



DÍOSPÓIREACHTAÍ PARLAIMINTE
PARLIAMENTARY DEBATES

DÁIL ÉIREANN

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

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DÁIL ÉIREANN

Dé Céadaoin, 10 Deireadh Fómhair 2012

Wednesday, 10 October 2012

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

Paidir.
Prayer.

Leaders' Questions

Deputy Micheál Martin: Following yesterday's meeting of the Committee of Public Accounts, we learned that the health budget was in severe crisis. At the end of August the overrun was reported as being in the order of €329 million. By September it had increased to €374 million and is now projected to end up at €500 million by the end of the year. It was RTE which told us last evening that Tallaght hospital had to apply to Allied Irish Banks for an overdraft of €12 million, with a letter of comfort from the HSE. This was not mentioned at yesterday's meeting of the Committee of Public Accounts. Furthermore, the CEO-designate could not confirm whether the HSE had been consulted or involved in the selection of the additional primary care centres. We deduced from his reply that officials had nothing whatsoever to do with the added centres selected by the Minister for Health, Deputy James Reilly.

We also know that Tallaght hospital is not the only one with a massive deficit. Across the country acute hospitals are in dire financial straits, which is having an impact on patients, staff and the broader economy. We have raised these concerns about health overruns since last April and were told by the Taoiseach in this House that everything was under control. We all know where that has ended up.

Deputy Pat Rabbitte: Who is responsible for this situation?

Deputy Willie O'Dea: Forget about the history; action is needed now.

Deputy Brendan Howlin: Deputies opposite have brass necks.

Deputy Micheál Martin: Promises made on health savings have not been achieved. This has resulted in extra cuts to home help services, for example. More than 1 million home help hours have been severed from families around the country. That is the reality. Are we facing cuts of a similar order across the acute hospital service? The CEO of Tallaght hospital could not confirm on radio this morning that there would not be further cuts. I am asking for a degree of transparency and honesty on this issue.

(Interruptions).

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Deputy Micheál Martin: What is the Government hiding? What is the HSE hiding? Why is the Department hiding very basic facts that the people are seeking? The Minister for Public Expenditure and Reform, Deputy Brendan Howlin, sought the facts three months ago in a letter to the Minister, Deputy James Reilly, when he told him to get personally involved in sorting out the budget. The House would like to know what are the implications of the overruns for patient services.

Deputy Bernard J. Durkan: Who created the mess?

Deputy Micheál Martin: Will the Taoiseach at least allow a full presentation by the Minister for Health to the Dáil on the financial crisis in the health service in order that we can be told, openly and honestly, what the Government's approach will be in dealing with the crisis? If the Minister is willing to take suggestions from across the House, such an engagement would facilitate this, but we must at least have openness and a transparent approach to the budget. Second, will the Taoiseach ensure, in accordance with what the Tánaiste told me last week, that all documentation on the primary care centre sites is published once and for all in order that we can get to the bottom of what happened and discover why a particular site in Dublin was moved from an open-lease arrangement to a public private partnership? All we are asking for is this basic information.

Deputy Billy Kelleher: We want the logarithms too.

The Taoiseach: Deputy Micheál Martin has raised a number of issues. It ill behoves him to come into the House as somebody who served in the Department of Health-----

(Interruptions).

An Ceann Comhairle: Members must allow the Taoiseach to reply.

The Taoiseach: We are not going to hide behind the wreckage the Deputy's party left behind. We will not hide behind the litany of failures he epitomised in that Department or the litany of consultants' reports he commissioned and did nothing about. The Government was appointed and elected to serve the country. The HSE was a completely dysfunctional organisation. Squashing the health boards together and imposing the superstructure of the HSE on top was supposed to provide the best world-class service right across the health system. However, the Minister for Health found that there was no effective management, no effective financial control and no clear accountability in terms of the programmes being implemented.

Deputy Billy Kelleher: There is no effective Minister.

The Taoiseach: What is happening is the start of a generational reform of the health system.

(Interruptions).

An Ceann Comhairle: Deputy Timmy Dooley should keep quiet or he will be taking a walk.

The Taoiseach: Nobody ever said the system would be transformed in the space of 12 months. We understand it is a major undertaking, affecting people all over the country. I lis-

tened this morning to the financial director of Tallaght hospital as she set out very clearly an example of what could actually happen here. This is a hospital which had an extraordinary overrun in its budget but has managed the situation in such a way as to ensure more people are seen more effectively and a better service is given. While its budget has been cut, it still has made savings. The financial director clarified beyond “Yea” or “Nay” that nobody needed to have any worry that he or she would not receive the best level of hospital attention. Tallaght hospital is one of a number, the hospital in Galway being another, which are leading the way. Every hospital wants to be in the same category.

When it comes to the health service, it is not a case of despair, as presented by Deputy Micheál Martin in this House every day. Tallaght hospital is an example of a facility which has made bold decisions in the interests of the effective running of the hospital, decisions which are of paramount importance in terms of patient treatment. Tallaght hospital was approved, in accordance with the regulations, for an overdraft until the end of the year. The actual overdraft of €4 million was cleared, as was clarified this morning, in January this year. Tallaght hospital achieved significant operational savings in 2012 and reduced its year-on-year spending by 6%, despite having to contend with a 5% increase in inpatient numbers and a 9% reduction in its allocation for this year. It is an example of a hospital transforming itself into what we want it to be. The financial director has pointed out that by 2014 management expects to be where it wants to be and where it knows it can be.

Issues that have been raised and are being dealt with by the Minister for Health include decisions regarding consultants, the reform that is taking place in respect of the drugs bill and a range of others which are under consideration.

Tomorrow I will meet the Minister for Public Expenditure and Reform, Deputy Brendan Howlin, and the Croke Park agreement implementation group. The Minister and I expect to discuss with the implementation group other issues that will bring about a reduction in the overall pay bill. I do not accept Deputy Micheál Martin's bleating or the histrionics in which Deputy Sean Fleming engaged at yesterday's meeting of the Committee of Public Accounts, which were a disgrace to any public official. It is about time Deputy Micheál Martin reflected on the reason he did not show some of the anger, curiosity and inquisitiveness he is now showing when he was in charge of the Department.

Deputy Timmy Dooley: How many Government backbench Deputies believe Deputy Sean Fleming was right?

Deputy Micheál Martin: I asked the Taoiseach two questions which he did not answer.

Deputy Mattie McGrath: He never answers questions.

Deputy Micheál Martin: It is par for the course for him that he does not answer questions and instead filibusters. He avoided answering the two basic questions I asked him. I asked if, in terms of the budget overrun, he would facilitate an open and transparent debate in the House during which the Minister for Health would make a full presentation on the crisis in the finances of the health service.

(Interruptions).

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Deputy Micheál Martin: I do not know whether the Taoiseach has chosen to ignore the problem or whether the Government is in denial about it. I am not inventing the figures; they were provided yesterday, formally and officially, and paint a picture of a problem that has been getting worse from the beginning of the year. The reason is the Minister for Health introduced a budget 12 months ago that was built on sand and was dishonest and flawed. He has allowed the problem to escalate to the current extreme position in which there was an overrun of up to €374 million at the end of September.

Deputy Pat Rabbitte: It all started with the Deputy.

Deputy Micheál Martin: I was Minister for Health and Children eight years ago.

Deputy John Deasy: Perhaps the Deputy might come before the Committee of Public Accounts to answer questions.

Deputy Micheál Martin: I will accept whatever Government Deputies say, as I do not care what they say about the past at this stage.

(Interruptions).

An Ceann Comhairle: Please allow the Deputy to continue without interruption.

Deputy Micheál Martin: Will the Taoiseach ensure such a debate is held in the House? A concerted attempt is being made to hide information and prevent it from coming out. It is prevalent across the Government and has been reflected at committees, especially the Committee of Public Accounts, in dealing with a number of issues recently.

To return to the second question, will the Taoiseach ensure all documentation related to the selection of primary care centres is published? Will he answer with a “Yes” or “No”? Why would he not answer that simple question? Why would he not release the documentation? Will he publish all of it, including that related to the additions made to the list of primary care centres?

The Taoiseach: The answer to the Deputy’s first question is “Yes.” I have already made it perfectly clear to the Deputy and other Deputies that there will be an open debate on the financial circumstances the country faces.

Deputy Micheál Martin: I am referring to the health service.

The Taoiseach: All the Deputy wants, week after week, is to have individual Ministers in the House making statements.

Deputy Micheál Martin: That is a rare occurrence.

The Taoiseach: May I finish my point, please? The Deputy asked me a question. The week after next the House will discuss the economic situation the country faces as we prepare for budget 2013.

Deputy Micheál Martin: The House is discussing the arts and philanthropy today.

An Ceann Comhairle: I ask the Deputy to stop interrupting.

The Taoiseach: Part of that discussion is to allow for contributions from everybody and anybody on health and every other matter. The Minister for Public Expenditure and Reform wrote to the chairpersons of each of the Oireachtas select committees, including the Select Committee on Health and Children.

Deputy Micheál Martin: He also wrote to the Minister for Health.

An Ceann Comhairle: I ask the Taoiseach to ignore interruptions. Deputy Micheál Martin should remain silent please.

The Taoiseach: In his letter the Minister stated a central theme of the reforms, as set out in the Government programme, was the need to strengthen the role of the Oireachtas, in particular, the Dáil select committees in their important task of scrutinising the proposed allocation of public funds and making a more timely and effective contribution to national budgetary and resource allocation policy. I hope that statement is clear. It is part of the programme for Government and an invitation to have each sector, including health, discussed in detail by the Oireachtas committee set up for that purpose. Instead of walking out, Deputy Micheál Martin and any of his representatives can ask all of the questions they wish at the Select Committee on Health and Children, including questions on information on primary care centres or any other matter they may wish to raise.

Deputy Micheál Martin: I asked for a debate on health. Will the Government publish all the documentation on primary care centres? Why can we not have a debate on the health service in plenary session? We are not getting answers. Will the Government publish the documentation I seek?

An Ceann Comhairle: I ask the Deputy to resume his seat.

Deputy Micheál Martin: I want answers to my questions.

An Ceann Comhairle: Will the Deputy, please, resume his seat?

Deputy Micheál Martin: The Taoiseach is making a mockery of Leaders' Questions. He refuses to answer any of my questions.

An Ceann Comhairle: Before Deputy Gerry Adams speaks-----

Deputy Micheál Martin: The Taoiseach is a disgrace.

Deputy Pat Rabbitte: Walk out, Deputy, and bring Deputy Willie O'Dea with you.

Deputy Barry Cowen: The Minister walked out of plenty of places.

Deputy Micheál Martin: He was in Gardiner Street when the printing machines were-----

An Ceann Comhairle: Deputies should stop making a show of themselves. I remind them that this show is being broadcast live on television. They are not doing any good to anyone in the House with this sort of behaviour-----

Deputy Mattie McGrath: We are not getting answers.

An Ceann Comhairle: -----Deputy Mattie McGrath, included. I make it clear - I hope Deputies will listen to me - that it is my intention to ensure the person asking a question will

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receive the protection of the Chair in doing so and that the person replying to a question will also receive the protection of the Chair in doing so. I hope that is understood by everybody.

Deputy Mattie McGrath: When will we receive a reply?

An Ceann Comhairle: There are to be no further interruptions. We do not want to have a show in the House every morning.

Deputy Gerry Adams: Gabhaim buíochas don Cheann Comhairle. Mar a deirtear, “chillax” más féidir. Tá an córas sláinte mar phríomhscéal sa nuacht go laethúil anois, le scéalta dona faoi gach lá. Tuairiscí de scannal, billí polaitiúla, scéalta athchóirithe agus áiteanna á ndruidim and no transparency. The Taoiseach is still refusing to publish the criteria for Government decisions. Last night his officials tried to obstruct the work of the Committee of Public Accounts.

Today the news is that Tallaght hospital has sought a €12 million overdraft and the Health Service Executive is running a deficit of €374 million. This is the Minister’s fault and, more important, the fault of the Government with its policy of privatisation. It has failed completely to deliver promised savings, tackle consultants’ pay or the price of drugs or recoup money from private health insurance companies. It has also failed to bring order to the HSE which is collapsing in crisis. The Taoiseach knows well that the victims of these failures are older citizens, patients and people with disabilities. Yesterday there were 63 citizens on trolleys in Our Lady of Lourdes Hospital in Drogheda and 327 on trolleys in hospitals across the State. All of them are victims of staff cuts, the recruitment embargo and cuts to agency staff numbers imposed by the Minister for Health, Deputy James Reilly, and the Government. Given that every hospital has an overrun, will the Taoiseach indicate how many of them are running an overdraft and how many will run one before the end of the year?

The Taoiseach: Gabhaim buíochas don Teachta. Níor chuala mé an focal sin go dtí inné, an focal a dúirt an Teachta óg ansin, “chillax”. Sin focal nua don fhoclóir.

The details of the overdraft of Tallaght hospital were published on the hospital’s website last August. Every hospital signed on for a particular budget figure at the start of the year and we expect them to live within these figures, although that is obviously challenging. It is perfectly in order and within its remit for Tallaght hospital to seek an overdraft of €12 million until the end of the year. A number of other hospitals have availed of similar opportunities. The board of the hospital approved the request for the overdraft and, as I stated in answer to a previous question, the hospital’s €4 million overdraft figure for 2011 was repaid in January 2012. Tallaght hospital continues to implement a range of changes which are transforming the effectiveness of the running of the hospital and delivery of services to patients. For instance, at 8 a.m. yesterday, there were four patients waiting in the hospital’s emergency department; at 2 p.m. there were two patients waiting in the department. Tallaght is an example of the delivery of health care services that has been transformed through the national clinical care programmes. It has reduced inpatient stays and increased day-of-surgery admissions. As the hospital’s finance director said this morning, patients attend the hospital on the day of their surgery which is more effective. The hospital also has improved the appropriate placing of patients in the community who have completed their acute treatment but require ongoing nursing care for a time. All of these changes have been undertaken with patient care and safety as a central and paramount issue.

Several other hospitals have had variations in budget. In the Health Service Executive, HSE, July performance report Beaumont Hospital was 13.3% over budget, the Mid-Western

Regional Hospital in Dooradoyle, Limerick, 18.9%, Galway University Hospitals, 8.4%, Cork University Hospital, 7.2% and Tallaght hospital, 10.6%. As Deputy Adams is aware, hospitals can avail of an overdraft facility, the equivalent of 7.5% of their allocation, in the final quarter.

The delivery in hospitals of competent management is bringing about a situation where Tallaght is an example of having come from an excessive overdraft to a position where it has been reduced substantially, despite the fact it has a lower allocation and an increased inpatient throughput.

Deputy Robert Dowds: Hear, hear.

The Taoiseach: It is an example of real decisions for effective control of the budget and the real effective treatment of patients. That is evidenced by a higher throughput and more effective delivery of service for everyone. As I said to Deputy Martin, it is not a case of a continuous stream of disillusionment and despair that was put up with for too long.

Deputy Brendan Howlin: The previous Administration just threw money at it.

Deputy Micheál Martin: That is not true. That is a myth that Deputy Howlin is perpetuating. It is just political rubbish.

The Taoiseach: What is happening is a generational reform of the health service. It is challenging. When this is completed, we will have a service which the people's money will be channelled through to ensure the effective delivery of health care for all patients. That is what everyone wants.

Deputy Gerry Adams: Once again the Taoiseach avoided the question.

Deputy Willie O'Dea: Surprise, surprise.

Deputy Gerry Adams: Does this just show the state in which we are? What sort of a republic is it that the Government borrows €67 billion from the troika and then gives €64 billion to bad banks, meaning the citizens have to carry the burden they had no part creating? The Labour Party sits idly by while health services are cut even more.

Deputy Eric Byrne: The Deputy can talk.

Deputy Gerry Adams: There will be another €750 million in cuts next year. Last week, the Government gave €1 billion to unguaranteed bondholders. Hopefully, I am getting this point through to the Taoiseach. This is not just a failure of a Minister. If he went tomorrow, it would perhaps be good generally for morale. However, it would not make a blind bit of difference because the Minister is implementing the Government's policy. This is a failure of Government policy. The folks in Fianna Fáil have much to answer for but it is on the Taoiseach's watch that this is happening.

We can see the Department and the Government now closing ranks. Instead of closing ranks, will the Taoiseach accept he needs to bring forward a supplementary health budget? He has billions to pour into bad banks but no money for failing hospitals. If the Taoiseach can give billions to the bank, can he not provide a supplementary health budget? As I said earlier, the Taoiseach is a compassionate person and he knows the people who are suffering are the patients, the elderly and the vulnerable.

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Deputy Brendan Howlin: Does the Deputy just want us to spend more?

Deputy Arthur Spring: Will we tell the troika to go home? That will collapse the country.

The Taoiseach: I have just given Deputy Adams examples, as outlined by the director of financial services at Tallaght hospital this morning, of the changes made there to deal with a serious overrun and the decisions taken by the board and personnel to deliver a far more effective service for patients, the central focus of this process. I do not know if Deputy Adams still holds to his proposition to tell the International Monetary Fund, IMF, and the European Central Bank, ECB, to take a hike. If Deputy Adams assumes the country will emerge from the economic challenges it faces by doing nothing, then he really does live in a fantasy land.

Deputy Gerry Adams: We want the Taoiseach to make good choices.

Deputy Arthur Spring: Deputy Adams should check the numbers.

The Taoiseach: We have to reform the structure of the way our health service is delivered for all our people. The Government has set out-----

Deputy Mattie McGrath: To attack the vulnerable.

The Taoiseach: At the end of this Government's period in office, we will have set out the determination for universal health insurance, a health service where money follows the patient and health care is given on the basis of medical need as distinct from a person's income. This will not be easy. The measures which have been brought about by the Labour Relations Commission in changes to consultants' pay for new entrants, rosters and so forth will pay serious dividends in the time ahead.

The outstanding moneys from insurance companies are coming through. The reform of drug prices is being negotiated and will reap positive benefits over the next several years. However, it cannot happen overnight. Our focus is when a patient needs care, that they get that care. We want that to be the very best level of attention.

Deputy Gerry Adams: Will the Taoiseach answer the question?

The Taoiseach: The structure that used to be there did not work in the past. It will not work unless it is changed. That is what this Government is about here.

On the broader front, the Minister for Finance is working to implement the European Council decision of 29 June in respect of the benefit for this country and others of the break between sovereign and bank debt.

Deputy Billy Kelleher: It is October now.

Deputy Willie O'Dea: He is taking his time.

The Taoiseach: He is also working on negotiations with the ECB dealing with the wreckage left behind following the promissory note given by the previous Administration.

Deputy Thomas Pringle: As we head into budget 2013, the Taoiseach and his colleagues are slavishly following their austerity programme. Yesterday, the IMF admitted in its world economic outlook that it had underestimated the impact of austerity on our economy. The report stated the IMF had got it wrong by 200%. Every €100 taken out of the economy costs up

to €150. In next month's budget, the Taoiseach intends to take €3.5 billion out of the economy again which, according to the IMF, could cost up to €5.2 billion. It is in this context that Ireland had the second highest austerity measures in the world in 2010, only beaten to the record by Greece.

Yet, the Taoiseach proudly claims he has the country on the path to recovery and his Ministers claim austerity will help us regain our economic sovereignty. How can he seriously tell the House this is correct policy? The mix of austerity prescribed for us is two thirds cuts with one third taxation. We have seen what the cuts mean with the cutting of disability allowance for those under 18 being floated again, along with more savage attacks being considered in the budget. Will the Taoiseach consider rebalancing the ratio of cuts to taxation in the budget so as to ease the burden on the vulnerable in society? Will he ask his masters in the so-called troika to admit they got it wrong and stop these austerity budgets? I have no doubt the Taoiseach will claim the IMF expects growth next year of 1.4%. With planned austerity we will actually need to grow by over 4% to just recover what the Government will cut in December. Will he explain to the House why this is the right policy?

The Taoiseach: That was a good Second Stage speech. I hope that following his last intervention in the Chamber that he has paid his household charge in Donegal.

Deputy Joe Higgins: Come off it. The Taoiseach is wasting our time.

Deputy Bernard J. Durkan: Did Deputy Higgins pay his?

(Interruptions).

The Taoiseach: As Deputy Pringle pointed out then, those who can pay more should pay. I expect him to confirm his contribution to providing services for the people in his native county.

Deputy Richard Boyd Barrett: It is not going for services but to pay the troika.

Deputy Joe Higgins: And speculators.

The Taoiseach: We had a discussion on that yesterday with the People Before Profit and I am glad Deputy Boyd Barrett has quietened them.

Deputy Richard Boyd Barrett: The Taoiseach was entirely disingenuous then.

The Taoiseach: The IMF report is a global report and points out one of the few bright spots in global performance has been that of Ireland.

11 o'clock

Our growth rate was 1.4% and it is expected to go beyond that next year. Clearly there are challenging economic circumstances internationally in terms of the superpowers of the United States and China and many other countries and we are well aware of it. For the Government's part, we have agreed a position with the troika, which funds the country, to set out on a programme, which we have renegotiated in part for very good reasons, and to adhere to that programme. Since the people in Ireland made their decision so clearly in respect of the fiscal stability treaty, the National Treasury Management Agency was able to go back into the bond markets with great interest being expressed in the offerings made at that time.

