower end, there are farmers whose payments, when averaged over the total area of their holdings, are much lower. A great deal of focus, both within and outside farming, has been placed on those who draw down large payments. The reality is, however, that the majority of farmers are on relatively small payments. This reflects the basis on which decoupled payments were introduced as part of the 2003 reform of CAP.

According to figures supplied to me by the Minister two weeks ago, more than 52,000 farmers drew down single farm payments of less than €5,000 in 2011. Not only is this sum very small, it also reflects an overall low income level for such farm households. Such households are struggling, and in many instances failing, to cope with debt and the cost of living. It is, therefore, disingenuous for some observers to claim that all farmers are living the high life on EU handouts. The average farm income in 2011 was just €21,500. That is more than €10,000 lower than the average industrial wage. Even this does not reflect the true picture for farmers at the lower end, including most of those on single farm payments of less than €5,000.

There is also a certain level of dishonesty on the part of some who are sympathetic to farmers. The statistics on average farm incomes are often highlighted, but no differentiation is made between the small number of extremely high earners and the large number of low earners. Nor does there appear to be much recognition of the need to create a fairer system in the context of determining the rate of single farm payments. I am of the view, therefore, that there would be merit in introducing an element of area-based payments to ensure a certain level of income security for small family farms. There are some interesting proposals in respect of this matter within the farming community and I hope these will be taken on board as part of the debate on the proposed reforms.

As stated, the Minister has our full support in his endeavours to obtain the best possible deal for the country. However, there will be a need to consider the adoption of a more equitable approach. In that context, we must examine the position of small income farmers who are struggling to survive and whose continued existence within their communities must be guaranteed. There is a need to maintain farming communities and to keep as many people as possible on the land in order that we might retain a vibrant society within rural areas. If we lose that vibrant society, we will lose our souls. That is why consideration must be given to everything as we
move forward.

I commend the IFA on organising a peaceful, dignified protest today during which 20,000 people marched through the streets of Dublin. I am of the view that this protest was in support of the Minister in the context of the forthcoming negotiations in Brussels. In addition, those protesting were informing those of us in this House that we should be working together rather than bickering across the floor and shouting each other down. People want us to work together for the greater common good and for our farming and rural communities. We must be seen to do what is necessary to create the type of vibrant society that is necessary.

This morning, Kerry Group announced that 900 jobs will be created in Kildare. I would prefer it if those jobs were going to be created in Kerry. As a legislator, however, I must see the national picture. An influx of 900 jobs into the economy is a major development and will be of tremendous benefit to everyone concerned. I hope what is envisaged will have a knock-on effect on rural communities. I advise the Minister to go to Brussels. He said he will not return unless he can stand up and defend a budget that will look after our farming community. He has our support in doing that and I know that by working together we can deliver something for our communities and for our rural communities in particular in order to give them a viable economy in the future.

Deputy Michael Colreavy: Agriculture cannot be divorced from a discussion about rural Ireland which has suffered many attacks since this recession was visited upon us. The cuts affect schools, hospitals, local post offices, Garda stations, transport services. Off-farm income has dropped and young people are leaving in droves. The farming community has not escaped lightly. While there have been improvements in yields in recent years, this year has been particularly tough and the Minister will know this. Although improvements have been made and the wealth generated by agriculture is helping our economy, it does not mean that it is trickling down to the average farm family. The agrifood industry was worth €24 billion to the Irish economy in 2011 but the average farm family income was €25,000 and in the area I represent, that income would be a fraction of €25,000. That does not sound to me like fair distribution of wealth.

Our EU Presidency next year presents a great opportunity for an agreement on the reform of the Common Agricultural Policy. The Minister knows as well as anyone the immense importance of agriculture to the economy and the resultant jobs in manufacturing and transport. The Presidency should be used to encourage debate on real reform and to push Ireland’s agenda. I am confident the Minister will do so. I repeat that he has the full support of Sinn Féin.

I know the Minister has a good working relationship with the Minister for Agriculture in the Six Counties. We have a shared future on this small island and this must be developed and exploited. There are many mutual benefits to be gained for farmers both in the Six Counties and in the 26 Counties and close co-operation will maximise those opportunities.