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Deputy Willie O’Dea: A selective interpretation.

The Taoiseach: This shows that international recognition of Ireland making headway in a steady fashion in challenging times is very clear and this is why the foreign direct investment line here continues to be strong.

Deputy Billy Kelleher: The magazine was sold out in Castlebar.

The Taoiseach: Deputy Billy Kelleher can keep his smart comments. He can throw his hands up and walk out if he wishes.

(Interruptions).

An Ceann Comhairle: Thank you very much.

The Taoiseach: There is histrionics and that kind of carry on.

Deputy Micheál Martin: The Taoiseach should have a sense of humour.

(Interruptions).

The Taoiseach: Deputy Pringle should note that we have signed on for a programme under a memorandum of understanding, which we have renegotiated. We are adhering to it. The troika’s next visit is due. We have had seven assessments of our country’s performance and they have all been positive. They are challenging and I commend the people on understanding that there are challenging times ahead but that the prospect of emerging from the bailout brings with it the opportunity for real growth and a restoration of Ireland’s economic sovereignty.

This is why the Government has set it ceilings for the next number of years in terms of spending and we will adhere to these. We will have the effective management of the running of the country changed in a way for the benefit of the people. Everyone understands that these are not easy times but decisions such as yesterday’s decision by the Kerry Group represent a vote of exceptional confidence in the country’s future and its people. The foreign direct investment line here continues to be strong.

The budget for 2013 will be challenging. We do not intend to change the ratios or figures we have already set out. We intend to make decisions to give effect to them. Deputy Pringle will have an opportunity during the economic debate to make his contribution on what he believes would be feasible and constructive in the interests of all our people.

Deputy Thomas Pringle: I would almost consider paying the household tax if it meant the Taoiseach could come up with a better line during Leaders’ Questions.

Deputy Paul Kehoe: Perhaps Deputy Pringle will give up his Independent leader’s allowance.

Deputy Thomas Pringle: What about Deputy Kehoe’s leader’s allowance? Will he give that up?

(Interruptions).

An Ceann Comhairle: Would you mind, please? Thank you.

Deputy John Halligan: The total is €4.5 million. Did Deputy Kehoe vouch all of it?

An Ceann Comhairle: Will the comics stay quiet, please, while Deputy Pringle asks a supplementary question?

Deputy John Halligan: Deputy Kehoe is staying quiet now.

Deputy Paul Kehoe: Deputy Pringle knows what he has to do.

Deputy John Halligan: Deputy Kehoe should tell us about the €4.5 million. He should tell us what he does with it.

An Ceann Comhairle: Deputy Pringle, please proceed.

Deputy Thomas Pringle: The Taoiseach has confirmed that there will be no change in the austerity policies of his Government. He noted the troika will be here again next week. If the Taoiseach seeks to review the programme I imagine he will be pushing an open door now that the IMF agrees with the Members on this side of the House that austerity is not working. The Taoiseach constantly points to foreign direct investment and the investment multinationals are making in our economy. That is holding up, but it is not solving the emigration crisis or the crisis of poor people and people depending on social welfare, including low income couples and other people who are suffering. The Government's policies continue to make this worse. They will continue to ensure more than 80,000 people emigrate from the country every year. These are the people the Government should be targeting in the budget. The Government should negotiate with the troika and get the IMF to agree that our budget burden should be eased and I call on the Taoiseach to do this.

I look forward to the economic debate and I look forward to putting forward my ideas but I have no doubt they will fall on deaf ears on that side of the House.

The Taoiseach: I look forward to Deputy Pringle's contributions. He is in a position to lead by example. If he paid his charge the level of service provided by local authorities would be all the better. When he goes around the housing estates in Killybegs and out through Ardara and wherever else he holds his clinics, he can say to people that the reason the local authority is unable to provide all the services they need is that people like Deputy Pringle have not bothered to pay their household charge when they can well afford to do so.

Deputy Richard Boyd Barrett: It is because the Taoiseach has slashed the budgets of local authorities.

The Taoiseach: The position is that the IMF publishes its report on a regular basis. This is a global report and it refers to many countries, one of which is Ireland. The report pointed out that Ireland is making steady progress in challenging times. We are in a programme, as Deputy Pringle is well aware, funded by the IMF, the Commission and the European Central Bank. We have had assessments of that programme on seven occasions. The country has met all its targets.

Deputy Mattie McGrath: That is according to *Time* magazine.

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The Taoiseach: It is necessary that we continue to do so to restore our economic sovereignty and to have growth again in our economy. I hope we can get a conclusion to the decision of 29 June in respect of the bank debt and sustainability and that we can retrieve a decision in respect of the promissory note and the wreckage left behind by the previous Administration.

Deputy Timmy Dooley: I thought the Taoiseach got that already.

The Taoiseach: Anyway, no one is going to walk in and write a cheque for €11 billion for us. We have to rectify that problem ourselves. That is a challenge for the Government and it will not be easy. I look forward to Deputy Pringle's contribution when the economic debate takes place. Let us see what he has to say and how he can back it up.

Order of Business

The Taoiseach: It is proposed to take No. a13, motion re membership of committees; No. 4, Fiscal Responsibility Bill 2012 - Second Stage (resumed); and No. 16, statements on philanthropy and the arts (resumed). It is proposed, notwithstanding anything in Standing Orders, that No. a13 shall be decided without debate. Private Members' business shall be No. 63, motion re agriculture (resumed), to conclude at 9 p.m. tonight, if not previously concluded.

An Ceann Comhairle: There is one proposal to be put to the House. Is the proposal for dealing with No. a13, without debate, agreed to? Agreed.

Deputy Micheál Martin: I am unsure whether the Taoiseach read the *Irish Examiner* this morning but there is an interesting headline: "Child benefit scare tactics 'hit economy'". It refers to and accurately reports the comments of the Minister for Transport, Tourism and Sport, Deputy Leo Varadkar, to the effect that the various kite flying exercises that have gone on have damaged consumer confidence to the extent that it has gone down ten points.

An Ceann Comhairle: This is the Order of Business, Deputy.

Deputy Micheál Martin: He refers to comments in terms of child benefit cuts, cuts to the disability allowance and the property tax.

An Ceann Comhairle: This is the Order of Business.

Deputy Micheál Martin: My question relates to forthcoming legislation. We understand from another report that Ministers were discussing bringing forward the date of the budget because, without question, what has been going on in recent weeks is damaging consumer confidence and jobs. Can the Taoiseach confirm the date of the budget and when the finance Bill will be forthcoming? I realise he is consulting with the Minister, Deputy Varadkar, but the Minister was clear yesterday in the Dáil about the damage Ministers are heaping on the economy and the damage Ministers are doing to consumer confidence by the serial leaking and kite flying. I have been on the doorsteps talking to people about the property tax-----

An Ceann Comhairle: Sorry, Deputy, this is the Order of Business.

Deputy Micheál Martin: I am asking about the budget.

An Ceann Comhairle: We are not talking about the budget. We are discussing promised legislation.

Deputy Micheál Martin: I want the time.

Deputy Ray Butler: He is asking about kite flying.

Deputy Micheál Martin: I want the time for the resolutions and the finance Bill. Can we get confirmation of when the budget will happen and when the finance Bill will occur?

The Taoiseach: I am glad Deputy Martin has been on the doorsteps. Let me confirm that the Government has not considered the question of child benefit. The Government has not considered the question of disability benefit. The Government has not considered the question of property taxes.

Deputy Barry Cowen: What is it doing?

Deputy Timmy Dooley: Has the Government considered anything?

Deputy Micheál Martin: Does the Taoiseach not believe the Minister, Deputy Varadkar?

The Taoiseach: That is in the newspaper. I am telling Deputy Martin what is the story. Ministers have not discussed-----

Deputy Timmy Dooley: The Taoiseach should answer the question.

An Ceann Comhairle: Would you mind, please? Plenty of other Deputies want to speak. Deputy Dooley, you indicated you wanted to speak. Would you mind allowing other people to speak? Thank you.

The Taoiseach: Let me give it here to Deputy Martin.

Deputy Micheál Martin: He said it was probably due to Ministers and others talking about child benefit cuts and property taxes. That is what the Minister, Deputy Varadkar, said.

A Deputy: Does the Taoiseach agree with him or not?

Deputy Micheál Martin: He said within one month it had fallen by ten points.

An Ceann Comhairle: I see you. I hear you.

Deputy Leo Varadkar: Ministers and others, including Deputy Martin.

Deputy Micheál Martin: He said within one month it had fallen by ten points.

An Ceann Comhairle: Excuse me, we are not having a debate on the Order of Business.

The Taoiseach: If Deputy Martin wants to talk about the *Irish Examiner*, it is fair enough.

An Ceann Comhairle: Would the Taoiseach stick to the legislation?

The Taoiseach: I am confirming for Deputy Martin-----

An Ceann Comhairle: Would the Deputy put away his newspaper? Would the Taoiseach answer about the legislation?

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The Taoiseach: The Government has not discussed any of those issues and there is no change in the date of the budget or the finance Bill, as outlined by the Minister for Finance here on a number of occasions. What Deputy Martin is talking about is absolute fallacy.

An Ceann Comhairle: I call Deputy Adams. Would Deputy Martin leave down his newspaper?

Deputy Micheál Martin: It is in the newspaper.

An Ceann Comhairle: What did Deputy Martin have for his breakfast this morning? Would he allow Deputy Adams?

Deputy Micheál Martin: I had a healthy breakfast.

Deputy Willie O'Dea: Weetabix.

An Ceann Comhairle: Maybe he should go out and get breakfast then if he did not have breakfast.

Deputy Gerry Adams: Seo ceist faoi reachtaíocht atá fógraithe. I want to ask for an update on the progress of the health (Amendment) Bill to provide for free GP services. When will this Bill be published and when will it be debated here, and will the Government provide free GP care for claimants under the long-term illness scheme before the end of the year? What is the reason for the delay in bringing forward this legislation?

The Taoiseach: It is merely the pressure of the line of legislation. The GP services Bill is scheduled to be published this session and Deputy Adams will have the opportunity to raise any issues he wants when it is published.

Deputy Willie O'Dea: What progress has been made on the solas Bill?

Deputy Mattie McGrath: We are all in the dark.

The Taoiseach: That will be published this session as well.

Deputy Mattie McGrath: The lights have gone out.

Deputy Thomas P. Broughan: When will the housing Bill be published? Would the Taoiseach agree that the social housing programme has pretty much collapsed, in particular, over the past number of months?

Deputy Bernard J. Durkan: Years.

Deputy Thomas P. Broughan: Will the Government take any initiative next year to restore a reasonable programme of social housing?

When will Mr. Justice Finnegan's report on Priory Hall be published? A colleague asked about it yesterday. Priory Hall residents are deeply anxious to know what kind of resolution there will be about their homes.

The Taoiseach: I can confirm that the Minister of State, Deputy Jan O'Sullivan, is working hard on the housing Bill. It will be next year before it comes in.

Deputy Dessie Ellis: Today marks World Homeless Day and the Irish homeless football

team is in the third round of the Homeless World Cup.

An Ceann Comhairle: Hold on a second, for goodness sake.

Deputy Dessie Ellis: I am just coming to the question. They are playing Scotland today and I am sure we wish them all the best.

An Ceann Comhairle: We all wish them well. Now, would Deputy Ellis ask about promised legislation?

Deputy Dessie Ellis: I am coming to that. There is a serious issue over homelessness. There are nearly 5,000 homeless on the list and there are 100,000 on the housing list. When will the housing Bill be brought before this House?

Deputy Thomas P. Broughan: The Taoiseach just said it.

Deputy Dessie Ellis: I heard him saying that. I intended to ask that. Also, in the meantime, if it is not coming soon, can we have a debate on the issue of homelessness and housing because it is such an important issue?

An Ceann Comhairle: There is Private Members' time.

The Taoiseach: There is Private Members' time. Deputy Ellis will be able to raise that in the general economic debate which will take place shortly.

Deputy Pádraig Mac Lochlainn: When will the Legal Services Regulation Bill 2011 be back before the House? When will the Personal Insolvency Bill 2012 come to Report Stage?

The Taoiseach: The Legal Services Regulation Bill 2011 is due back in on 5 November. I hope that that date can be adhered to. If not, we will let Deputy Mac Lochlainn know.

An Ceann Comhairle: I call Deputy Higgins.

Deputy Pádraig Mac Lochlainn: What of the Personal Insolvency Bill 2012?

The Taoiseach: It is being worked on. I think it is due back from committee fairly soon. I hope it will be completed here before the end of the term.

Deputy Joe Higgins: When will there be a statement in the Dáil on the location and time scale for the children's hospital? Has the Cabinet signed off on that?

The Taoiseach: The Cabinet has not signed off on it. I can confirm that the Minister for Health has reviewed the Dolphin report-----

An Ceann Comhairle: It is a matter for a parliamentary question.

The Taoiseach: -----and the Department has carried out its assessments.

Deputy Mattie McGrath: Are there new criteria?

The Taoiseach: I would expect the Government to make a decision on that within the next two weeks.

Deputy Joan Collins: There have been reports in the media that the advisory group on the

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ABC case has completed its report. Has the Cabinet seen that and when will the Government bring it to the Chamber?

The Taoiseach: It certainly has not been presented to the Minister. I am not aware that it has been completed. Obviously, we will wait until it is presented to the Minister for Health to see what it contains.

Deputy Richard Boyd Barrett: As the Taoiseach will be aware, the mortgage crisis faced by approximately 160,000 households in this country is one of the most pressing issues facing this country. In the context of the Personal Insolvency Bill coming back for its final Stages, will the Taoiseach release the information that Mr. Simon Carswell of *The Irish Times* indicated the Government was refusing to give out-----

An Ceann Comhairle: That is not relevant to the Order of Business.

Deputy Richard Boyd Barrett: -----about banks lobbying the Government-----

An Ceann Comhairle: Would Deputy Boyd Barrett resume his seat?

Deputy Richard Boyd Barrett: -----on the Personal Insolvency Bill before we discuss the final Stages?

An Ceann Comhairle: Would Deputy Boyd Barrett please respect the Chair and resume his seat? I ask the Taoiseach not to answer somebody who is totally out of order. Deputy Boyd Barrett should respect the Chair. When I stand up, the Deputy is supposed to sit down. He is totally out of order.

Deputy Richard Boyd Barrett: I was only asking for information on property legislation being discussed.

Deputy Seamus Healy: The Government is proposing to introduce unfair and anti-family water taxes. Recent reports suggest that as many as one third of connections cannot be metered and will be the subject of a flat tax. Similar reports, or maybe the same reports-----

An Ceann Comhairle: We are talking not about reports, but about promised legislation.

Deputy Seamus Healy: I am getting to it.

An Ceann Comhairle: Please get on. I have a list of Deputies waiting to speak.

Deputy Seamus Healy: Some of the reports suggest that Bord Gáis will not be able to meter these connections before 2014.

An Ceann Comhairle: That is not a matter for the Order of Business.

Deputy Seamus Healy: I am asking the Taoiseach when will we see the water services Bill so that we can clarify these reports.

The Taoiseach: Deputy Healy will see that Bill this session.

Deputy Timmy Dooley: In July, the Minister for Transport, Tourism and Sport, Deputy Varadkar, announced that he would provide an additional €36 million to the CIE group of companies to assist in the protection and retention of services. Today we understand that he has changed his mind on that.

An Ceann Comhairle: We understand what?

Deputy Timmy Dooley: If I could get to it, today we discovered that he has changed his mind on that. He is now suggesting that they sell assets or that they borrow money.

An Ceann Comhairle: We are not dealing with debates.

Deputy Timmy Dooley: It is effectively selling the bus to pay for diesel. There is, on the schedule, the transport (CIE borrowings) Bill. When does the Minister intend to bring that before the House?

The Taoiseach: The transport (CIE borrowings) Bill is down for publication this session.

Deputy Ray Butler: When is it expected that the criminal justice (proceeds of crime) Bill, to strengthen the powers of CAB in forfeiting the proceeds of crime, will be published? Naturally, one of the big issues would be the smuggling that is having a significant effect on this country.

The Taoiseach: I can confirm for Deputy Butler that the proceeds of crime Bill is the subject of discussions with CAB. It will be next year before the Bill is published.

Deputy Mattie McGrath: I hope I am in order this morning.

An Ceann Comhairle: I hope the Deputy is.

Deputy Mattie McGrath: I want to ask the Taoiseach, under the Animal Health and Welfare Bill 2012, about the serious erosion taking place here in the proposed legislation in relation to the Veterinary Association of Ireland. Its members have given good service to the community and farming practices and they are being undermined here.

An Ceann Comhairle: To which legislation does Deputy Mattie McGrath speak?

Deputy Mattie McGrath: The Animal Health and Welfare Bill 2012.

An Ceann Comhairle: I thank the Deputy. What of the Animal Health and Welfare Bill?

Deputy Mattie McGrath: There is a serious diminution of their situation.

An Ceann Comhairle: There is no need to expand.

Deputy Mattie McGrath: There will be more quangos and more lay-people, animal rights activists and others, interfering here whereas the veterinarians are qualified and have given good service.

The Taoiseach: The Bill is expected to go to the Select Sub-Committee on Agriculture, Food and the Marine next week.

An Ceann Comhairle: By the way, Deputy Mattie McGrath is entitled to attend that committee.

Deputy Mattie McGrath: I know that. I was there this morning.

Deputy Bernard J. Durkan: On a matter that another Member and I have raised on many occasions-----

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An Ceann Comhairle: If somebody else has raised it, there is no point in Deputy Durkan raising it a second time because he will get the same answer.

Deputy Bernard J. Durkan: The important part there is I have a unique way for raising this question.

Deputy Timmy Dooley: That is a given.

An Ceann Comhairle: I know Deputy Durkan has, very unique.

Deputy Bernard J. Durkan: It relates to organised crime, which I have raised on many occasions when I was sitting over there, as the Ceann Comhairle will recall because he supported me in that.

An Ceann Comhairle: Deputy Durkan should have a chat with Deputy Butler who has already raised the matter.

Deputy Bernard J. Durkan: I want to ask if it might be possible to introduce the legislation that is most likely to impact in a really negative way on organised criminal activity because the carnage continues.

An Ceann Comhairle: What Bill?

Deputy Bernard J. Durkan: The carnage continues, as it did when I was sitting over there.

An Ceann Comhairle: What Bill is Deputy Durkan talking about?

Deputy Bernard J. Durkan: There is a variety of Bills and I will not-----

An Ceann Comhairle: It is only for the Taoiseach's sake.

Deputy Bernard J. Durkan: Wait for a second, I do not propose to read them all out but there are many of them. They have been sitting on the Order Paper for at least five to ten years.

An Ceann Comhairle: This is the Order of Business. Deputy Durkan is supposed to be asking about promised legislation. Would he tell us about the Bill?

Deputy Bernard J. Durkan: This is a matter for the Order of Business.

Deputy Mattie McGrath: Be fair.

An Ceann Comhairle: Promised legislation.

Deputy Bernard J. Durkan: This is a matter for the Order of Business. It is because of the negligence of the previous Administration-----

Deputy Niall Collins: The Deputy is only wasting time.

An Ceann Comhairle: Will Deputy Bernard Durkan please resume his seat, co-operate with the Chair and adhere to the rules applying to the Order of Business, which require Deputies to ask when promised legislation is likely to be brought before the House?

Deputy Mattie McGrath: Just like I did. Did Deputy Bernard Durkan see what I did?

An Ceann Comhairle: Will Deputy Bernard Durkan please tell the Taoiseach what Bill he

is talking about?

Deputy Bernard J. Durkan: I will not repeat what I said.

An Ceann Comhairle: I hope the Deputy will not.

Deputy Timmy Dooley: He has forgotten it already.

Deputy Bernard J. Durkan: The criminal records information system Bill has been promised for some time, with other similar legislation, the introduction of which is hugely important. Is it intended to expedite the processing of this legislation through the House in order that we can make a real impact on the criminality taking place?

The Taoiseach: I can confirm that the heads of the criminal records information system Bill were cleared in April, but it will be next year before the Bill is actually published.

Deputy Michael Healy-Rae: Regarding the proposed new housing agency, will it be funded properly in order that local authorities can purchase-----

An Ceann Comhairle: That is the subject of a parliamentary question.

Deputy Michael Healy-Rae: No, it comes under the housing Bill.

An Ceann Comhairle: We do not discuss the contents of Bills on the Order of Business. We only inquire when promised legislation is likely to be introduced.

Deputy Michael Healy-Rae: I want to know if local authorities will be funded in order that they can buy properties currently for sale at very affordable prices.

An Ceann Comhairle: The Deputy should table a question to the Minister for the Environment, Community and Local Government.

Deputy Michael Healy-Rae: In that way, they would be able to provide housing for those on housing waiting lists.

An Ceann Comhairle: Has a housing agency Bill been promised?

The Taoiseach: Yes; it will be introduced next year.

Deputy Brian Stanley: The programme for Government promised reform of local government. We have a situation where 235 staff of local authorities are being paid in excess of €100,000 and there are 203 directors-----

An Ceann Comhairle: We are not having a debate on that matter now.

Deputy Brian Stanley: Will the Taoiseach confirm that there will be measures in the-----

An Ceann Comhairle: No, not on the Order of Business. What legislation is the Deputy inquiring about?

Deputy Brian Stanley: Before the summer recess we were promised legislation, but we still have not seen it.

An Ceann Comhairle: Will the Deputy please resume his seat?

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Deputy Niall Collins: The Ceann Comhairle did not ask Deputy Bernard Durkan to resume his seat.

Deputy Paul Kehoe: He did, actually.

An Ceann Comhairle: This is codology. Every single morning this happens. Deputies know exactly what issues they are entitled to raise on the Order of Business and I ask them please to do so. However, we do not want speeches.

Deputy Paul Kehoe: The Ceann Comhairle did ask Deputy Bernard Durkan to resume his seat and the Deputy sat down.

Deputy Niall Collins: He did not.

Deputy Paul Kehoe: The Deputy can check the record.

An Ceann Comhairle: I am fed up having to ask Deputies to stay quiet.

Deputy Niall Collins: The Ceann Comhairle is very one-sided.

An Ceann Comhairle: Deputies should stick to the rules of the House. If they do not like them, they should change them. I have to apply them.

Deputy Paul Kehoe: Deputy Niall Collins should withdraw he remark made.

An Ceann Comhairle: Deputies can table parliamentary questions, raise Topical Issues and attend committee meeting, but they should not use the Order of Business every single morning to raise issues that they should not. I have to cut them off when they do so, even though I do not want to do so.

Deputy James Bannon: My question is very relevant.

An Ceann Comhairle: No speeches, please.

Deputy Brian Stanley: I did not receive an answer to my question.

An Ceann Comhairle: I do not know the legislation to which the Deputy was inquiring.

Deputy James Bannon: Given the abuses at all levels within the body politic, can the Taoiseach give us a more definite date for publication of the registration of lobbyists Bill?

The Taoiseach: I believe it will be published next year. We will not get to it in this session.

Deputy Timmy Dooley: Deputy James Bannon can take another chill pill in the meantime.

Deputy Billy Kelleher: Will the Dolphin report be published in full? Can we have a debate in the Dáil on the proposed location of the new children's hospital and the detail of that report?

Primary legislation is required to abolish the 50 cent prescription charge. As the Minister has made a commitment in the matter, will the Taoiseach indicate if the required legislation will be published in the near future? The Minister made the promise in March 2011 to abolish the charge.

The Taoiseach: I will have to get back to the Deputy on the legislation to which he refers.

The Dolphin report is in the hands of the Minister. When the Government makes its decision, there will be an opportunity to have a full discussion in the House. Clearly, the report can be published at that stage.

Deputy Jerry Buttimer: First, I express my disappointment that Deputy Micheál Martin did not have a copy of the *Evening Echo* when he was canvassing in Rathgar last week. I am glad he was canvassing there and not in Cork-----

An Ceann Comhairle: Will the Deputy please get on with it?

Deputy Timmy Dooley: Is Deputy Jerry Buttimer questioning the editorial content of the *Evening Echo*?

Deputy Jerry Buttimer: I am aware of the reaction Deputy Micheál Martin received when he was canvassing in Rathgar.

Deputy Micheál Martin: I was in Ranelagh actually.

Deputy Jerry Buttimer: On the Irish Aviation Authority Bill, the Dublin Airport Authority has written to Cork Airport seeking redundancies. Obviously, there is huge concern in Cork regarding the airport-----

An Ceann Comhairle: Is the Deputy asking about an aviation Bill?

Deputy Jerry Buttimer: It is important that we allay the concerns of workers and recognise that Cork Airport is a hub and a gateway to the south. When will that legislation be brought before the House?

An Ceann Comhairle: That is a Topical Issue matter.

The Taoiseach: I can inform Deputy Jerry Buttimer that discussions and consultations on the Irish Aviation Authority Bill are ongoing. It will be next year before the Bill is published.

Deputy Peter Mathews: I hope I will be in order, a Cheann Comhairle.

An Ceann Comhairle: So do I.

Deputy Peter Mathews: I am learning the rules slowly. Regarding Bills in preparation touching on the security of citizens, gangland crime, the proceeds of crime and so forth, I ask the Government to consider the possibility, if not the necessity, of providing for the visible arming of the Garda Síochána. The news today that a 16 year old boy was shot at 9 p.m. is yet another example of the problem. We are seeing it day by day. With such a move we would have manners and decorum on the streets.

An Ceann Comhairle: That sounds like a Topical Issue matter to me.

The Taoiseach: It does, a Cheann Comhairle. I regret the incident in which a 16 year old boy was shot and I hope he recovers fully. The changed rosters after discussions within the Garda Síochána have meant a greater level of activity and greater visibility on the streets, which I welcome. The Minister for Justice and Equality is concerned, as is the Garda Commissioner, about the ongoing level of violent crime on the streets of Dublin, in particular, and every effort will be made to deal with it effectively.

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Deputy Barry Cowen: Will the Taoiseach confirm that the Thornhill report has been with the Minister for the Environment, Community and Local Government since June? Has the Minister read it yet? Has he passed it on to the Cabinet and when will it be made public?

An Ceann Comhairle: That is not a matter for the Order of Business but the subject of a parliamentary question.

Membership of Committees: Motions

Minister of State at the Department of the Taoiseach(Deputy Paul Kehoe): I move:

That Deputy Ciarán Lynch be discharged from the Select Committee on the Environment, Culture and the Gaeltacht and that Deputy Michael McCarthy be appointed in substitution for him.

Question put and agreed to.

Deputy Paul Kehoe: I move:

That Deputy Alex White (*Minister of State at the Department of Health*) be discharged from the Select Committee on Finance, Public Expenditure and Reform and that Deputy Ciarán Lynch be appointed in substitution for him.

Question put and agreed to.

Fiscal Responsibility Bill 2012: Second Stage (Resumed)

Question again proposed: “That the Bill be now read a Second Time.”

Deputy Paul J. Connaughton: I thank the Ceann Comhairle for giving me the opportunity to speak on this very important Bill. When the electorate went to the polls on 31 May, it endorsed the contents of the fiscal compact treaty and the Bill marks the enactment of its wishes. Since the vote at the end of May, the need for Europe-wide agreement on budgetary rules has become even more apparent. It is only through greater budgetary discipline that the European project will be steered through the current impasse. Passing the Bill is crucial if the country is to meet its obligations under the treaty before the deadline of the end of the year. I am, therefore, heartened by the Government’s commitment to enacting the Bill at the earliest possible opportunity.

The Bill imposes a duty on the Government to stay within the budgetary rules and if there is a deviation from any medium-term budgetary objective by more than 0.5% of GDP, the Government will have to introduce corrective mechanisms, as agreed in the common principles adopted by the European Commission. It will be difficult for Ireland to meet all of its budgetary objectives in the coming years, but the upside of the Stability and Growth Pact is stability, the key factor in creating the conditions in which the country’s economic fortunes can be turned

around.

Unprecedented shocks to the economy prior to the Government taking office created a precarious financial position which eventually led to the institution of a deficit procedure involving the troika of the European Central Bank, the European Commission and the International Monetary Fund. I note that the debt rule provisions of this Fiscal Responsibility Bill will require Ireland to reduce debt in excess of 60% of GDP by one twelfth each year. This will apply for the three years after Ireland has exited the deficit procedure.

The Bill will assign monitoring and assessment functions to the Irish Fiscal Advisory Council. My only regret is that the council was not instituted ten years ago because perhaps then we might not have plummeted to the economic depths experienced in recent years. This independent body will be tasked with assessing the official spring and autumn macro-economic and budgetary forecasts produced by the Department of Finance. It is also welcome that if the Government does not accept the assessments of the Irish Fiscal Advisory Council, it must explain its reasons publicly, a necessary underpinning of the principles involved.

The Fiscal Responsibility Bill represents a growing acknowledgement at European level that the structures in place were inadequate. They allowed the current impasse to develop by permitting some countries, including Ireland, to incur massive debt which now must be addressed if the European Union is to move forward. The coming months will see the debt issue addressed properly. Addressing the debt legacy is the obvious next step in the process, as the European Union acknowledges the mistakes of the past, decides on the structures necessary to ensure there will be no repeat of these mistakes and puts the structures in place. It turns its attention to the problems already created and comes up with a solution that is both pragmatic and practical.

The Bill marks the completion of a number of phases in dealing with the economic crash and it behoves all of us to leave behind recriminations about the reasons for the mess the Government inherited in order to focus on the task of securing a deal on the banking debt incurred to date. The Minister for Finance has indicated that a statement of intent from the ECB on the Anglo Irish Bank promissory notes would help him to frame December's budget. He has also noted that the political timeline for a deal is from now to March 2013, when the next tranche of promissory notes is due to be paid. Last June the Heads of Government in the eurozone agreed in principle to allow the ESM to recapitalise Irish banks in term of legacy debt. The Government must focus its full attention on supporting the ongoing efforts of the Minister and his officials as he seeks to secure the details of a deal at the earliest opportunity. As we face into what is likely to be one of the most difficult budgets in the history of the State, the Government deserves to be provided with crucial information on the country's finances. A statement of intent from the ECB on the likely parameters of such a deal would greatly assist the Minister in determining the extent of the cuts required. Cuts that prove unnecessary will only damage the economy further, create unnecessary fear among the public and dent economic confidence. Our key task in 2013 will be to restore a measure of confidence in the economy. That is why a statement of intent from the ECB is crucial.

When we passed the fiscal compact treaty, we proved to Europe and the rest of the world that we intended to sort out our own financial problems. We now need the European Union to step up to the plate with a deal on banking debt. With this Bill, we are taking on a level of fiscal responsibility that will go a long way towards ensuring greater equality in the economy of the European Union. I hope the determined efforts of the people to reduce the budget deficit will

be supported in every way by our colleagues in Europe, including with a statement of intent on the promissory notes.

Deputy Brian Walsh: I had an opportunity last night to listen to the contributions of Deputies Pearse Doherty and Seamus Healy. Deputy Pearse Doherty gave us more of the same populist rhetoric we have heard from Sinn Féin since I was elected to the Dáil 18 months ago. Given that he has been finance spokesperson for his party for some time, one would expect him to have acquired at least a basic knowledge of the way the Department of Finance operates and how the budgetary process works. He argued out of both sides of his mouth, on the one hand, opposing increases to direct taxation and cuts in expenditure, while, on the other, claiming that the debt-to-GDP ratio has increased since the Government assumed office. He cannot argue against measures aimed at reducing the deficit, while at the same time complaining that the debt-to-GDP ratio is increasing. He criticised the Government's performance since the European Council of 29 June, but he had previously argued against the creation of the ESM and the fiscal compact treaty. If he had his way in the referendum in June, we would not even be in a position to negotiate on these matters.

The Fiscal Responsibility Bill 2012 stems from the resounding endorsement of the stability treaty by the people earlier this year and represents a watershed in our economic history and a vital building block in the foundation of our future economic prosperity. With our European counterparts, we will be bound by common principles of good governance and fiscal responsibility in order that no Government will ever again be at liberty to perpetrate such cynical economic mismanagement as that witnessed in the recent past. Basic principles of budgetary discipline will be given a statutory basis and overseen by the Irish Fiscal Advisory Council. This independent body which was established on a non-statutory basis in July 2011 will monitor compliance with fiscal parameters and key economic indicators. Its role will be integral in preventing the calamitous circumstances of the past from recurring. It will ensure transparency in the budgetary process through public, independent analysis of Government decisions and the underlying fiscal policy assumptions on which they are based. Crucially, it will provide expert opinion on the long-term fiscal implications of revenue and expenditure measures, which we lacked to our grave detriment in the past.

There is a growing appreciation internationally of the value of such independent advisory bodies. In 2008 alone, 27 such institutions were established in 17 EU member states. Similarly, there is an increasing awareness of the importance of having a framework of enforceable fiscal rules which are adequate to ensure sustainability but flexible enough to take account of exceptional circumstances and cyclical change. In predicting the value of economic oversight and fiscal parameters in the future, it is a useful exercise to look to our past. The six pack reforms introduced last year included an early warning system to monitor ten key indicators of macroeconomic imbalances. Had this warning system been in place between 2001 and 2006, there was no year in which Ireland would satisfied all of the indicator thresholds. The Fiscal Responsibility Bill will ensure sources of macroeconomic imbalance are promptly detected and addressed in the future. The Bill presents an opportunity to ensure no future Government can perpetrate the economic misdeeds of previous Fianna Fáil-led Administrations.

Deputy Peter Fitzpatrick: I welcome the opportunity to discuss the Fiscal Responsibility Bill 2012 which provides for the implementation in national law of certain fiscal rules contained in the Treaty on Stability, Co-ordination and Governance in the Economic and Monetary Union. It continues a programme of reforming Ireland's budgetary framework in line with developments at national and EU level. It is aptly named if one considers the definition of the word

“responsibility” as the obligation to carry forward an assigned task to a successful conclusion, or reliability or dependability, especially in meeting debts or payments. This the job that the people have asked the Government to perform. Last May they endorsed the Government in this task with a strong 60% vote in favour of the referendum. The first definition refers to carrying out a task to a successful conclusion. That is what the Government will do. We were given the task of putting the country back on the road to recovery through thick and thin. The Government will carry out this task, even though difficult decisions will have to be made.

The Bill imposes a duty on the Government to comply with the budgetary and debt rules. The budgetary rule requires that the budgetary position must be either in balance or in surplus, with the annual structural balance at the medium-term budgetary objective, MTO, figure or else the annual structural balance must comply with the adjustment path toward the MTO as set out in the Stability and Growth Pact, unless exceptional circumstances as defined under the pact apply. If there is a failure to comply with the budgetary rule and the deviation from the MTO or the adjustment path is more than 0.5% of GDP, the Government will be required to implement a correction mechanism, the provisions of which have been drafted in the light of common principles adopted by the European Commission. If these parameters are adhered to, Ireland’s path to recovery will be shortened and, as such, they should be embraced. The Government has agreed to them and can now use them as a roadmap and platform for future targets. It is worth remembering that fiscal rules are not a new phenomenon, with a variety of fiscal policy rules already in place across the European Union and the OECD.

Many in this country were not happy with the way Ireland was allowed to fall into the depths of economic stagnation and regression. We were given a mandate by the people to redress our economic stagnation. When it comes to fiscal responsibility, the Government will carry forward its assigned task to a successful conclusion. The Bill is part of that ongoing work and as a result I have no hesitation in commending it to the House.

Deputy Seán Kyne: I am delighted to have an opportunity to speak on this important Fiscal Responsibility Bill. As we know, the people voted last May in a referendum to pass the stability treaty. Stability in this context means fiscal responsibility or, in simpler terms, good housekeeping. The stability treaty comprises many elements of international law, but also three or four articles of national legislation. These require this Bill to be passed through the Oireachtas in order to give effect to the treaty. Considering the support we receive from other countries and the ECB, it is appropriate that we give a pledge in this Chamber on financial responsibility. Therefore, the introduction of this national legislation is required to give effect to the stability treaty.

The Bill gives a commitment to a balanced budget, as required in Article 3 of the treaty. Everyone would agree that it is right and proper we have a balanced budget in the interest of the country. If, however, a Government fails to enact a balanced budget, a correction mechanism will come into play. If these rules had been in place in previous decades, our economy would be in a much better place. Fiscal rules are not something new. For many years we have had rules, targets and expenditure ceilings and constraints. Now, under this Bill, we will have specific definable and measurable rules for our budgets. Article 3 also recognises that despite the best efforts of a government, exceptional or extraordinary events may take place from time to time that could hinder the capability of a government to balance its budgets and provides that temporary deficits will be permitted.

The Irish Fiscal Advisory Council was formed in June 2011 and it will now be put on a

statutory footing. It will be an independent watchdog and will ensure that sound financial measures are enacted and that the Government complies with the terms and conditions of the stability treaty. The advisory council is already producing reports and assessing the Government's budgetary targets. It published its most recent report in September and it has reviewed the accuracy of previous Governments' financial forecasting and projections. The council will act as a watchdog that will keep an eye on the Government to ensure it complies with and abides by the terms and conditions of the stability treaty. This is important. This week, the council called for greater transparency and openness from the Government in budgetary and financial planning. It is hugely important the council has a statutory basis.

Conducting budgetary planning in public creates certain difficulties, because while there is a need for freedom to express and espouse ideas and measures, irrespective of whether they are popular or not, there should be balance between that and discussion by the media, whether in print or over the airwaves, of what may or may not happen. Such discussion creates an element of fear and concern among certain sectors of the population. In terms of confidence, it is important we limit that to a certain degree, while allowing some discussion. There is a fine balance between doing the right thing and not scaring people while putting out in the open what is being considered.

In section 6 of the Bill the Government commits to outlining its plan of action in the event of a deviation from its targets. Where targets are not adhered to, an early warning system will operate. The public will be informed that the Government is in danger of not meeting its targets and will be made aware of the attempts to rectify the problems presented. Last week, Martin Schulz, President of the European Parliament, made a very impressive speech here in the Dáil. He spoke about a number of issues, including the connection between national and European parliaments. He stated it was very important that we continue the prerogative that national parliaments enact their own budgets. It is hugely important now and in the future that this Chamber rather than the European Parliament retains control over our budgets.

This Bill and the Irish Financial Advisory Council provide safeguards against reckless spending and economic mismanagement. I welcome the Bill. If these targets had been in place and if we had had a watchdog to ensure they were adhered to by Governments, we would be in a better place than we are now.

Deputy Éamon Ó Cuív: I am pleased to have an opportunity to speak on this Bill. The Bill's aim is to ensure that governments follow good fiscal practice. However, I am not sure the remedy to the problems we face as a country is in this Bill. The history of the past ten years and the lack of definition of a structural deficit demonstrate, based on analysis done by independent international bodies, that during the boom years we would have complied with the terms of the new fiscal treaty. The Bill does not deal with the problem that arose in this country and in Spain, for example, where the transfer of huge funds within the European Union, due to the free market and open banking situation, led to a huge growth in the amount of credit available. This credit did not only come from Irish banks. It is a myth that it was all from Irish banks, but there were other major players in the market here. If the Irish banks had not lent money, the other international banks would have lent even more.

This situation led to a huge growth in tax revenue, which meant large surpluses were created. For example, the National Pensions Reserve Fund was largely funded from the surpluses, other than the Eircom money put into it. It was very difficult to calculate the structural surplus and the surplus due to extraordinary events. All of the economic commentators said we had

a structural surplus and did not have a large structural deficit. Therefore, as with many other situations in Europe, the job is only being half done. It seems to me that Europe is reluctant to tackle some of the creations to which it is attached. One of these creations is this god it has made of competition and the free market. It loves hamstringing governments, but controlling the private sector seems to be anathema to it. It seems to believe that by definition, if there is competition, everything will work correctly.

However, as in human activity, what might be a good thing in reasonable measure can become a huge ill in society when taken to illogical extremes. For example, the belief that seems to pervade European thinking - that as long there is competition, business people will make money all the time - has been shown in the banking sector right across Europe to be spectacularly untrue. To be honest with ourselves, if someone had said ten years ago that organisations such as Bank of Ireland, AIB, KBC, Bank of Scotland and others right across Europe could not manage their own businesses, nobody would have believed it. If it had been said that German and French banks were potentially bust if they did not ask Irish and Spanish taxpayers to bail them out, nobody would have believed it, but that is what has happened. Despite all of these new rules, until we control this properly, what happened can happen again.

I do not believe that the European Union came to the aid of Ireland. The actual reality is that continental banks loaned into Ireland and other peripheral economies. If I lend money to somebody who then lends it on, I am unlikely to expect to get paid if the people they lend it onto do not pay them. The countries in the centre of Europe that loaned to the peripheral countries are basically saying they did not look after their business rightly when lending to countries that then loaned to customers who could not pay those countries back. Despite this, they are insisting on getting paid and claiming to be generous by lending money at a good percentage rate to the reckless ultimate lenders in the centre. If that is generosity, it is a new definition of it. In other words, money is being loaned to the Irish people to pay back the reckless lenders from the centre. That is something that needs to be dealt with. If we do not deal with these issues, we will face a lot of problems coming down the track.

I welcome this Bill as far as it goes. It is time for people in society to understand that one cannot go on forever spending more on a daily basis than one is taking in. That basic principle is understood by every household in the country. I do not think it needs to be written in law. It seems to be common sense. I am not sure the absolute passion in Europe for a rules-based approach solves anything. When one takes a rules-based approach, one normally encounters consequences that were not intended by those who designed the rules. I welcome the effort in the Bill to refocus the minds of people in society on the basic fact that one cannot spend more than one takes in. We have to stress time and again that if somebody wiped out the total national debt tomorrow and the whole lot of it disappeared, we would still be spending more on voted expenditure - the basic services of the State that have nothing to do with borrowings or interest payments - than we would be taking in. If the bank guarantee also disappeared, one would not get the substantial revenue from it that has often been overlooked. I have argued that the difference of approximately €15 billion between expenditure and income, on a day-to-day basis, consists of €5 billion to be raised in tax or cutbacks in expenditure, €5 billion to be raised by getting the economy to grow and €5 billion to be raised by borrowing for capital expenditure on a sustainable basis, as allowed under the famous 3% rule and the 0.15% structural deficit requirement. We have to get growth. We cannot do it through tax increases and expenditure cutbacks. There needs to be growth. We do not actually have to reach 0% borrowing. We can borrow on a continuous basis. There will always be money coming into the system. In particu-

lar, we can borrow for capital expenditure to create a productive economy.