Sinn Féin has continuously highlighted the importance of the agri-environment options scheme, AEOS, which is an important aspect of farmers’ annual income and is essential for the upkeep of many farm families. AEOS was introduced in order to carry on the important role of REPS in developing sustainable agriculture in Ireland. With regard to the environmental and wildlife aspect of agriculture it is essential that good environmental practices continue to be incorporated into Irish agriculture and AEOS plays a vital role. The tourist industry, along with agriculture, is another major industry. Agriculture and tourism must go hand in hand in
developing our rural areas and AEOS is a process through which this can be done better.

The changes to the stocking rates under the disadvantaged areas scheme is a step away from the environmentally aware aspect of agriculture and it is important that land that is not sufficient to carry high stocking density should not be over-grazed. Many farmers are aggrieved about the cuts to the disadvantaged areas scheme because these farmers who were originally supposed to benefit from the scheme now believe they are losing out. Sinn Féin lobbied the Minister for a derogation to be introduced to allow farmers who had a genuine case to be given leeway with regard to stocking rates. We are pleased that this leeway was introduced but I suggest it needs to go further. I ask him to reconsider that decision when planning for next year’s budget.

**Deputy Tom Fleming:** Agriculture and the food industry make up the leading indigenous sector of the Irish economy and they play a key role in Ireland’s export-led economic recovery with positive growth in the sector over the past two to three years and with output growth in primary agricultural and agrifood exports far outpacing the rest of the economy. The economic and social benefits of this growth are widely dispersed throughout the country, with more than 300,000 jobs being supported by the agricultural and food industries. This accounts for up to 15% of the total employment in the country, with 115,000 directly employed in farming. Up to €8 billion per year is spent by farmers and their families in their local communities and catchment areas.

Our land is excellent and it is not over-stocked and it is the best grass-growing land in Europe. The grass provides quality fodder which is highly sustainable. This year’s weather has been disastrous for the viability of agricultural holdings with the impact being felt throughout the winter and into next year. However, it is the exception rather than the rule in weather terms. The retention of the agricultural schemes and subsidies will mean that the financial effects of this year’s weather should be minimised over the short to medium term.

I thank the Minister for his recent announcement of the AEOS scheme which is very timely in view of the high dependency of a large number of farmers who are small land-holders in the west of Ireland in particular. It means these farmers can derive a living off their land and ensure they can continue to have a viable family farm. The Minister estimates that up to 6,000 farmers will benefit and it is a lifeline for many of them. I welcome the €20 million made available which amounts to €4,000 per recipient.

The most crucial issue facing Irish agriculture is CAP reform. I believe we have an advantage in our favour due to the fact that we will have the EU Presidency from January until the middle of 2013. The analysis by the Department of Agriculture, Food and the Marine, shows that the current historic single farm payment system in use in Ireland is the best fit to target money towards active farmers. The EU Commission proposals would see payments per hectare levelled out from 2014 to 2020. This would mean that land which is currently farmed at a low level would draw the same payments as land that is actively farmed. Farmers with entitlement values above the national average of €270 approximately, per hectare, would drop down and some would lose up to 50% of their payments. I am sure the Minister will do his best. I refer also to the retention of the hedges within the AEOS as these were in danger of being left out last week. I thank the Minister of State, Deputy McEntee and the Minister, for their intervention.

**Deputy Simon Coveney:** We have included them.

**Deputy Tom Fleming:** Like Deputy Martin Ferris, I welcome the announcement of jobs by
Kerry Group. However, I am very disappointed because Kerry Group has created nearly 24,000 jobs outside of County Kerry and outside of the State. It is a most successful company and I wish it the best for the future but the people of Kerry have been let down. The people and the farmers of Kerry set up the co-op and it expanded into a private limited company. There is no job creation as a result in County Kerry, only some administration work and some co-op stores. I ask the Government to take up this issue with Kerry Group because I brought it to the attention of IDA Ireland. It is most disappointing that these jobs are not located back where they should be, in County Kerry.

Debate adjourned.

The Dáil adjourned at 9.20 p.m. until 10.30 a.m. on Wednesday, 10 October 2012.