As Deputy Kyne pointed out, it is proposed that exceptions to these rules will be allowed in extraordinary circumstances. The problem with that relates to the process involved. I am worried that if what happened in 2008 happens again, by the time agreement is reached in Europe for an exception to the application of these rules, which would involve an extraordinary process involving all the other countries, we would have run out of cash a long time earlier. Europe moves at a slow pace, even in times of crisis. We have seen time and again the reluctance of European leaders to take urgent action when it is needed.

I wish to mention another problem that is not addressed in this Bill. The existing debt to GDP ratio will have to be reduced to 60% at a rate of one twentieth of the difference each year. If the Anglo Irish Bank debt is included, we can take it that the national debt is approximately €160 billion. If that debt is excluded, the national debt is approximately €130 billion. Our GNP is between €150 billion and €160 billion as well. We know that 60% of €150 billion is €90 billion. If one subtracts €90 billion from €160 billion, one gets €70 billion, which is what will have to be reduced by one twentieth. If one subtracts the same €90 billion from €130 billion, which is the figure if the bank debt is not taken into account, the figure that will have to be reduced by one twentieth each year is €40 billion, which almost halves the reduction that will have to be made. The effect on the Irish economy of the 60% rule that involves a reduction of one twentieth each year will differ significantly depending on whether the Anglo Irish Bank and Irish Nationwide debt is in the equation. I reiterate the point I have made previously that we should get the bank debt dealt with before we sign up to that clause. Otherwise, there will be a considerable difference in the level of austerity required down the road to comply with that rule.

I do not believe it would be an act of generosity on the part of the European Union to allow the promissory note to be written off. If one does the calculation, one will find that the inflation it would create in the European economy would be so minuscule that it could not be measured. As there would be no question of bondholders not getting paid, the hazard of creating jitters on the bond markets would not apply. In practice, one would be creating a bit of quantitative easing - the same thing that has been done by Britain and the United States, which have not been locked out of the bond markets. The Government must insist on the promise it says it got in June being acted upon. In other words, that debt should be written off. It is purely a paper exercise. As the money is owed to the Central Bank, this would not have any of the effects that the writing off of bonds would have. When we were in government, we tried to explain that it is difficult, for legal and other reasons, not to pay bonds. I think the Government has since found that out. The promissory note was created in a way that ensured there would be no difficulty in dealing with it over time.

The issue of the calculation of the promissory note in the national debt - the Minister for Finance has said it is counted as part of it - is of crucial importance for fiscal stability. As long as it is on our books, we will have to reduce our structural deficit and take account of the difference between our national debt and 60% of our GDP, even if we get a long-term write-off at an absolutely nominal interest rate.

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Therefore, it is not sufficient to get a 50 year write-off, or any other length of write-off, as it will not affect the sums one bit in terms of having to adjust that figure.

I do not know why we are setting up the Fiscal Advisory Council. It seems to me it publishes reports and they are dismissed by the Government and the Taoiseach as being irrelevant. There is not much point in setting up a body if we keep ignoring its advice. It seems we are not even debating what it is saying in detail in this House and that, before we even examine the merits of its arguments, its reports are being dismissed with one wave of the hand. If we are going to have an Irish Fiscal Advisory Council, the Oireachtas should at least go through its analysis line by line, and should then advise as to what is the view across the House of its advice. Only then should the Government finish its consideration of its proposals. Anything less is only window dressing and does not serve any useful purpose except to have more paper gathering dust and to have more staff being paid but no heed being paid to it.

The other issue I am disappointed about is that I thought the Government was making a change to the way we prepared the budget. We were told in early summer that by July the Ministers would come in and discuss next year's budget. It was a small step in the radical reform we need to have on how we do budgeting in this House. However, it never happened and it is now intended it will happen in the next two or three weeks, at the end of October. That is too late.

The second idea we have had over many years concerns the Estimates debate in the committees, in that every Minister used to come to the Estimates debate *post factum* and the intention is that we would now have this debate *pre factum*. By doing it on a committee by committee basis, however, each committee will ask each Minister to dig in with his or her Department in order to have the cutbacks made somewhere else or to get them from some mythical tax, and so on. When we were in government, although it did not happen and I regret that, I was in favour of having a budgetary or finance committee which would actually consider the Estimates as a whole and, therefore, it would have to take a holistic view of expenditure. What happens at present is that every committee will make the case for a particular Department and will not have to concern itself with whether more for one Department means less for another.

I put this forward as it would be helpful for Government that those on the Opposition side would also have to take a holistic view, as one does around the Cabinet table, as to the total amount of cake and how one is going to divide that cake. The structures of our House do not force us to face up to reality at times. Often, when we create good structures in committee, we get more consensus than people might have expected. When we were in government, I remember that the members of the present Government used to have all of these suggested savings - I believe there was a €4 billion saving in health that used to be tossed around, but some of us have too good a memory.

Deputy Fergus O'Dowd: That was just Deputy Ó Cuív's Department.

Deputy Éamon Ó Cuív: No, it was €500 million for my Department but it was a €4 billion saving in health. I used always ask my colleagues to get them into the committees, get them at page 1 of the Estimate and then say we are going to go through every page of the Estimate and ask them under which subheads they can find the savings. I recommend that the current Government would do this too.

Deputy Fergus O'Dowd: I look forward to seeing it.

Deputy Éamon Ó Cuív: Between us, and in terms of the public dialogue, it would force all of society to face up to the facts and to get away from the wizzy-woo figures that tend to get

tossed around the place which, in my view, do not serve either the Oireachtas, the Government or the country well. We have to change our structures. We have to involve more Oireachtas Members in a holistic way, not in this fractionalised way, on the money issue.

Up to a point, there is no need for the Bill because if we keep spending more than we are earning, we will not be able to borrow the money. We will just not get it on the markets and, therefore, we will be forced to face the hard decisions. With regard to some of the Deputies around this House who always have easy answers to everything, my view is that a more interactive system would make them face the realities of money.

Deputy John Deasy: I wish to share time with Deputy McHugh.

An Ceann Comhairle: Is that agreed? Agreed.

Deputy John Deasy: A part of this Bill I was drawn to, and on which I might agree with the previous speaker, concerns the Irish Fiscal Advisory Council, not necessarily the mechanics of setting it up but what the council has been saying and what has happened as a result. The Bill puts the advisory council on a statutory basis and it limits the Minister for Finance's power to fire members of the council, thereby strengthening its independence. "Independence" is the key word here. The council provides independent assessments of fiscal policy but the truth is that, so far, it has more or less been ignored and, ultimately, might always be ignored. The key point is that, to date, it has urged greater budget adjustments or, in other words, a front-loading of cuts in the last two budgets. The interesting point for me is that it has not been the only group to have done this.

Last Friday I noticed the Central Bank again cutting its growth forecast, which is something we are getting used to. I thought it would be no harm to take a look at the area of growth forecasting - who has been saying what, who has been most accurate and the usefulness of this exercise, particularly when it comes to the budget and the assumptions that are made and what we base budgets on. To start with the Department of Finance, in December 2010 the Department said we would have a 1.8% growth rate for 2011 but, by April 2011, that figure was down to 0.8%. At that time, it was probably the most upbeat of any forecast. In late May 2011, it was calling for a 2.8% growth rate for 2012. In July, Mr. Kevin Cardiff came into the Committee of Public Accounts and reiterated that figure. By November 2011, that was down to 1.6%, the following month it was down to 1.3% and by April of 2012 it landed at 0.75%. The reality is that in 2012 the Department was forced to lower its GDP forecasts three or four times.

As far as the Central Bank is concerned, in July 2011 it forecast a 2.1% growth rate for 2012. An important point is that around that time it advised the Government to make expenditure cuts rather than increase tax. One year later, it is advising the Government to increase the overall scale of fiscal correction, making the case for getting the adjustment over with more quickly. It is still doing this, which is a key point. To return to the projections, by October 2011 the 2.1% growth figure for 2012 was 1.8%. The Central Bank's explanation for this was a darkening international outlook. This was not atypical at the time and many groups were saying the same, and this sounds ominously like the IMF's position yesterday. Again, the Central Bank recommended an aggressive approach to deficit reduction and explained it was worried about the risk of negative shocks to the domestic economy. By February 2012 the 1.8% was down to 0.5% and at that time it was projected to be 2.1% for 2013. Last week the figure for 2013 was down to 1.7%. The IMF said it would be 1.4% yesterday. I took a look at some other organisations and sources for growth forecasts. A similar picture emerges. A reasonable sense of optimism

at the start of 2011 slowly ebbed away in recent years primarily due to the eurozone economy contracting, along with the global economy, which the IMF, unfortunately, reiterated again yesterday. In May 2011 the OECD announced a 2.3% growth rate for 2012, stating a global recovery was firmly on the way. Within a month it changed its tune saying the economy would stagnate. At the time I remember a Government spokesman saying it was out of line with our thinking and that of the consensus. It turned out to be the consensus very quickly. EU Commission figures were as follows: In 2010 it said the economy would grow by 3% in 2012; by May 2011 the 2012 figure was put at 1.9%; by December it was down to 1%; and, by February it was down to 0.5%. The 2013 figure has gone from 1.9% to 1.4%, which is a lot more pessimistic than others. Two months ago it was said that the outlook for external demand was deteriorating badly. That now appears to be the consensus. One can see where the optimism was coming from. The year 2011 was the first year in three that the economy grew on an annual basis. The Minister for Finance, Deputy Noonan, said yesterday that what the IMF said is not all doom and gloom. We are growing not contracting. That is a fair point and must be repeated. It is a small figure but we are growing. Unfortunately, as Moody's put it back then, there was a deceleration of European economic activity in particular and it has affected us badly. The troika, the IMF, the ESRI, Bloxhams – everybody got it wrong. It is an imperfect science at the best of times. I will make a point later about the budget and growth forecasting.

One could ask where that leaves us. It leaves us in an extremely vulnerable situation for a number of reasons. The first is exports – export figures and the export trends. The second is our potential debt deal and the ESM. The third is the current political environment in the Chamber and outside it. The only source of growth in the economy since 2008 has been exports. The truth is that even though we have become far more competitive, this country's share of goods and services exports on a global scale has been reduced by approximately one quarter in the past ten years. We are massively reliant on the pharmaceutical sector and would suffer greatly if any changes to patent arrangements were made globally. Our corporate tax regime has served us well but countries such as the United Kingdom and the Netherlands are changing their tax codes and, in effect, becoming far more competitive with us. We cannot rely on that approach forever. We found that out again yesterday with the effort by 11 countries to change the eurozone tax regime in particular areas. In the 1990s this country was the global manufacturing centre for computers. In 2001 the value of IT goods shipped abroad from this country was €38 billion. Last year the figure was down to €10 billion. Things change dramatically and quickly. A total of 75% of all Irish exports come from multinationals in the IT, tech area and life sciences area, which means pharmaceuticals. Some would say we are massively over-reliant on those two sectors.

The second issue is our debt deal. The facts are as follows. The ESM board held its first meeting last week. We have €64 billion in bank debt. That is our burden. Our bailout expires next year. The October deadline for a bank debt deal is gone. In the June EU summit the issue of “retrospective debt” – according to German, Finnish and Dutch gentlemen from the AAA rated countries – was not set down precisely. We still do not know if Germany in particular will insist that national bodies should remain liable for legacy bank losses. The important fact is that the German elections are approaching. We are now exploring the conversion of State debts in regard to Anglo into a 40-year bond. On the question of whether we will get a debt deal, of course we will. The scale and effect of the deal is akin to guessing GDP figures and growth forecasting. I still foresee major employment contractions in retailing, property, banking and construction. If the economy flattens or shrinks any further even the most generous deal on bank debt will not dramatically change the debt sustainability situation. We must remember

that €198 billion of Greek public debt was written down this year alone and the riots are still continuing there.

The Government must take a long-term approach when it makes decisions in the next couple of months. Decisions were made by the previous Administration on the basis of keeping the show on the road for a few days or a few weeks. It was a case of short-termism on a repeated basis in recent years in particular. That kind of political culture is doomed to failure. One must take a longer-term view. Based on my conclusions, one might be better off saying one does not trust the growth forecasts and that one cannot base everything on them when it comes to the budget. In response to the retort that one must base some figures on growth assumptions, my view is that the assumptions to date have been optimistic to say the least. Some might say they have been aspirational. What we can say is that recent budgets, not just this Government's budgets, have been based on overly optimistic growth assumptions. That gives rise to questions. Generally speaking, the consequence of that is it allows Governments to keep spending and avoid taking hard decisions.

The final reason for our current vulnerability is the political environment. There will always be personal casualties when two Ministers clash and one resigns. The other more serious potential casualty is the decision-making process between two coalition partners. We are not out of the woods yet. Tough decisions still need to be made. When the grassroots of a particular party start feeling aggrieved and accuse the other party of dominating it or say that one party has impressed its views on the other, there is a natural political tendency to cool things down by avoiding controversy that would stoke up the grassroots of one party or the other. In such circumstances, caution seeps in and a 'safety first' approach is adopted. That is the danger but it must not be allowed to happen. If there has been fallout from the recent affair and there is now more emphasis on keeping harmony between the coalition partners within the Government it must not be done at the expense of making hard decisions such as on public sector pay.

The public wanted a Government it believed would do what was necessary regardless of petty, political considerations after a lifetime of Fianna Fáil Administrations and short-termism. The public still want that. Last week the Central Bank said the Government should accelerate the pace of its austerity programme to eliminate the uncertainty that has plagued the economy. It said that again and it has been saying it for two years. In effect, it is saying the economy is crippled and that we must make the adjustment more quickly. The economist, John Maynard Keynes, was asked to explain his change of position on economic policy. He responded by saying that when the facts change he changes his mind. The facts have changed when it comes to the Irish economy, not necessarily for the better. What has not changed is the attitude of the public. They know what the situation is and want the Government to do what is necessary for the long-term benefit of the country. Unfortunately, the IMF confirmed the trend yesterday that there is no great lift. The Minister for Finance made an important point when he said we had to remember we are still in growth and have been for some years. Although the growth is small it is significant that we are in growth. The stewardship by the Minister of this portfolio has been amazing in recent years. In my view people want him in the job, believing he is the person who understands the issues and knows where we need to be in a couple of years. The Minister has not yet been on the cover of *Time* but, as I keep telling him, if he was a Minister in China he would be only at the start of his political career. He still has time. The IMF stated that Ireland's economy was in a bumpy recovery and would achieve 1.4% next year. It also stated the global economic slowdown is worsening, with the eurozone area contracting this year and, at best, flatlining next year.

I refer again to the Central Bank report published in August which stated: “Consolidation episodes that focus on expenditure reduction appear more successful at reducing deficits in a sustainable and structural manner that is least damaging to growth”. To my mind, that is the bank’s way of saying that government needs to get smaller - and smaller again. I agree with that and do not believe we can shy away from it.

Deputy Joe McHugh: I wish to focus on growth. Within any budget, be it at household or government level, one needs rules. Enough conversation has been had on the actual Bill: now conversations will continue around the type of strategy the Government is employing. However, bringing it back to a household level, the general consensus is that it is not an ideal situation if one spends too much.

On a more geographical or parochial level, within the eurozone set-up we sometimes focus, as we must, on rules around a currency and think in terms of France, Germany or our eurozone partners. However, sometimes we take for granted our closest political friend and ally, Britain, which takes 42% of our exports. If I am correct, Ireland is the fifth largest trading partner with the UK. That is something we must be cognisant of when we talk about growth strategy and how we can get out of the economic mess we are in, but we should not take it for granted. Constituents tell me there still is a scepticism about the EU strategy, the eurozone and the euro and say we would be better off with Britain. Speaking politically, I believe we can have both. We can employ a very coherent EU strategy in the protection of the euro while, at the same time, not ignore the good and harmonious working relationship we have with the UK.

In this House we can work on this. We have a backdrop in that in March 2012 the Taoiseach and Prime Minister David Cameron signed a bilateral agreement between Britain and Ireland to have a working relationship. From a historical point of view, this was the first time since we won Independence that such a document was signed without Northern Ireland being in the background. That is good; we have moved on and the maturity of the relationship between the UK and Ireland has moved to a heightened level where we can work on mutual ground. Take, for example, the Minister for Communication, Energy and Natural Resources, Deputy Pat Rabbitte, who is working very closely with his counterpart in the UK on a memorandum of understanding in the energy sector.

We in this House must work with the backdrop of so much happening on a UK-Ireland basis. From a growth perspective we need to work more closely with our UK counterparts. This is working well on a North-South basis. Next Friday will be a historic day when the North-South interparliamentary association will have its inaugural meeting in the Seanad. I wish to put on the record of this House my welcome for the event. At the same time, however, we need to work closely with our UK counterparts. If politics are to work for the citizen we must lay out a long-term plan. The previous speaker, Deputy Deasy, alluded to this.

There will be projections and many narratives. Those economists are still around who helped and aided us to get into this mess and they will continue to make projections and predictions about the future. The only future in politics is the present. We must consider our citizens, get into their households and mindsets and look at what is going on in their lives. Let us take the lowest common denominator and consider, for example, a bill for electricity in a household, a bill which is paramount for that household’s budget. If we take that to a bigger and heightened level, the political, we must examine how we as politicians on an east-west basis, in Britain and Ireland, can work towards decreasing that electricity bill. In Britain at present the conversation about energy is about the depleted reserves of coal and nuclear power. In this country we have

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an opportunity in terms of offshore energy and renewable green energy. We can export our energy, not only to the UK but into the European grid.

The Acting Chairman is putting me under some pressure timewise to bring this to a conclusion. In my opinion, we are not doing enough on a British-Irish basis. As in any relationship, we take our closest partner for granted. Maybe that is something we should all think about - our closest ally and friend. This is not plan B in regard to the euro, not about choosing to be part of the eurozone or part of Britain. We can do both. It is not about having an affair with Britain but about not taking it for granted.

Deputy Mary Lou McDonald: I take it from Deputy McHugh's remarks he is likening Anglo-Irish relations to the relationship between the Labour Party and Fine Gael. May we offer our services in the event the parties need to strike a Good Friday-type arrangement? I hope the Labour Party's better instincts would win out in that particular encounter.

Deputy Dominic Hannigan: We have an agreed programme for Government.

Deputy Joe McHugh: Maybe we are just taking each other for granted.

Acting Chairman (Deputy Paudie Coffey): No interruptions, please.

Deputy Mary Lou McDonald: As other speakers noted, this week the IMF admitted it had been wrong about the impact austerity would have on the Irish economy. It told us it had not foreseen the massively damaging impact tax hikes and cuts to expenditure would have on jobs and spending. It is very hard to believe that the IMF, or indeed any economist or commentator worth her or his salt, could have believed that taking tens of billions of euro out of an economy over a short number of years was a good idea. Certainly the citizens to whom Deputy McHugh referred knew that from the absolute get-go. A contractionary approach was never going to work or bring about growth; it will never bring us to recovery.

The Government's decision to continue socialising private debt is not only deeply unjust but is deepening the crisis and condemning in particular a generation of young Irish people to joblessness and emigration. Government failure to secure a real and substantive deal on the Anglo Irish Bank promissory note and its refusal to end the obscene payments by State-owned banks to unguaranteed bondholders makes this Bill almost laughable. The Stability and Growth Pact rules, as amended by the austerity treaty, or the fiscal responsibility treaty, are neither achievable nor prudent in an economy that is experiencing a protracted recession. The question to which the debate on this legislation gives rise for all of us, particularly those in government, is why should we legislate for a fiscal strategy that has already failed. That is the nub of the issue.

When the comments of Joseph Stiglitz on the failure of austerity were put to him last week, the Taoiseach corrected the speaker and stated Professor Stiglitz had not said austerity never worked but rather that it rarely worked. Whoopee. It is reassuring that the Taoiseach is pursuing a strategy which, in his words, rarely works. While austerity is failing in economic terms, it is also causing untold hardship for the very citizens who rely on Members elected to this House, particularly those in government, to serve their best interests. It would be in the best interests of the economy and society if there was real, hard-cash investment in the people. We need this to happen now.

There is a need for real reform throughout the public service, rather than a slash and burn policy which leads to the haemorrhaging of numbers. There is a need for a real vision for so-

ciety and real political bravery in order that the economy will be brought to recovery and sustainability. Difficult choices must be made. However, it must also be recognised that there are choices. The choices pursued by this Administration to date have disproportionately harmed low and middle-income workers and their families, left the domestic economy as flat as a pancake and do not encourage growth. In fact, they hamper and damage growth.

Among the provisions included in the Bill is one - this is arguably the centrepiece of the legislation - to establish the Irish Fiscal Advisory Council on a statutory footing. It is worth remembering that those who serve on the council have suggested an additional €1.9 billion be taken out of the economy during the next three years. This would be on top of the almost €9 billion the Government will be seeking in cutbacks. The council has no remit - nor has it sought one - for the domestic, economic or very real human and social impact of the policies it proposes. There is no jeopardy for its members in proposing additional cutbacks to the tune of €1.9 billion. Of course, there would be a great deal of jeopardy for those on the receiving end of these cutbacks.

Those appointed to the council come from organisations which do not have a great record in getting economic forecasts right. Rather than providing the Minister with figures from the recession, I will rewind the clock to 2007. In that year the ESRI projected a budget deficit of 2.7% in 2008. At the same time the IMF predicted that there would be a surplus of 0.04%, while the OECD stated there would be a deficit of 1%. What happened in 2008? The budget deficit was 7.3%. If we could not rely on these organisations and individuals for sound fiscal projections and advice in the good times, as they were known, I do not understand why we are now relying on them in the very bad times. When the council was originally established, there was an opportunity to bring on board progressive economists from outside the cosy circle who would challenge the *status quo* in fiscal planning and budgetary oversight. It is no surprise, however, that Fine Gael and the Labour Party sought out the usual suspects, namely, those who view society through the prism of fiscal data and economic modelling and whose mindsets reflect that which, in large measure, created the crisis in the first instance. The Department of Finance intends to provide the council with an annual budget of up to €650,000. To be honest, I can think of at least a dozen better ways to spend that money in the public interest.

It must be noted that the Minister for Public Expenditure and Reform, Deputy Brendan Howlin, has hired a number of economists for his Department and the Department of Finance and the Office of the Taoiseach. According to the Secretary General of the Department of Public Expenditure and Reform, Mr. Robert Watt, the Government's new economic and evaluation service which is overseeing these recruitments will change the culture within senior levels of the Civil Service which contributed to the crisis. There is no evidence of such change in perspective or practice to date. In real terms, things remain unchanged within the upper echelons to which I refer.

The Bill will do real damage to the economy. There is no doubt that the strictures it will impose will undermine the delivery of front-line services which will push more families into debt. The overall impact of the legislation will be felt for many years to come. We do not need lip service; what we need are public services. They must be first class and First World in nature and adequately resourced. There is no question that reform is required. However, I do not see the Bill as being part of a reform agenda. It will instead facilitate the institutionalisation of poverty traps.

The economic crisis is deepening. Long-term unemployment has risen to 8.8%. This means

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that 184,000 people are going to find it extremely difficult to obtain employment, even when job opportunities arise. The current employment prospects for citizens under the age of 25 years are 50:50. When he addressed the House last week, the President of the European Parliament, Mr. Martin Schulz, correctly stated the biggest problem was the level of unemployment among young people. He placed a very heavy emphasis on this fact and why would he not do so, particularly when one considers the data available not just in the State but across the European Union? His assessment is correct, but what he said is difficult to tally with his support for the austerity treaty and the policies being pursued by the European Union and the IMF. In that regard, he is very much singing from the same hymn sheet as the Government which talks about growth and jobs but which delivers austerity and cutbacks.

Young people and the long-term unemployed require fully resourced access to education, training and reskilling. They will then require real jobs with decent wages. This is not a radical proposition, rather it is the stuff that makes an economy and a society work. If the Government continues to pursue policies that attack low and middle-income families, that cut away the most basic social provisions and supports for carers, the disabled and children, that make lessen any chance of growth and recovery possible, for many the human cost will be real and long-lasting. The real reform we need is to place equality at the heart of our legislative and decision-making processes. We need to start putting the people first.

It has been stated recessions provide opportunities for change. This is true. Some of the most progressive social policies were put in place by governments throughout Europe both during and after the Second World War. The response at the time was to put the people first. Universal public health care provision in Britain and massive investment in adult education and job creation in the United States built the middle classes. The result was that standards of living improved across classes and economies recovered. Make no mistake: we will not recover without real and radical reform based on equality and justice, yet the Bill and the policies it embodies fly in the face of this approach. That is the reason Sinn Féin will not support the Bill. It makes no sense whatsoever to enshrine austerity in law. It makes no sense to set targets that cannot be met except by inflicting very great pressure and damage on the domestic economy and on the citizens who rely on services within it.

The enshrining of austerity in legislation is wrong and it is stupid. It makes no sense to continuously proceed with a policy that is not working. The talk about export figures or any talk about a minimal amount of growth which is job-free growth, does not take from the fact that the big challenge for this economy is to revive the domestic economy, get people back to work and secure a debt on that toxic banking burden which was not the people's to begin with.

I regret very much that this Government, rather than carving out a policy space and a set of demands that would act in the real interests of this State and her people, has instead gone along, almost sleep-walking, with a failed agenda championed by the IMF and the EU institutions. The people will give the Government no thanks, not just in the short term as they bear the brunt of the cutbacks and austerity, but also in the long term.

Debated adjourned.

Topical Issue Matters

Acting Chairman (Deputy Paudie Coffey): 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 Ray Butler - the need to provide credit facilities to small businesses; (2) Deputy Charlie McConalogue - the reason that reform of the junior certificate will take eight years and the need for a detailed implementation plan; (3) Deputy Paudie Coffey - the need to re-evaluate the financial governance processes and protocols that attain to educational schools and colleges; (4) Deputy John O'Mahony - the need to address the waiting times for applications for social protection and, in particular, carer's allowance; (5) Deputy Áine Collins - the future of the rural post office network; (6) Deputy Maureen O'Sullivan - the problems with community employment schemes undergoing difficulty recruiting participants due to changes in social welfare payments and participants' fears of losing their benefits; (7) Deputy Joe McHugh - the provision of adequate support for sufferers of Huntington's disease; (8) Deputy Brendan Griffin - the need for fire services to be activated immediately when the ambulance service is called to an incident; (9) Deputy Timmy Dooley - the need to give permanent recognition to Mol an Óige Steiner national school, Ennistymon and to Raheen Wood Steiner national school, Tuamgrady, County Clare; (10) Deputy Colm Keaveney - the need for farmers to get adequate prices for their products from supermarket groups; (11) Deputy James Bannon - the provision of additional temporary accommodation for Lanesboro College, County Longford; (12) Deputy Eamonn Maloney - the need to introduce legislation to govern trade in second-hand tyres; (13) Deputy Thomas P. Broughan - the need to provide adequate services on the northside of Dublin for sufferers of cystic fibrosis; (14) Deputy Aengus Ó Snodaigh - to ask the Minister for Health to account for his failure to open the brand new purpose built 70-bed public nursing home in Inchicore and his plans with regard to same; (15) Deputy Pádraig Mac Lochlainn - the possible reopening of the pilot training college in Waterford by a different company; (16) Deputy Brian Stanley - the effect of HSE cuts in Laois on respite services for young people with mental health issues; (17) Deputy Mary Lou McDonald - concerns regarding the site for the new children's hospital; (18) Deputy Martin Ferris - the cuts in resource hours for children with special needs; (19) Deputies Tom Hayes, Seamus Healy - the future of manufacturing jobs at Abbot, Clonmel, County Tipperary; (20) Deputy Mick Wallace - the landing of over-quota fish in Kilmore Quay, County Wexford; (21) Deputy Caoimhghín Ó Caoláin - the urgent need to address the delay in providing orthotics, specialised footwear and other developmental supports and appliances for children in need by the HSE; (22) Deputy Thomas Pringle - the need to address the issue of Irish fishing quotas and the discarding of over-quota fish in light of the recent protest in Kilmore Quay; (23) Deputy Mattie McGrath - the intolerable situation of ongoing cuts to home help hours and home care packages and the serious difficulties that this is causing for elderly and disabled people throughout the country; (24) Deputy Kevin Humphreys - the need for the Minister for Health to address the loss of over €70 million due to consultants not signing off on health insurance claims; (25) Deputy Seán Kyne - the need to ensure the continuation of teacher education at GMT Letterfrack owing to the specialised courses available there; (26) Deputy Billy Kelleher - the need for the Minister for Health, in view of the €374 million budget overspend to the end of September by the Health Service Executive, to inform the Dáil of the action he is taking to ensure that the HSE meets its budget for 2012; (27) Deputy Dessie Ellis - to discuss the explosion over the weekend on Gleann Riada estate in Longford, continuing risks to residents and calls for evacuation by residents due to the substandard build quality of the estate's sewerage network; (28) Deputy Michael McGrath - to ask the Minister for Finance to make a statement to the House on the ongoing investigation by the Central Bank in to the mis-selling of payment protection insurance by certain financial institutions and if he will outline the expected timeline for resolution of the issue; (29) Deputy

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Derek Keating - to address the fact many families who live on the outer ring road in Lucan do not have adequate noise prevention barriers. The outer ring road was widened a number of years ago and today is a very busy and major road in the Lucan area and beyond. The increased traffic volumes have been the cause of significant changes for thousands of families in Lucan. However, the absence of noise prevention measures at particular locations in the most densely populated areas in Lucan has caused major significant disruption to the lives of many families. Despite numerous efforts over the years, the local authority has not resolved this issue; (30) Deputy Clare Daly - to discuss the continued delay by the expert group into the ABC judgment to report its findings; (31) Deputy Richard Boyd Barrett - the plight of teachers without degrees who have been working for the VEC for many years, in light of new Teaching Council regulations; and (32) Deputy Gerald Nash - the decision by the Moriarty tribunal to award costs to the estate of the late Charles Haughey.

The matters raised by Deputies Colm Keaveney, Tom Hayes, Seamus Healy, Timmy Dooley and Maureen O'Sullivan have been selected for discussion.

Fiscal Responsibility Bill 2012: Second Stage (Resumed)

Question again proposed: "That the Bill be now read a Second Time."

Deputy Dominic Hannigan: I wish to share time with Deputies Gerard Nash and Arthur Spring.

I welcome the opportunity to speak on Second Stage of this Bill. I listened with patience and attention to the previous speaker. While I will not agree with all her arguments, I can agree with her remark that it is most important to create the economic climate for the generation of jobs. This Bill will help in this regard. I note that yesterday the stability treaty was debated and passed in the lower house of the French Parliament. The treaty will now be considered in the French senate where it is expected to be passed by the end of the week. It is expected that these rules will be in place across the eurozone from next January. This is another example of how Europe is trying to get its act together to work in unison to get out of the economic mess and to get people back to work.

I was the Labour Party deputy director of elections in the recent referendum on the treaty. I participated in many radio interviews about the financial and fiscal rules to explain what they would mean for Ireland and for the eurozone. I do not wish to rehearse those arguments, many of which I had with the previous speaker on various radio and television programmes. Stability was the key word during the campaign. These rules will bring much needed stability to the eurozone and this in turn will bring growth in the domestic economy. Ireland has an open economy and we need the support of a thriving eurozone. These rules will go some way to fixing the economic mess but social responsibilities must be considered. The level of youth unemployment is far too high at around 30% in this country and the figure is much higher in Spain and Portugal, with 50% of the youth population unemployed in some countries. If we are unable to address this issue it will damage our long-term future. We cannot have young people leaving school with no prospects for training or employment. We cannot allow them to drift into long-term unemployment thus harming their self-confidence and their future employment prospects. The long-term impact of unemployment on communities is very difficult and areas

of high unemployment become far too dependent on the State for support.

During the referendum campaign in April and May, I talked to people in County Meath, many of whom told me they would not vote for the treaty nor agree to enshrine those rules into legislation. A total of 40% of the national electorate did not vote for the treaty. They were unsure about voting for the treaty because they could not see how the treaty would create economic growth. Those people who did not vote for the treaty need to know that we are championing economic development and growth at every level in the European Union. We need to communicate this clearly to the people. The current direction of Europe is also causing uncertainty because change will be constant over the next few years and it is important to have the confidence of the people as European reforms are introduced.

I will speak at a conference in Brussels tomorrow on the future of Europe. Diplomats, academics and politicians will be in attendance to discuss the future of Europe. We need to have this conversation in Ireland. The Labour Party is currently engaging with its members to find out their views on issues such as political, fiscal and economic union and their views on European social issues. We must ensure that any changes to our relationship with Europe are widely communicated and discussed with our citizens.

Deputy Gerald Nash: What do we mean by responsibility in the context of this Bill? In particular, what is our own cultural attitude to responsibility? In my view, for too long our default approach to responsibility has been like someone sitting in a restaurant looking at the healthy option on the menu. We know it is the right thing to do, we know it is good for us but we quietly hope that someone else would take that option for us. However, responsibility is not someone else's problem; it is an obligation that falls on all of us.

This country has learned some very hard lessons. The people we represent are taking on a very difficult and heavy burden. The recent strong vote in favour of the fiscal stability treaty demonstrated a number of facts. The country saw the immediate reward for the vote with a dramatic lowering in the rates demanded by lenders on the international money markets. Those lower rates have allowed Ireland to return successfully to the international money markets bringing closer the day when we can wave goodbye to the troika and once again raise all our required funding on the international markets as an economically sovereign nation. Had the electorate heeded the populist and hysterical rants of Sinn Féin and the far Left and voted against the treaty, I have no doubt that we would have been setting up the guest rooms for the troika for a long time to come.

This Bill allows the State to bring in prudent housekeeping measures and an independent system of checks and balances which has been the norm in many other countries and it is nothing unusual. The main instrument of that independent system will be the Irish Fiscal Advisory Council which will be given a statutory basis in this Bill. The council will assess and report on the macro-economic and budgetary forecasts of this Government and all future Governments. When the council was established, I took it as a good omen that it had made its home in Whitaker Square, which is named for Ken Whitaker, one of the greatest civil servants this country has ever seen. Mr. Whitaker was educated in my home town of Drogheda and is a person I have the pleasure of knowing. In his role advising successive Governments, he was always the epitome of unassuming wisdom and represented what is best in our public service. Such selfless public service is in stark contrast to the cynical, self-serving populism that masks itself as opposition which we heard from Deputy Mary Lou McDonald and her colleagues today and yesterday. The Sinn Féin Party continues to trade on people's fears and to offer sweet-sounding panaceas,

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the latest being a wealth tax based on figures that are six years out of date. Not only are these simple and popular solutions unworkable, but the party would not even seek to implement them if it were in power. I need only look 30 miles north from my home town to see what the party does when it is in power. A Government involving Sinn Féin has implemented cuts left, right and centre across the Border and is taking in local property rates of approximately £1,000 per year on ordinary three-bedroom semi-detached homes. Yesterday the Administration in the North announced swingeing cuts in care centres which will see 750 places lost in the next five years. Based on all of this evidence, how can we take any of Sinn Féin's commitments in regard to public services seriously? Its promises ring very hollow indeed.

The reality is that if a simple and popular solution to our problems could be found, it would have been implemented a long time ago. In fact, it was simple and popular policies which got us into this mess. The outcome of 15 years of simple and popular is probably ten years of difficult and unpopular. As a country, we have finally grown up. There was no choice other than to take responsibility and adopt a mature position. On that basis, I am happy to support the Bill.

Deputy Arthur Spring: In any debate on the eurozone and fiscal responsibility, I am always grateful for the RTE archives which show that I was opposed, for many reasons, to Ireland's joining the euro. I was privileged to study economics in a Scandinavian country where the many pitfalls into which we have fallen were emphasised. Ultimately, we have ended up in a position in which we do not want to be. As a member of the Oireachtas Joint Committee on Finance, Public Expenditure and Reform and having met with representatives of the IMF, the European Commission and the European Central Bank, I have concluded that there are three aspects to our predicament which should be emphasised. First, we have the largest banking problem in Europe. Despite accounting for only 1% of the European banking sector, Ireland receives 10% of ECB funding. Second, the financial model pursued by Fianna Fáil-led Governments over a period of 14 years resulted in this country having the most unsustainable economy in the entirety of Europe. The third issue we must bear in mind is that as well as our unsustainable bank debt, we are dealing with a large fiscal deficit. In fact, ours is the largest *per capita* deficit in the whole of Europe.

Unfortunately, there is a lack of comprehension of these fundamental realities among many in the commentariat and, in turn, the general public. Instead we get the simple line that austerity is not working. We can all agree that austerity is the opposite of prosperity. It does not take a rocket scientist to deduce that an economy cannot stimulate itself when it is necessary to make expenditure cuts in order to bring spending into line with incoming revenues. That is what the Government is seeking to do, slowly and incrementally. It is sometimes a case of two steps forward and one step back. We got to where we are through reckless government which, as Deputy Gerard Nash observed, looked always to the popular and simple solution and was content to throw money at every problem. Yet anybody who sat down with a ruler and pen could have seen that the path on which we were set was unsustainable. The end result of all its populist antics is a Fianna Fáil Party with fewer than 20 seats in the Dáil. People's memories are not short when it comes to politics and I am convinced that Fianna Fáil will never again achieve an overall majority in my lifetime. When the State was in its time of greatest need since its foundation, neither of the two Opposition parties made so much as a telephone call to seek to form a Government. By not standing up for what they professed to believe, by running for cover, by opting for a very easy time in opposition as opposed to a very difficult period in government, they let the flag down.

The issue of bank debt versus national debt is a major consideration in any discussion of

fiscal responsibility. I had to laugh this morning when I heard Deputy Micheál Martin ask about the policy documents relating to the provision of primary care units. We have sought, by way of freedom of information inquests and through every imaginable parliamentary question, to obtain information on the bank guarantee that was rubber-stamped by Fianna Fáil in 2008. There is no information as to how this country ended up in a position where its sovereignty was lost. The national flag should be flying at half mast until that sovereignty is restored. Shame on those who would seek to absolve themselves of that responsibility while we still suffer the consequences. My colleagues and I will not let Sinn Féin off the hook for that and nor will the commentariat and the electorate.

Banking debt must be separated from sovereign debt, and that will only be achieved with the co-operation of allies and friends throughout Europe. Recent comments, however, from the Finns, Dutch and Germans suggest that they have all forgotten their own pasts. I will certainly be reminding my social democrat friends, many of whom do not appreciate the extent to which we are attempting to implement unpopular policies for the sake of keeping the country afloat, of the realities. In recent days we had the sight of a Nazi flag being marched through the streets of Athens. A whole generation - which I refer to as Generation Jinxed - is being left on the periphery throughout Europe. All it will take is a match for the situation to ignite. Some people in this country seem to have forgotten that we were on the very edge of the abyss two years ago, with the very real prospect of being unable to access funding. Sinn Féin's comments on yesterday's IMF report point to either a lack of intelligence, a lack of morality or a lack of the knowledge necessary to call the situation as it is. There is a bluff going on here. The austerity programme is being implemented so that we can borrow money to keep the show on the road. In the absence of that funding, everybody working for the State and everybody in receipt of social welfare benefits of any kind would be immediately facing a 33% reduction.

Deputy Gerry Adams talks of casting out the troika and burning bondholders, but he does not address the reality of the fiscal deficit. In case some people have still not worked it out, I reiterate that it is a separate issue to banking debt. The claim that austerity is the cause of our problems is a blatant lie. The country was run into the rocks and must now be refloated. Those of us in here who are making choices and seeking to influence the Cabinet to do the right thing by the people of Ireland have shown responsibility. To claim that the troika is the problem shows a simple lack of comprehension of what is going on. An end to austerity will not lead to prosperity. We will only see a return to prosperity if we co-operate with allies and friends to achieve that end. Many people might criticise the fact that the Taoiseach and Tánaiste are out there trying to make allies. I welcome it because I am aware of the impact it is having on our capacity to renegotiate our deal. Even a simple issue such as the restoration of the minimum wage, for example, would not have been achieved without that engagement.

Sinn Féin, however, is proposing that we tell the troika to go away and take with it the €50 million per day that is keeping this country afloat. The party has a very soft underbelly when it comes to fiscal responsibility. It is sometimes said that one may judge a person's character by his or her friends. The grouping with which Sinn Féin is aligned in the European Parliament, the European United Left, includes among its number the communist parties of the Czech Republic, Spain and Greece, and Die Linke, or The Left, in Germany, which is the former ruling party of the eastern bloc.

1 o'clock

These parties are relics of a dark past and it would be reckless to pursue economic policies

similar to the ones they advocate.

We are doing everything possible to return the country to prosperity, stop emigration, create employment, ensure fairness and improve living standards. As a coalition of a centre-right and a centre-left political party, the Government will engage in compromise in every step it takes. The alternatives and simple solutions advanced by others should be scrutinised and shown for what they are, namely, reckless fallacies based on silly finance. The populism of the parties with which opponents of the Bill are associated is dangerous.

This is responsible legislation. While I opposed Ireland's decision to join the euro, we cannot leave the single currency now. If we are to emerge from the current hole, we must climb out of it using the ladder with which we climbed into it. In the years ahead we may decide to have a currency that is more domestically oriented and evenly balanced, focusing on Britain, the United States and Europe.

Deputy John Halligan: I am sharing time with Deputy Mattie McGrath.

Given the €3.8 billion in budget cuts announced last year, one would expect legislation aimed at achieving a fiscal balance to be superfluous. The Government has already made it clear that it will not stray from the path laid down by the European Union and the International Monetary Fund. Many leading economists share my view that the current approach is steadily eroding all semblance of a caring society. It should also be noted that the IMF receives substantial interest repayments on our loans.

The Bill solidifies rules that are in place, accepted and being fulfilled by the Government. Unlike some members of the Opposition, I acknowledge that our structural primary balances show we have come a long way in making the fiscal adjustments needed to make the budget sustainable in the long run. I do not have a problem with being honest in this regard. I am concerned, however, by the Irish Fiscal Advisory Council's sobering assessment that there is a 40% chance of Irish GDP failing to stabilise by 2015. This is a worrying development because the council which will be a key and permanent player in the reform of our fiscal and budgetary system is held in high regard in financial circles. From speaking to economists, I do not believe its assessment will be far off the mark. This is a dangerous position, one which must be given considerable thought.

The domestic economy is on its knees and unemployment continues to rise. I accept Deputy Arthur Spring's argument that the Government bears little responsibility for many of our current problems. It was dealt a bad hand as a result of the terrible economic policies pursued by previous Fianna Fáil-led Governments. Without a solid deal on our debt sustainability, we face many more years of austerity. We must ask how long people will be able to tolerate further austerity. Irrespective of whether Government Deputies believe they are taking the correct approach to dealing with the economy, if the vast majority of the population come to believe their circumstances are intolerable, we will have a serious problem.

I acknowledge that fiscal responsibility legislation could have certain positive effects on fiscal conduct, for example, in providing for enhanced transparency and guidance in the budget process and ensuring lower risk premia. Unlike several other speakers, I do not have a problem with guidance being provided in the budgetary process. However, numerous international studies, including in the United States and China, have shown that legislation and fiscal watchdogs do not have much effect on deficits. It is also widely acknowledged that improving economic

performance has little connection with fiscal responsibility laws. This has been demonstrated across Europe and in North, South and Central America. A 2010 research paper by the IMF, the body which is pressing us to adopt this law, found that fiscal responsibility laws had had little direct impact on fiscal performance in any country. We should study this interesting conclusion very carefully.

The Bill will make the road to recovery long and painful. The noose of banking debt hangs around our necks and will drag down generations of young people. Without increased participation in the labour force, the productive capacity of the economy cannot increase. It is unsustainable for any economy to have one eighth of its workforce unemployed as billions must be spent on unemployment benefits. History has shown that economies with an unemployment rate in excess of 8% and especially above 12% remain in economic trouble for many years.

It has been argued that the so-called golden rule setting out a maximum structural deficit does not correspond with the principle of good fiscal policy. Leading macro-economists such as Professor Karl Whelan have argued that the policies being pursued in Ireland will, over time, lead to debt ratios well above those considered sustainable or moderate. People should read what this top-class economist has written on the issue. He is non-political and I do not know if he is from the left, right or centre, but he is well regarded by economists across Europe.

Put simply, we must avoid a scenario in which we are so busy chasing and meeting targets that we drive the country into even deeper recession. The economy will not return to sustainable economic growth if we do not invest in maintaining and creating jobs. Unwavering support for austerity policies is making matters worse and will continue to do so for many budgets to come. One cannot prosper if one is buried under austerity or unable to buy or sell. The problem in the economy is that external investment and internal spending are much reduced. Any owner of a small shop or business will-----

Deputy Arthur Spring: The issue is access to credit.

Deputy John Halligan: That is also a problem. Small businesses employ the vast majority of the workforce. While a small number of large companies employ 800 or 1,000 people, many tens of thousands of small businesses each employ five, six or ten people. The owners of these businesses will tell us that people no longer have any spending power. They are unable to survive because of overheads, high rates and so forth. People are not coming to their shops to spend and not sourcing goods in the large volumes they used to purchase but are choosing instead to try to survive from month to month. If we cannot induce spending in the domestic economy and its many small and medium-sized businesses, we will be in serious trouble. This matter must be addressed.

I do not view my role in opposition as one of attacking every measure the Government introduces. As I stated, it was dealt a bad hand of cards. It galls me to hear Deputies from the Fianna Fáil Party advocate solutions to our economic problems. I also have some difficulties with what Sinn Féin is doing in government in Northern Ireland. Job creation and protection are everything and the route we must take.

In the lead-up to the budget I remind the Government of the commitments given in the programme for Government on how the budget would be prepared. Leaking decisions and options is causing enormous untold anxiety to thousands of households. Fianna Fáil did it for years. I plead with Ministers, many of whom I know are decent, to stop this practice which only fright-

ens different groups about cuts. All it does is forces people to save the few miserable bob they have. We save more in Ireland than in most other European countries, but it is no good to the economy because we are not spending it. Even those on small incomes are trying to put a few bob away every month just in case something bad happens. Ministers do a disservice to ordinary people by leaking budget details.

Will the Government meet and engage with groups such as Social Justice Ireland and pay close attention to the frank, honest and upfront suggestions they make? While the Government may believe it is on a path from which it cannot deviate, sometimes there is no harm in a little humility to listen to what others have to say. I have been involved with Social Justice Ireland for many years. Last night I attended its briefing on the budget at which some of the recommendations made sounded good. It is not too late for the Government to take some of them on board. If it can try different options without making the usual suspects pay, there will be some decency in this.

Deputy Mattie McGrath: I am delighted to be able to speak on the Fiscal Responsibility Bill 2012. I was delighted there was a referendum on the fiscal treaty which I supported, albeit belatedly, but I was annoyed that we did not look for a better deal on it. However, the Government accepted it. This Bill is as a result of the fiscal treaty referendum being accepted.

I have met the troika representatives twice in the past 12 months and I am delighted I will be meeting them again next Wednesday. I am also delighted the International Monetary Fund, IMF, in its recent analysis, has discovered, hey presto, that austerity is not working. On its own it will never work. One cannot bleed an economy dry because nothing would be left to charge the batteries to stimulate growth. At the last meeting with the troika representatives we were informed they expected Ireland to have a 2% economic growth rate last year. This was at a time when those involved in business and the unemployed, even the dogs on the street, knew there would be no growth. When I challenged them to explain where this growth may occur, I was informed it would be in the private sector. While I did not ask them what planet they were on, I asked where they had obtained these figures. They said, reluctantly, that they were getting them from the Government and officials in the Department of Finance. Many of these same officials are the ones who got us into the mess in the first place. I acknowledge what Deputy Arthur Spring said. These are the same officials who advised the Government at the time to go for the bank guarantee and their legacy is still there. I compliment Deputy Shane Ross and his colleague Nick Webb on putting pen to paper about these untouchables. These are the people around whom the system has been built and it is one we cannot crack.

What person - I would hate to call him a lunatic - told the IMF we would have a 2% growth rate this year. When the troika delegates informed me this growth would be in the private sector, I pressed them further, asking if they had sent any agent to see how no one in any shopping arcade in this city or any other rural town or village was spending money. Austerity is not allowing people to spend, while those who have some money are afraid to spend it.

Members have spoken about the unfortunate practice of flying kites before the budget. I know the Minister of State, Deputy Brian Hayes, has done much in his area. I apologise for not being with him in Clonmel last week for the meeting with the Chamber of Commerce. It was unfortunate that it had organised it on a Dáil sitting day and one on which the Technical Group had tabled a Private Members' motion. I know, however, the questions the Minister of State was asked because I am asked them every day by businesspeople who are desperate and whose businesses are just hanging on by their fingernails. They were hanging on in the same

way under the previous Government, but they were promised so much by the Government. They should not have been promised anything because everyone knew the former Government was going to be put out. Many of the then Ministers ran with their tails between their legs and would not face the people. Now these former Ministers are on savage pensions. I do not understand why the IMF does not deal with the cost base of senior public servants and politicians and, above all, the disgraceful pensions with which those who got us into this mess have gone off. Why will the Fiscal Responsibility Bill not deal with this issue? It will not because the very same people are drafting Bills. We must tackle the elephant in the room, public sector costs, while businesspeople who are paying taxes, PRSI and rates cannot continue.

Every Member who listens to the people knows this is the position. There is no footfall in shops and rates are too high because we are paying too many senior executives in councils. We can blame the former Taoiseach, Bertie Ahern, all we like, as he was the architect, but he received willing co-operation from the trade unions and senior public servants with a silent Cabinet that felt times were great and would never get bad. They granted incremental pay increases and gave different pay deals, but at what cost? Now we do not have a hope in hell of getting out of this situation with the bank debt we are asking ordinary taxpayers to pay. It is just not possible. As a very small businessman for 30 years, I know this. Let us take the Health Service Executive, HSE, as an example. Up to 70% of its budget goes on wages. That is lunacy. Any business, small or big, knows that if it gives nearly 40% of its turnover in wages, the game will be over soon. It was embarrassing to see the Taoiseach, like his predecessor, Brian Cowen, having to answer questions in the House every morning on the legacy and mess of the HSE. Some great work has been done in the executive, but there is a legacy of being overstuffed with too many officers. It has too many chiefs and not enough Indians.

The most sickening thing last week was to see the Taoiseach on the front page of *Playboy* magazine. I wish him well, as I voted for him as Taoiseach. However, I had expected a lot more from him.

Acting Chairman (Deputy Paudie Coffey): For the record, he was on the cover of *Time* magazine.

Deputy Mary Mitchell O'Connor: The Deputy must read the other magazine.

Deputy Mattie McGrath: I am sorry. I meant to say he was like a playboy on the front page of *Time* magazine. The people suffering from austerity and the kites being flown are traumatised. The Taoiseach is doing his best at home, but he is not at his best abroad. He came back with a deal from the European Council in June which, again, was supported by the President of the European Parliament last week. However, it has been watered down and attacked by the French, German and Dutch finance Ministers. How dare they? If we had a deal, we had a deal. If we had a promise, we had a promise. It is time to assert ourselves, particularly when we take up the EU Presidency shortly. We must tell Ministers that we made a mistake when we voted for the bank guarantee but that it can be corrected.

Where are the people from the smoke-filled rooms who advised us to vote for the guarantee? Most of them have retired on big pensions or in other jobs, cushioned from its effects. Look at Mr. Cardiff - he was promoted to greener pastures in spite of opposition to his appointment and the fact that he was not fit for the job. It is a mess which has been allowed to develop by democratic governments. The system must be untangled, dismantled and brought back to basics. The people concerned need to realise they are not a special preserve, like the hare which must

be preserved from being hunted down; they must be accountable. That is all I have to say and all I want to say. It was the same with the pension levy. When the then Minister, the late Brian Lenihan, God rest him, brought in the pension levy, who escaped it? It was the senior public servants. I challenged him on it and he thanked me after I put down a motion in our party, because he was told there were only 112 or 113 affected but it turned out that 860 were affected. Why should they have got away with the pension levy when everyone else had to pay it? Why should this cohort of people with their hands around power and access to the Minister escape?

Deputy Brian Hayes: They pay the pension levy.

Deputy Mattie McGrath: They do not pay the pension levy. There were 860 of them. There was a list of them throughout the public service, including county managers and directors of services. They did not pay the pension levy. They were exempted from the special levy. Everyone else had to pay it. The Minister of State need not shake his head. He can go back and check it. There was a change, but it was a disgraceful message to send out to everyone else who had to take the austerity and put their shoulders to the wheel to try to pay their way and support the Government in balancing the budget. That cohort of people was allowed out.

There were cuts of €3.8 billion last year and there will probably be something similar this year. We simply cannot do it. It is not doable and we should tell the troika, the speculators and the bondholders as much. They took crazy, greedy decisions to make vast investments and they are laughing all the way to the bank. They are punch drunk with laughter because they know that they have conned us all and we are all paying for their gambling. They expected to be burned. According to the Tánaiste, Deputy Gilmore, they would be burned and hell's fire would not be as hot. This is why the people are so disgusted and annoyed. The public want the country to thrive. Parents have no wish to see their young people emigrating and their businesses disappearing in front of them. They have no wish to see the disgraceful behaviour of Allied Irish Banks and other banks which are increasing mortgages, not lending to people and trying to con the people. I am pleased that John Trethowan has finally come around and has secured some honesty from all sides. People have told him stories of the banks not lending. He is getting a little tough with them and rattling their cages somewhat. It is time the banks were exposed as well.

Acting Chairman (Deputy Paudie Coffey): I call Deputy Mary Mitchell O'Connor. I understand you are sharing with Deputies Brendan Griffin and Joe O'Reilly. Is that agreed? Agreed.

Deputy Mary Mitchell O'Connor: I listened carefully to Deputy Mattie McGrath. Perhaps he should get his economic advice from *Time* magazine rather than *Playboy* magazine.

Deputy Mattie McGrath: I corrected my mistake. Deputy Mitchell O'Connor should not be silly.

Deputy Mary Mitchell O'Connor: It may have been a slip of the tongue.

Deputy Mattie McGrath: The Chair corrected my mistake and I was happy to have the record corrected.

Deputy Mary Mitchell O'Connor: When I was ten years old I started earning pocket money. I earned it by doing odd jobs around the house. I was conscientious but I did not have much choice. If I did not do my jobs I did not get paid; it was that simple. I became good at

budgeting and I appreciated the value of money. I appreciated the cost of commodities and I appreciated my financiers, my mother and father. There was no sense of entitlement in our house. If one wanted something, one worked for it. More important, I appreciated that I could not simply get what I wanted and that I had to work hard for it.

Unfortunately, many of us have failed to teach our children these tools. During the so-called Celtic tiger era, money was easy and pocket money became a thing of the past. Children received an allowance and we became posh. Many people ran away with themselves. Many people borrowed money recklessly and many banks lent money recklessly. In many families children got more than €50 or €60 to keep going. If they ran out, there was an unwritten rule that they could tap their parents for more. During the Celtic tiger era we were too busy accumulating, socialising and consuming. We were too busy to be concerned with budgets or to teach our children life skills. We were too busy to be concerned about putting the skills embedded in us into practice. William Feather said that a budget tells us what we cannot afford but it does not keep us from buying it. That was our philosophy in a nutshell at an individual level, at county level and at national level.

Where do I place the blame? It lies with the Government, Deputies, banks and the regulator. We were all appointed to lead by example but we did a poor job. Like careless parents, they gave us everything but they did not call a halt and only fuelled the party. George W. Bush said "It's clearly a budget. It's got lots of numbers in it". That was the Government's approach. We were flying high on a property bubble and we were encouraged to spend, spend, spend. That was the level of thinking about the sustainability of our budgets. It was only a matter of time before it all collapsed.

Unfortunately, we all got bruised by the landing, including the most innocent among us. In many ways, these people got hurt the most. Not one day goes by in my office when I do not receive e-mails and telephone calls from persons in serious negative equity struggling to put food on the table and to send their children to school. People who have lost their jobs ring me, as do older persons who have lost their pensions for which they spent 40 years saving. Other people contact me who had invested their money in bank shares, which were supposedly as safe as houses. This must never happen again.

I support the Bill just as I supported the fiscal stability treaty referendum. Now that I am a Deputy, I aim to provide leadership and to instill the values my parents instilled in me, values associated with money, commodities and finance. This is to ensure that our country is never again brought to its knees because of reckless budgeting and the banks. It will not be easy to bring Government spending within sustainable limits and to balance the budget. It is not a small task but we are getting there, taking our medicine and making the hard decisions. We are not treating Irish citizens like overindulged children because that would not benefit Irish citizens in the long run. If those in the previous Government learned anything, I hope they learned that much.

Deputy Brendan Griffin: I welcome the opportunity to speak on the Bill. The people made their voices heard clearly on 31 May with regard to the stability treaty. The majority of people to whom I listen in my constituency in Kerry and throughout the country tell me that we must eliminate our budget deficit, do so as quickly as possible and prevent future budgetary deficits from arising. Thus far, this has proved to be stubbornly difficult but it is a necessary remedy for our country and the economy. The move to balance the budget as quickly as possible is crucial to our long-term economic recovery prospects. The burden of budgetary deficits

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and the years of future negative budgetary adjustments represent a shackle around the legs of the economy, something we must cast off. It is affecting confidence in our domestic economy. As long as the level of confidence in the domestic economy remains low we will be faced with vast problems such as unemployment and emigration.

I welcome that the Bill provides for the establishment of the Irish Fiscal Advisory Council on a statutory footing. The advisory council has a significant role to play in our recovery, but only if it is listened to. Previous speakers have criticised the advisory council. It is unhelpful to hear criticism based on people not agreeing with what they hear. The country must face up to the reality rather than giving soundbites countering what we have no wish to hear. The country must accept that we are spending too much and we cannot afford it. Every cent we spend in excess of what we take in will have to be paid back by future generations and this is something I am uneasy about.

There are two main accepted ways of adjusting a budget: one is to cut spending and the other is to increase taxes. It is four years since the explosion of the current crisis but I believe we still have significant scope to do both. We must ensure that any cuts implemented will not hurt the sick, poor and disadvantaged and that any tax increases do not cost jobs. This is not easy to do but with some imagination it can be done. It has been said many times that the low-lying fruit has already been picked but I disagree. There is still plenty of low-lying fruit left but we must take our hands out of our pockets and reach up high.

Debate adjourned.

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

Ceisteanna - Questions

Priority Questions

Public Sector Staff

1. **Deputy Sean Fleming** asked the Minister for Public Expenditure and Reform the date on which he intends to publish the cost benefit analysis and full details on the operation of the proposed voluntary redundancy scheme within the public service; and if he will make a statement on the matter. [43504/12]

5. **Deputy Mary Lou McDonald** asked the Minister for Public Expenditure and Reform if he will provide details of the public sector voluntary redundancy scheme recently announced; if he will identify the areas in the public sector from which these redundancies are to be targeted; the targeted net saving to the Exchequer; and the provisions that will be put in place to protect

service provision for citizens. [43503/12]

Minister for Public Expenditure and Reform(Deputy Brendan Howlin): With the permission of the House, I propose to take Questions Nos. 1 and 5 together.

The Government is committed to reducing the size of the public service and to creating a leaner more efficient public service. At mid-2012, public service numbers were 292,000. This is 28,000 below the peak number of 320,000 reached in 2008 and is comparable to the 2005 staffing levels. Service levels have been largely maintained, and in fact increased in some areas, notwithstanding these considerable staff reductions due to increased productivity and workplace flexibility.

The Government has agreed to accelerate the programme of staff reductions in order to maximise pay-bill savings. Where staff surpluses are identified a targeted voluntary redundancy scheme would be made available for selected areas throughout the public service.

Identification of staff surpluses is under way. Following the agreement by Government of my proposals, my ministerial colleagues are actively examining particular work areas, bodies, locations and-or grades at which voluntary redundancy can be targeted because of changes to workplace configuration or service delivery models. Of course, there will be full regard for the skills needs and priorities of Departments now and in the future during this process. I stress that there will be no automatic right to redundancy and all applications will be subject to an ongoing business need. This will ensure that critical front line services will be maintained.

Final decisions on numbers reductions to be achieved in each sector will take account of the surpluses identified by Ministers and reported to me in respect of their portfolios and of expected rates of retirements in those sectors over the next few years. Of course, a full cost benefit analysis will be required as part of this assessment. When this assessment has been completed further details of this scheme will be made available by my Department.

This is the first time that there is flexibility. As I explained on many occasions in the House, we did not control the previous exit package because it was staff simply taking a choice for themselves to go before the reduced pay impacted on their pensions. This one will be to identify where there are genuine surpluses of staff where we can offer voluntary redundancies.

Deputy Sean Fleming: I thank the Minister for at least coming into the House and giving us some information. As recently as lunchtime, I checked the Department's website for any statement on this from him and I could find no statement to date. The only record I can find anywhere is something that was published on RTE on 2 October and, obviously, somebody had a word in somebody's ear. There was no press release, there is no case made for it and there is cost-benefit analysis. It sounds as if the Minister will make it up as he goes along.

He might give us the timescale. He has stated that it will take a few years. One would have thought, the way this announcement came out, that it would happen quite soon. Is it now to be over a two-year or three-year period?

He might tell us who will present the business cases. There was the recent example of the business cases for allowances and they went nowhere. What will happen with the business cases here, who will present them and will they be accepted?

What kind of redundancy payments will be involved? I cannot find anything on the public

record officially from the Department. Somebody stated it will be like the HSE package, that it could be three weeks per year of service plus two weeks statutory redundancy. If so, from the taxpayers' point of view, that would be an expensive redundancy package relative to the cost of the staff who took early retirement this year. The Minister might give us an indication of which would be the most beneficial from the point of view of the taxpayer - this or an early retirement scheme.

The one matter on which I agree with the Minister is that any new package needs to be targeted. The Minister stated that he would examine Departments to identify where there are surpluses. As part of that important exercise, he must also examine Departments to see where there are shortages. I need not tell him about the Department of Social Protection where applicants are waiting between nine and 12 months for appeals to be dealt with, cases to be examined, means tests to be carried out or medical examinations. There are shortages. Will the Minister take this into account and where he identifies surpluses, will he move them to known areas of shortages?

Deputy Brendan Howlin: I am taken by the Deputy's series of questions and his interest in having detail. He will find that everything we do will be spelled out in detail.

To be clear, there is no scheme at present. I indicated after a Government meeting, because we were asked what was discussed at Government which is a normal occurrence after such a meeting, that I had brought a proposal simply to request every line Minister to look, in the context of all of the agencies and Departments under their purview, to see if there are surplus staff. As Deputy Sean Fleming will be aware, we spoke about areas in the past where there were too many staff.

There are areas that are under pressure for staff and that is why the architecture of the Croke Park agreement is so important. Seamlessly and without fuss, we have moved thousands of staff across the public service under the Croke Park agreement. It is one of the unsung achievements of the Croke Park agreement. The funny aspect of it, as I have stated previously, is that if one achieves something - for example, getting the new deal on sick pay - without a row, it is taken as if it is nothing. If one achieves the same thing with a major row, it is regarded as a significant achievement.

I am awaiting reports from all my colleagues on the staff they think are surplus. A number of them have come back already and there will be significant numbers in some areas. We will conduct the analysis in a profile of a number of years to see how many would be leaving in any event. We do not want to have staff who will go in any event in a year or two to be a cost. To those who are appropriate, we will be applying HSE terms.

On the point the Deputy makes on social protection, no line Department has got more additional supports than Social Protection to meet the significant increase in appeals and applications because the volume, variety and complexity of social welfare payments is such that this support is needed. Part of the reform agenda my colleague, the Minister for Social Protection, is pursuing is to rationalise that so that there is not the complexity and multiplicity of allowances.

Deputy Mary Lou McDonald: I thank the Minister for his response.

I assume that this new scheme is designed to reduce numbers in the public sector by 10,000 by 2014. That was the Minister's stated target. I am working on the assumption that this is

the mechanism that he has identified for doing that, but he might confirm that for me when he responds.

The difficulty that my party has here is a fundamental one and it relates to the moratorium on recruitment and the embargo. The Minister states that he will ask line Ministers to identify surpluses of staff. I very much hope that when he has all of this detailed information he will publish all of it and the publishing will not be selective. I would certainly like to know where are these areas of alleged staffing surpluses. We can very readily identify the places where there are staffing shortfalls but it would be interesting to see where, in the view of Government, there are surpluses.

I do not know how the Government can take a further 10,000 workers out of the system and still guarantee the protection of services. The Minister said service delivery has increased and improved but that is not the experience of the end-user of the services. That is the reality and any Member of the House who does any level of constituency work will vouch for that. Indeed, anybody who has taken the time to talk to people who are working in the public service will also know that.

An Leas-Cheann Comhairle: I urge the Deputy to frame a question.

Deputy Mary Lou McDonald: Can the Minister assure us that all of the data, not a half-baked version of it, in respect of the so-called surpluses, the areas where there are staffing shortfalls and the full detail of any cost-benefit analysis will be published in full? On publication of that data, I ask the Minister to allow us the opportunity to debate and discuss it, rather than have him as Minister simply making an announcement to the general public. Could we have the courtesy at least of a full and detailed debate based on that detailed and comprehensive information in this Chamber?

Deputy Brendan Howlin: I will deal with the last point first in terms of engagement with the process. I had hoped that there would be full engagement with the real challenges that we face as a country and a people. That is why I published the medium-term fiscal horizons for every Department over three years, so that people would know what is required in terms of reductions in expenditure. I also published all of the documentation relating to the comprehensive review of expenditure so all of the policy options that were submitted would be known. I was not overwhelmed by the analysis done by the Deputies opposite in terms of the options that should be taken, but so be it. That is fine. The Government will have to make decisions on the path to recovery.

Regarding the first question the Deputy asked about numbers, she is correct that, as of this minute, there are approximately 292,000 public servants, which is a reduction of 28,000 on peak. The target we have set for 2014 is 282,500, which means a reduction of in or around 10,000. Obviously, natural retirements will remove a good number of people from the service but our estimate is that this will not be sufficient. That is why we are introducing a targeted redundancy package, to supplement the natural retirements, as well as those leaving the service for other reasons.

In terms of the general thrust, we are delivering public services differently. That is what the whole reform agenda is about. Different skills mixes, different working arrangements, different rostering and so forth, are enabling us to achieve more with less. That is what everybody is trying to do in this economy to make it more efficient. The public service has responded

extraordinarily well to that real challenge.

Deputy Sean Fleming: I wish to put on record that we discussed this targeted redundancy package in this House last June or July, before the summer recess. Some people were surprised by the announcement but if they had been listening to us in the Chamber they would not have been surprised. The matter was discussed here and flagged months ago.

I ask the Minister to confirm that this will be a Government decision rather than something negotiated under the Croke Park agreement. That agreement does not deal with reductions in numbers. That is a Government decision, like the early retirement package of last February. Such matters are Government budgetary decisions and the Croke Park agreement helps to manage the process but does not set the agenda for the numbers.

Deputy Brendan Howlin: That is correct.

Deputy Sean Fleming: In terms of what is on offer and the offer itself, will that be a direct Government decision or will it be taken in consultation with the public sector committee of the Irish Congress of Trade Unions? Will the redundancy scheme be like the early retirement scheme, namely, a Government announcement to be managed afterwards?

Deputy Mary Lou McDonald: One gets to a point with this theory of more with less where one runs out of rope eventually. The Minister is clearly minded to shed 10,000 more public servants. I ask him again to give an absolute commitment that the full details will be provided. I am labouring this point because when information was published in respect of, for instance, premium pay and allowances, it was not in any way robust or as comprehensive as one would require in order to be able to have an informed discussion on the topic. I really hope that when the Minister is planning to take such drastic action as to shed 10,000 more jobs in a climate of very high unemployment and when services are stretched to capacity, that at a minimum the Government that proclaims transparency will put up all of the information, including those areas where the Minister finds that, far from a surplus, there is a significant shortfall in numbers.

Deputy Brendan Howlin: In response to Deputy Fleming's question, it is indeed a matter for Government and not a matter for negotiations. We have set the targets and we are accelerating those targets. We have reduced public service numbers to 2005 levels and it cannot be argued that we had a desperately understaffed public service back then. We need to look at all of the new technologies that are available. More than 300 services are being delivered online now. If the Deputies wanted to buy an airline ticket, they would not go to a staffed travel agency to do so as they might have done 20 years ago. We must be modern in the way we deliver our services because the people who are paying their taxes expect that of us.

In response to Deputy McDonald, we will be as transparent on this as we can be. I am sure I am not going to be able to satisfy Deputy McDonald in all of this because she does not want us to embark on this scheme at all. That is fine and she is entitled to her point of view. However, we can transform the way we deliver services. Tomorrow I am appearing before the Committee of Public Accounts and shortly after the finance committee to go through in detail the public service reform agenda and outline what we have achieved to date in a short period of time. It is less than a year since that agenda was published and we are bringing about a quiet revolution. I know there is screaming and shouting about parts of it but the general change that is happening is one that we will all be proud of when we are finished.

Public Sector Allowances

2. **Deputy Mary Lou McDonald** asked the Minister for Public Expenditure and Reform if he will make a statement on his recent review of public service allowances and premium payments; if he intends to make public all data relating to the allowances including the grade and pay level of recipients; and the way in which he intends to deal with these allowances and premium payments into the future. [43502/12]

3. **Deputy Mattie McGrath** asked the Minister for Public Expenditure and Reform the steps that he will take to ensure greater accuracy in the targets that he sets in view of the failure to reach the target set in respect of public sector allowances; and if he will make a statement on the matter. [43586/12]

(Deputy Brendan Howlin): I propose to take Questions Nos. 2 and 3 together.

This Government is committed to securing sustainable reductions in the cost of the public service pay and pensions bill. The aim is to reduce the total cost of the Exchequer pay bill by some €3.8 billion in the period from 2009 to 2015, a large and sustainable fall in the cost of employing people to deliver public services by 2015. The reform of allowances is just one element of a sustained programme of cost reduction across the public service.

It is worth repeating that allowances are, and will continue to be, a normal part of the pay structure in the public service. However, allowances should only be payable in circumstances that meet the criteria set out for the review. Those criteria were that they should reflect the arduous nature or unsocial hours, including the need to remain on call at weekends and other times, clearly associated with the duties of posts; they should ensure work of additional value is actually received by an employer; or they should cover an actual cost accruing to the employee derived from their employment.

The allowances review conducted by my Department was the first comprehensive, public-service wide attempt to address outdated allowance-based pay structures across the public service.

There will be two consequences of the decisions taken by the Government on foot of the review. The cost of employing new public servants to deliver public services will continue to fall because we will no longer be paying them outdated allowances. The allowances review also showed structural weaknesses and a lack of transparency in the way in which certain public servants are paid. Pay structures across the public service will be radically reformed through the elimination or modification of certain allowances and the restructuring of pay scales. As well as structural improvements and greater transparency, these measures will generate substantial, sustainable savings in future years as well.

To assist people in understanding the basis of the review, details of business cases together with the outcome of the review have been published on my Department's website. Details of salary scales in respect of all public service grades and details of allowances payable to those grades are retained at sectoral level and can readily be supplied in respect of each sector by the Department in question.

The review done to date is just the first step in what will be an ongoing process. My Department has written to sectoral managers instructing them to engage immediately with staff interests with a view to securing their early agreement to the elimination of departmental al-

allowances to current incumbents where no business case exists to pay those allowances to new beneficiaries. Departments have also been asked to identify other allowances, including legacy allowances, for elimination from current beneficiaries. Departments were requested to submit detailed proposals, including setting priorities and indicating timeframes for completion of this process, to my Department. This process will enable further savings to the Exchequer to be quantified.

With regard to the indicative savings target of €75 million for 2012, it was never the case that the allowances review targets was included in the budgetary provision. The intention was that any moneys saved would be available to offset against unallocated savings in the overall spending ceiling. The size and duration of the review could not have been anticipated and I accepted earlier this year that the specific savings targets for 2012 would not be realised. This does not impact on the achievement of the pay bill budget for the year, which will be fully realised.

I am confident that the decisions taken by the Government on foot of the review will go a long way towards making our public service leaner and more efficient, as well as delivering services on a cost effective and value-for-money basis.

Deputy Mary Lou McDonald: The business cases to which the Minister referred were flimsy to say the least. In many instances they were simply reiterations of a *status quo* which was not to be disturbed and there was little substantive analysis. He has made a dog's ear of the matter. He backed away from his own estimate of €75 million but, worse, he deliberately targeted new entrants, just as he did in respect of the new pension regime for the public sector. It is acceptable on his watch that a young teacher who starts this month will earn €11,000 less than somebody who commenced two years ago.

Deputy Brendan Howlin: Does the Deputy know how much teachers are paid?

Deputy Mary Lou McDonald: It is completely unfair.

Deputy Brendan Howlin: It is not true.

An Leas-Cheann Comhairle: I ask the Deputy to put a question.

Deputy Mary Lou McDonald: I ask the Minister to hold his horses. A number of issues have to be factored in if we are to get to the bottom of the question of allowances. One of the core considerations has to be pay equity in the system. A small group of individuals enjoy very high incomes, whereas the mass of public and civil servants are on modest wages. When one makes a calculation on premium payments and allowances, one must not only look to the public purse and the overall pay bill but also to the sustainability and spending power of workers in these categories. There are no prizes for driving those who are struggling to get by into poverty. I ask the Minister why he has not taken that into account in his analysis and ask him to do so when he deliberates further.

Deputy Brendan Howlin: Not for the first time, I am bemused by Deputy McDonald. She is arguing that we did not go far enough while at the same time accusing us of failing to take account of spending power. I do not doubt that we would be having a different dialogue if we had taken the decision to eliminate all the allowances I have identified in the first annexe to the report, which would have taken €4,000 out of the pocket of every garda and thousands of euro from teachers and firefighters. I am not sure the Deputy is in favour of that.

Deputy Mary Lou McDonald: The Minister knows full well I am not.

Deputy Brendan Howlin: We have analysed the impact of the spending power of public servants and social welfare recipients on large parts of the economy. These factors are taken into account. This the first time we have drilled down into the composition of pay. I have been honest in acknowledging that it is much more complicated than I first envisaged. Under the pay regime that has built up over decades, allowances were subsumed into core pay across swathes of the public service to meet various sectoral agreements at different times. Relativities, in terms of people in different categories of employment, were part of the pay structure. It is an extraordinarily complicated task to disaggregate that system.

Now that we have seen the picture we have set about eliminating those allowances which are not justified by using the mechanisms of Croke Park to buy them out, except for those which are such important parts of core pay that it would be unacceptable to force the sector of our community which receives them to carry an inordinate burden. We are going to create new pay structures across the public service so that the allowances are subsumed into normal pay structures. These are complicated issues but my Department and I are determined to address them. People sometimes view these matters at a surface level but true reform is much more complicated and demanding. I am determined to deliver a truly reformed public service at the end of the day.

Deputy Mattie McGrath: I acknowledge that the Minister does a difficult job and I wish him well in it. I do not want to knock public servants, particularly those on lower pay grades. I do not want to take money from the pockets of gardaí, nurses or other front line workers. However, the Minister or his Department fostered the expectation that €75 million could be saved and the public were left with the impression that a lot of fat could be trimmed. I am disappointed that somebody gave him those figures - I do not think he came up with them himself - when the actual amount was a paltry €3 million. Would it not have been better to impose a percentage cut across the board? We will have to improve our ability to make projections because the performance in this instance was very poor.

Deputy Brendan Howlin: I am not sure whether Deputy Mattie McGrath asked a question but I will respond in any event. I do not think he wants to pick on any category of public servant, whether teachers, nurses or gardaí, simply because of the way in which their wages were historically constituted. I do not think any Deputy would have been happy if I had taken that route, other than, perhaps, one or two.

Deputy Mary Lou McDonald: He took that route with new entrants.

Deputy Brendan Howlin: I have stated publicly that if I was starting again I would not set out the estimate of €75 million. The genesis of the figure is simple, however. The total for all allowances, including the big chunk that is core pay, is €1.5 billion and 5% of this total is €75 million. I believed we could set out a target of this nature. I did not put it into the budget arithmetic and it was not included in the pay targets but sometimes it is important to set an objective. I will not be enthusiastic about setting further objectives because apparently it is a mortal sin to drill down and discover that a target is not achievable. It is more honest to admit the truth.

My overall target is not €75 million; it is €3.8 billion. I am required to achieve a reduction in pay of €3.8 billion in gross terms, or €3.3 billion in net terms. A dialogue will be required on how we are going to achieve these targets. However, alongside reducing numbers and the pay

bill I also want to develop a more efficient public service which offers relative security to those who work in it so they can plan and spend in our economy once again. I have heard shrill voices from those who argue that low paid public servants are somehow responsible for our economic woes. That is not true but certain people want to peddle that claim and we read about it far too often. Public servants have taken two pay cuts. They have taken a pay cut of 7% on average and also pay a levy of 7% on average. They are working harder and doing more.

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However, we need to do more and I am asking for more. Tomorrow with the Taoiseach I will meet the implementation body to set a new agenda. We are driving change and reform. This issue should not be looked in a narrow sectoral way but in the round. The Department intends at the end of its five year mandate to have in place a much more efficient modern public service of which we can all be proud and which will be cost effective, efficient and deliver the services people need.

Deputy Mary Lou McDonald: The Minister knows full well that I am asking him to ensure he does not take another red cent from the pockets of the average garda on the beat, firefighter or clerical officer. We have had this discussion.

Deputy Brendan Howlin: From whom does the Deputy want me to take money?

Deputy Mary Lou McDonald: I want the Minister to deal with the issue of high pay rates in the public service and impose a cap. We have had this discussion time and again. The Minister has claimed he is the defender of public servants on low and middle incomes.

Deputy Brendan Howlin: I am doing that.

Deputy Mary Lou McDonald: The evidence is that the Minister has deliberately targeted new entrants to these jobs, running through their pension entitlements and allowances. That is what he has done rather than target his efforts. He must recognise the pay inequity in the system and target his efforts at those areas in which there is scope for savings. Undoubtedly, there is scope at the top. The Minister mentioned using the Croke Park mechanisms to buy out allowances. Will he set out for us what this means? Will he set out the scale and indicative costings?

Deputy Mattie McGrath: I too thank the Minister for his efforts and honesty in admitting the figure was 5% and that the savings achieved did not come to the €75 million ingrained among the public, leaving egg on everyone's face when only €2.5 million or €3 million was saved. The Taoiseach said he was writing to all line Ministers asking them to come up with savings. Like Deputy Mary Lou McDonald, I do not want another cent to be taken from lower paid workers. I am also concerned about new entrants being penalised, particularly in their starting pay. Pension entitlements are a different matter, as we have seen some exorbitant pensions being paid to senior civil servants and former politicians, which is morally wrong.

I am glad the Minister of State, Deputy Brian Hayes, is with the Minister. With reference to a contribution I made earlier today, the Minister of State denied a cohort of well paid and cosseted individuals close to the centre of power had escaped the pension levy under the watch of the previous Government. The Minister should inform his colleague of the truth of this. It was appalling and sent the wrong message to every public servant and everybody else. The people concerned are still getting away with it. It is the people close to power who are protecting themselves who must be targeted.

Deputy Brendan Howlin: There are a number of questions to deal with. I will deal, first, with the issue of high earners. The Sinn Féin position has always been very clear. It suggests some nebulous rich tax could be imposed that would solve all of our problems, that no general tax need be levied and that there is no need to cut any service. The number of high earners in the public service who earn more than €100,000 is less than 2%.

Deputy Mary Lou McDonald: It is almost 7,000.

Deputy Brendan Howlin: It is, in fact, less than 6,000.

Deputy Mary Lou McDonald: The figure is 6,791.

Deputy Brendan Howlin: I will give the Deputy the exact figures when we reach that question. She spoke about the targeting of young teachers. I do not have the exact figure, but a young teacher starting off is on a salary of approximately €32,000. In order to not double the impact on teachers whose starting pay is now 10% lower than it was and whose allowance for obtaining a degree has been removed, we have abolished the first three steps in the incremental scale. This gives them a fair start. We looked at the graduate entrance rate in the private sector and the figure mentioned is well up with it. To be honest, if I was asked who was damaged or hurt the most in the economy, I would not say it was the ones starting out now but those who bought a house at the peak of the boom - those between the ages of 35 and 45 years - and who are now in negative equity. A teacher starting today will buy a house at a figure 60% lower than the cost five or six years ago. There are inequities in society that we must address over time. The insolvency legislation and all of the other measures the Government needs to introduce will help to address them.

With regard to the Croke Park mechanisms, we may have a chance sometime to deal with this issue in committee, as I do not have time to explain now what I have written in a letter to line Departments. However, I will be happy to give the information to the Deputy which we may discuss in committee.

Deputy Mattie McGrath mentioned pensions. He is right in what he says. I have looked at ways to take back some of the pensions. Under the financial measures in the public interest legislation I introduced last year, I provided for a take-back of an additional 20%. That was as much as I was advised I could do with that category. The Deputy is aware of what is contained in the programme for Government with regard to pensions which is something on which we have worked also.

Job Creation

4. **Deputy Sean Fleming** asked the Minister for Public Expenditure and Reform the expected level of jobs that will be created by the end of 2012 and 2013 respectively as a result of the stimulus plan announced in July 2012; and if he will make a statement on the matter. [43505/12]

Deputy Brendan Howlin: On 17 July the Government announced its plans for an additional €2.25 billion investment in public infrastructure projects. The most important contribution capital investment can now make is in providing the capacity for the economy to grow which will, in turn, create employment. The stimulus package included €1.4 billion to fund the proposed new public private partnerships, PPP, programme. This investment is directed towards

projects that meet key infrastructural needs and are in line with the priorities in the Government's investment framework. These projects will form the first phase of a new programme of PPPs designed to stimulate economic growth and create employment. As the phase 1 projects are progressed and as funding permits, projects that could be delivered as part of further phases will be considered.

Job creation is a critical priority for the Government. This stimulus will help to sustain jobs in the construction sector which has been very badly hit. The investment in the phase 1 package is expected to generate significant numbers of jobs. Previous analysis of each sector indicates that the investment will generate around 13,000 direct jobs and many more indirect jobs. It will also create much needed social and economic infrastructure and aid economic recovery. Projects have also been chosen on the basis that they are spread across the country and will provide employment in many local areas. When deciding which projects to invest in, the labour intensity of all projects was carefully considered.

My Department chairs a steering committee which is closely engaged with the relevant line Departments and their agencies to ensure all of the projects identified are advanced. Work is being finalised on a timetable of projects to determine when projects can be rolled out. I expect that a number of tenders will issue next year. An important feature of the PPP programme roll-out is that jobs will be created and sustained at all stages from project preparation, design and construction. Activity has commenced and I understand a number of tender competitions are under way, including those for legal advisory services and technical advisory services for the Grangegorman project, the schools programme and the justice programme.

Additional information not given on the floor of the House.

The HSE will also be issuing tender notification for technical advisors for the primary care centres shortly. This should help to provide certainty and sustain employment in these sectors. There will be considerably more activity next year as project preparation continues.

The steering committee is also looking at ways to maximise job creation as part of each tender competition in line with procurement regulations. With the NDFA, the committee is also examining ways to encourage SME participation by facilitating access to the programme. The NDFA is working with Enterprise Ireland to organise awareness raising events across the country.

Deputy Sean Fleming: My question specifically asked how many jobs would be created by the end of 2012 and 2013, respectively, but the Minister did not give an answer. Therefore, I can only assume the answer is zero.

Deputy Brendan Howlin: That would be wrong.

Deputy Sean Fleming: The Minister said that after six or seven years some 13,000 might be involved in the programme. He cut capital expenditure this year by €750 million and will cut it by €550 million next year. This amounts to almost half of the value of the stimulus package. Therefore, it does not even go half way towards meeting the cuts announced for this year and proposed for next year. Therefore, it is only a minor abatement of the cuts in capital expenditure. The Minister is now talking about drawing up a timetable, tenders being issued in 2013 and, possibly, planning applications going through for some of the infrastructural projects proposed.

An Leas-Cheann Comhairle: Does the Deputy have a question?

Deputy Sean Fleming: How much work on these projects will physically start in 2013? I take it that nothing will happen this year. Perhaps the Minister can tell us how many people will be employed specifically as a result of this initiative in 2013.

Deputy Brendan Howlin: Sometimes I reel at the brass neck of Fianna Fáil. Why are we reducing the capital programme? Why are we reducing expenditure at all? We are doing it because Fianna Fáil ruined us. Under the programme that the previous Government set before we came into office, a deficit of 2.9% had to be reached by 2014. As a result of our negotiations with the troika, that has been pushed back to 2015. The level of cuts and expenditure would have been much deeper, of necessity, if Fianna Fáil had stayed in office. Taxes would be much higher, of necessity, than those we have negotiated. That is the reality we have faced. As I have said, this Government's economic strategy has three strands. First, we must work towards a balanced budget. We are doing that incrementally and with great difficulty. It will be done by 2015, with the forbearance of the Irish people. Second, we need a stimulus to go with the balancing of budgets because it is not enough. That is true not only in the Irish context but also in the European context. We have worked might and main in our discussions with the European Investment Bank and other investors to put together an investment package with significant job creation potential, involving 13,000 jobs in its first phase. We are driving to have many of those tenders up and running next year. Some of the planning is happening right now. Some employment will happen before the end of this year, for example in the pre-planning and preparation for the Grangegorman project. Third, we need to deal with the banking debt. Along with my colleague, the Minister, Deputy Noonan, I am working might and main to deal with that legacy of the promissory note the previous Government left us.

Deputy Sean Fleming: The Minister introduced party politics into this. He will get his answer back from me.

Deputy Brendan Howlin: I saw the Deputy doing politics when he was grandstanding yesterday.

Deputy Sean Fleming: The Minister was not there.

Deputy Brendan Griffin: Is the Deputy going to stay in his chair this time?

Deputy Sean Fleming: I would love him to look-----

Deputy Brendan Howlin: Is the Deputy going to walk out again?

Deputy Sean Fleming: The Minister feels that he is in a position to comment even though he was not there.

An Leas-Cheann Comhairle: I remind Deputies that this is Question Time.

Deputy Sean Fleming: I am responding to the Minister's response. The Government is producing its second budget. It might not have dawned on the Minister that the public has realised that he and his colleagues are in government. I do not hear President Hollande of France blaming Nicolas Sarkozy for his difficult choices.

Deputy Brendan Howlin: The Deputy must not be reading his speeches.

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Deputy Sean Fleming: I do not believe David Cameron goes around-----

Deputy Brendan Howlin: The Deputy is not reading his speeches.

Deputy Sean Fleming: The Minister thinks the solution to the Government's problems is to continue to pass the buck to those who were in government in previous years, but the people of Ireland have moved on from the past.

Deputy Brian Hayes: I doubt it.

Deputy Brendan Howlin: The Deputy wishes that were the case.

Deputy Sean Fleming: They are more interested in the present and the future.

Deputy Brendan Howlin: They have not forgotten the damage done by the Deputy's party.

Deputy Sean Fleming: The Minister knows that if the Government is not happy with the programme it inherited, it is free to renegotiate elements of it each quarter. It has the ability to do that and it has done it in certain cases. The Minister cannot hitch it onto the old Government. This Government has the flexibility to renegotiate any aspect of the programme that it does not like. The Minister and his colleagues have been in government for two years at this stage. The Government is approaching its second budget. It can continue to blame history as long as it likes. Believe it or not, people are more interested in the jobs they are looking for and the budget that is coming up than in going on about what happened in previous years. I ask the Minister not to continue this cover-up job when he is making his remarks in future. I asked how many jobs will be created in 2012. I want an answer. I know the answer is "zero". How many jobs will be created in 2013? The Minister has failed to answer that question here today. I want to hear the answer, if there is one.

Deputy Brendan Howlin: The people changed the Government last year. Unfortunately, they could not change the economy. We are fixing the broken economy that was left to us by the previous Government. We will fix it in our five-year term. I know the Deputy and his colleagues will not be of any help. Last year, we received their pre-budget submission the day before the budget, which was a most helpful input into the analysis of what should be done. The stimulus package we have published was hard-fought and hard-won when we negotiated it. It is being funded by the sale of State assets. According to the agreement that the Deputy's party agreed with the troika, every shilling from the sale of State assets would have to be used to pay down debt. We have-----

Deputy Sean Fleming: There is no figure in the agreement for the sale of State assets.

Deputy Brendan Howlin: Walk out again. Go on.

Deputy Colm Keaveney: Run out again.

Deputy Sean Fleming: The Minister has made an inaccurate statement. There is no figure in the memorandum of understanding for the sale of State assets.

Deputy Brendan Howlin: The Deputy shouts people down and walks out because he cannot take it.

Deputy Sean Fleming: The Minister should not try to rewrite history.

An Leas-Cheann Comhairle: I ask the Deputy to resume his seat. The Minister has the floor.

Deputy Brendan Howlin: The problem with the Deputy is that he wants to declare year zero, as Pol Pot did, so that everything that happened before his party left office, having wrecked the economy, will be forgotten. That is not going to happen. We are setting out the record as it is. We are working incrementally to fix things. I have set out the three strands of the economic policy we will deliver. The first phase of the stimulus programme which is part of that policy will create 13,000 jobs. We are still negotiating other elements of it. We will address strategic infrastructure and meet the requirements of the programme for Government by rolling out a different health strategy for this country, meeting the demographic demand in education, providing the Grangegorman facilities and doing all the other things that were set out in the first phase of our stimulus plan.

Question No. 5 answered with Question No. 1.

Other Questions

Public Sector Reform

6. **Deputy Bernard J. Durkan** asked the Minister for Public Expenditure and Reform the extent to which public service reforms embraced to date have resulted in the achievement of specific budgetary targets; if he has identified a means of rewarding those sectors that have achieved the best performance under this heading to date; if programmes of incentivisation to encourage net beneficial reform have shown results or need to be further enhanced; if he expects to be in a position to specifically focus on particular areas that may have given rise to concerns; and if he will make a statement on the matter. [43387/12]

Deputy Brendan Howlin: I am happy to confirm that the public service reform agenda has contributed to the Government's success to date in meeting all the budgetary targets we set under the medium-term fiscal statement of November 2011 and the broader EU-IMF programme. In particular, the move to introduce a medium-term expenditure framework, as set out in last December's comprehensive 2012-14 expenditure report, marks an important reform in terms of establishing multi-year expenditure ceilings for each ministerial area to guide policy planning over the medium term. As regards the question of incentives for those sectors that perform well in meeting their budgetary and reform commitments, it is relevant to note that the medium-term expenditure framework envisages a new "carryover" facility for Departments that manage their allocations within budget in any year so they can use these savings in the following year. Those Departments that are proactive in driving reform, innovation and structural planning will naturally be best placed to avail of this facility.

As the Deputy will be aware, a key commitment of the programme for Government is to modernise, renew and transform the public service to enhance service delivery and achieve greater value for money. The Government's public service reform plan, which was published

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last November, outlines key commitments to radically change the public service in terms of how it is managed and organised and how it manages expenditure. Last month, I published an update on the implementation of the reform plan, which shows that good progress has been made in delivering on the commitments we set out last year. The reform plan is making a vital contribution to the achievement of our budgetary targets. As of mid-2012, public service numbers had fallen by approximately 28,000. The reduction in numbers is delivering major savings to the pay bill, estimated at €3.8 billion by 2015.

I would like to give a couple of examples of the implementation of the reform agenda. A strategic mandate for shared services in the Civil Service has been agreed by the Government and the major sectors are also finalising their own shared services plans. Shared services will eliminate duplication and mean fewer staff and resources will be required to maintain many back-office functions. From next March, Civil Service human resources functions will begin a phased transition to a new human resources shared services centre. All Civil Service bodies will move to this centre by the end of 2014. The Government has agreed to implement the main recommendations of the review of the central procurement function that it commissioned. My colleague, the Minister of State, Deputy Brian Hayes, is driving that reform, which includes the establishment of a national procurement office that will be headed by a chief procurement officer. It is estimated by external advisers that the implementation of these recommendations over a three-year period could yield savings of between €249 million and €637 million.

Additional information not given on the floor of the House.

The Government has also agreed a strategic mandate for external service delivery of non-core processes to reduce costs and focus staff on priority areas. Work is under way to identify and select a number of major external service delivery projects for priority implementation. The four major sectors of health, education, justice and local government will prepare and implement a detailed benefits-driven external service delivery plan in their sectors. These are just some of the major projects under the public service reform plan that are driving greater efficiency and better value for money and contributing to achieving our budgetary targets. As I have said, this is a key priority for the Government. While good progress has been made, there remains a need for management across the public service to further develop their reform plans and drive implementation to build a public service equipped to meet the challenges we face as a country. I will meet the Committee of Public Accounts tomorrow to discuss progress and will also meet the Joint Committee on Finance, Public Expenditure and Reform in the coming weeks in this regard.

Public Sector Pay

7. **Deputy Sean Fleming** asked the Minister for Public Expenditure and Reform his views on the payments of salary increases by means of increment to public servants earning more than €100,000; and if he will make a statement on the matter. [43388/12]

Deputy Brendan Howlin: Current estimates indicate that those on annual salaries of more than €100,000 represent less than 2% of the 292,000 whole-time equivalent staff who are employed in the public service at present.

Deputy Brendan Griffin: On a point of order, is this question being taken with Question No. 28?

An Leas-Cheann Comhairle: I have not been informed of that. It is on its own.

Deputy Brendan Griffin: Question No. 28 also relates to increments and salary differentiations.

Deputy Brendan Howlin: This question is being taken individually. The number of staff on salaries of more than €100,000 who are eligible for increments is much smaller than the number of staff on more than €100,000. With regard to the payment of increments to this cohort of staff, my Department has access to detailed data on increments only in the Civil Service, for which I have direct responsibility. Data for the Civil Service that are available to my Department indicate that of the 31,514 staff in the sector, just 104 staff on annual salary ranges in excess of €100,000 in this sector, or 0.3% of all civil servants, will become eligible for an increment payment next year.

Deputy Sean Fleming: While I thank the Minister for the figures, the question sought to ascertain the Minister's views on the issue. By way of parliamentary question to the Department of Health, I obtained the information that 185 people in the HSE on salaries of in excess of €100,000 will receive increments this year. The HSE represents approximately one third of the entire public service so we can assume the overall figure is approximately 500 people across the entire public service, not just in line Departments. This could amount to €40 million or €50 million per annum in increments this year.

All I am asking for is equality and social justice. I am not asking people to take a pay reduction. However, does the Minister think it right that approximately 500 people in the public service, or approximately 2% of the total, who are on salaries of in excess of €100,000 should be getting salary increases this year? Call it an increment or whatever one likes, it is a salary increase. The other 98% are not on those salaries and, let us be clear, I am very concerned about equality for the other 98%.

I do not believe the word "increment" is mentioned in the Croke Park deal so I cannot see how somebody can unilaterally say it is part of pay when this has not been tested by the Labour Court. I suggest the Minister would consider the issue. He has taken the issue of sick pay to the Labour Court so why not take the issue of increases to high pay and perhaps the Labour Court will introduce some common sense to this issue? He might consider giving me his views on that small group of people who are getting salary rises.

Deputy Brendan Howlin: I am taken by what the Deputy says. Needless to say, it is something I have considered. I have argued in general terms it is an increase and I know people sometimes categorise it as a wage increase. By and large, the great bulk of people who are on increments are at the lowest level, the starting grade, as I have argued. I have looked to whether I could just disaggregate that sector at the top and not pay their increments, and I have taken advice on that. I will be very honest with the House. I am advised it would take legislation analogous to the financial emergency measures in the public interest, FEMPI, legislation. The two pillars on which that legislation is built are, first, that the legislation has general application and, second, that it makes a contribution to the financial recovery. The problem with targeting a couple of hundred people is that it does not have general application and the money that would be saved could not be argued to make a substantial contribution to national recovery. Nonetheless, there is an equity issue with which I fully agree. Bluntly, I was not willing to risk the entire FEMPI legislation if it could be pulled down by virtue of a case for the tiny sum of money that would be involved in the context of the big recovery programme we have under way.

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Deputy Sean Fleming: I am pleased to hear the Minister is personally well disposed to the issue if he can find a legal mechanism to do it. While it is only 500 people this year, it is another 500 next year and so on. In fact, the figure is about 6,000 or 7,000 over a period of a few years.

Deputy Brendan Howlin: Some come in and some come out. They have reached the top.

Deputy Sean Fleming: It is approximately 500 this year and I have no reason to believe it will be any less than 500 next year or the following year. If it is €40 million a year, that is a significant contribution over a couple of years. I suggest the Minister might take a case to the Labour Court and see what it decides and whether this can be negotiated. I would much prefer to see the public sector unions defend low paid workers and their increments. If this was taken to the Labour Court, they might see the Minister's point of view.

Deputy Brendan Howlin: It is an important issue. I have an open mind in addressing all of these issues but I want to do it on the basis of what is fair and reasonable. I want to make sure I am not making decisions where the optics look good but which would actually put at risk a far bigger prize in terms of the importance of the FEMPI legislation and the contribution it is making to the national coffers. The total of increments for all staff is €170 million so the Deputy can work out what 1% or 2% of that would be annually, and it is not an enormous sum. As I said, I keep all of this under advisement and I have to tread carefully in ensuring the big prize is not jeopardised, namely, reducing the public pay bill by €3.8 billion and getting all the flexibilities I can. However, I take careful note of what the Deputy has said.

Deputy Mary Lou McDonald: I absolutely agree the Minister should not even consider using a blunt axe in respect of increments for the very reason he states. The lower ranks, for example, clerical officers, have 13 pay points whereas Secretaries General of Departments have a single pay point - these are the extremes within the system.

This question brings us to the heart of the equity issue I raised earlier with the Minister. If legislation is needed, as he says, he should bring that legislation forward. I am frustrated at hearing continually an argument as to why the upper reaches cannot be touched, whether in respect of pensions or of these increments. The equitable and proportionate thing to do, where one has to make savings in the national economic interest, is to target them at exactly that cohort of people. Rather than making excuses, taking fright or perhaps being captive to the advice of some of his own senior civil servants on these matters, he should grasp the nettle. This will not solve the entire economic problem but it could prevent, for example, the €8 million in cuts to home help and home care packages, which is a worthy thing to do.

Deputy Mick Wallace: I want to ask the Minister a question and I would be grateful if I could get a "Yes" or "No" answer. Would the Minister approve of a higher band of income tax for moneys over €100,000 in Ireland while we are in such difficult circumstances, even for a set period of three or four years?

Deputy Brendan Griffin: It is very important we get as much information as possible in regard to the area of increments, in particular data with regard to how many people are getting increments, what level they are at and in what Departments. This needs to be made available as quickly as possible in advance of the budget and I ask that it be provided across the entire public sector. With €170 million involved, perhaps there is scope for savings to be made which could be distributed towards very needy projects and protecting services for vulnerable people.

Deputy Brendan Howlin: I am sure we will have wider space for discussions on these mat-

ters at committee. I have discussed this issue with Deputy McDonald in general terms in regard to high pay. She and I differ in that she has an absolutist view that nobody should be paid more than €100,000 in the public service - that is her general principle.

Deputy Mary Lou McDonald: In a time of crisis, yes.

Deputy Brendan Howlin: My problem with that is that we would not get people to work in certain categories. We would not get doctors and consultants so we would have a private health system, and either the public purse would have to pay to get access to it or there would be an American system-----

Deputy Mary Lou McDonald: How does the NHS manage it?

Deputy Brendan Howlin: It pays more than €100,000. We will debate this. I assure the Deputy we are facing real challenges. We have a way to go to get to the 2.9% deficit target. I will certainly keep under advisement all of the issues that contribute towards the very difficult objectives we have.

Deputy Wallace asked about paying tax. What can I say?

Deputy Mick Wallace: The Minister could answer the question.

Deputy Brendan Howlin: I am trying to formulate a response. I am not the Minister for Finance and taxation matters are a matter for him. However, I would encourage everybody to pay the taxes that are properly levied by this Oireachtas. Again, taxation matters are a matter for the Minister for Finance.

Deputy Griffin referred to increments generally. All of the information is available in line Departments about the categories of public servant and the amounts each are paid.

Office of the Ombudsman

8. **Deputy Peadar Tóibín** asked the Minister for Public Expenditure and Reform if he will amend the Ombudsman (Amendment) Bill 2008 to extend the remit of the Ombudsman to prisons and all issues relating to asylum, refugees and naturalisation. [43490/12]

(Deputy Brendan Howlin): These issues were, in fact, debated in some detail in the course of the Committee Stage debate on the Ombudsman (Amendment) Bill 2010 in the Seanad last week. Since the debate is ongoing in the other House I am not sure how far we can stray into it. I intend to debate as widely as you will allow, a Leas-Cheann Comhairle.

In relation to the prisons, the Minister for Justice and Equality has confirmed his intention to introduce a new, credible prisoner complaints system to deal with genuine complaints in an open, transparent and independent way. Robust new procedures will be implemented, with priority given to complaints causing most concern, namely, those alleging ill-treatment, use of excessive force, racial discrimination, intimidation or threats. Such complaints will be examined by investigators from outside the Irish Prison Service. Given the proposals of the Minister for Justice and Equality, the Government does not consider it appropriate at this time to bring an action taken in the administration of the prisons for the custody of persons committed to custody by the courts within the Ombudsman's remit.

The Deputy will be aware that the programme for Government contains a commitment to introduce comprehensive reforms of Ireland's immigration, residency and asylum systems which will include a statutory appeals system and set out rights and obligations in a transparent way. This is intended to provide for the efficient processing and determination of citizenship applications within a reasonable time period. These reforms will be progressed through the enactment of the Immigration, Residence and Protection Bill 2010.

The provisions of the Bill will radically reform the asylum and immigration process, including the introduction of a single procedure for the processing of "protection cases" which will allow for all aspects of asylum, subsidiary protection, leave to remain, etc. to be dealt with together rather than separately and in sequence as is the case under the current system. This will streamline and speed up the entire process.

Additional information not given on the floor of the House.

The Minister for Justice and Equality intends, following the development of key Government amendments to the Bill, to return to the Oireachtas with this comprehensive legislation as the centre-piece of a wider programme of immigration reform. It is his objective to be in a position to bring the new Bill to the Government for approval and publication later this year. In view of his intention to embark on a deep and extensive programme of reform in this area, the Government has decided that it would not be the appropriate time to introduce a review of administrative actions in this area by the Ombudsman. The Deputy should, however, be aware that while it is not proposed to extend the remit of the Ombudsman to prisons and all issues relating to asylum, refugees and naturalisation at this time, the Government has agreed to these bodies being brought under freedom of information legislation. This will play a role in strengthening the openness, transparency and accountability of these bodies.

Deputy Mary Lou McDonald: That answer is a fudge. Let me quote from the Ombudsman's annual report for 2011.

Deputy Brendan Howlin: The Deputy should not quote at Question Time.

An Leas-Cheann Comhairle: Deputy Mary Lou McDonald is not allowed to quote at Question Time. She should know this.

Deputy Mary Lou McDonald: Let me paraphrase it then. I thought it would be more effective to quote directly from the report. The Ombudsman has consistently said the remit must be extended to include prisons and all matters pertaining to asylum and related justice issues. Given that the Minister is a member of the Labour Party with what I understood to be a particular view of these matters, I would have thought he would be enthusiastic to ensure people who are either in custody or going through an asylum, refugee status or naturalisation process would have fair recourse to the Ombudsman. He has said he will initiate various processes, which begs the question as to why he would duplicate a system in place. It does not answer the fundamental issue. What is he hiding? Is he so afraid of what might come out of the prison system or what people within the asylum system might bring to the attention of the Ombudsman that he is making a deliberate calculation to keep them out of the system? That is the only way I can logically account for his approach. It appears that he has buckled under pressure from the Minister for Justice and Equality, Deputy Alan Shatter, which is a pity.

Deputy Brendan Howlin: According to the Deputy, I must buckle an awful lot.

Deputy Mary Lou McDonald: The Minister does.

Deputy Brendan Howlin: I do not think so. I have taken great care in dealing with the issue. This is an area in which I have an open mind. The Deputy is correct. It may well be appropriate to include it within the remit of the Ombudsman. I have engaged with every Minister on the extension of the Ombudsman's remit. This is the biggest extension of the Ombudsman's remit taken since 1970 when the office was created. We are adding 140 bodies. I am working closely with the Ombudsman on all of these matters, so much so that she has assigned a member of her staff to work with me in the preparation of the legislation, on which we are working hand in glove. The Bill is before the Seanad and we will have an opportunity to debate the two issues to which the Deputy referred when the Bill is brought to this House. In this narrow area I propose to put in place a proper statutory complaints procedure which has been sought repeatedly by the Inspector of Prisons and Places of Detention. When we see it, we might need to have another port of call in the Ombudsman. However, we should first examine how such a statute would work. Significant and fundamental reform is under way in the immigration and naturalisation service. Let us see how it beds down. At a later stage it might be appropriate to extend the Ombudsman's remit to include it.

I wish to make two important points in response to the Deputy. The Ombudsman (Amendment) Bill which is before the Seanad is an important part of the reform agenda I am driving. It will place a major demand on the Ombudsman and we are discussing how this need can be met. Not only does it involve a considerable extension in the number of bodies within the remit of the Ombudsman from 35 to approximately 180, we also intend to provide for automaticity in respect of any new body created. Instead of having a requirement for a statutory provision to include a body, the only ones excluded will be the ones specified in the excluded category. Every other body will be automatically included.

I intend to give a role to the Public Service Oversight and Petitions Committee of the House, which is chaired by a colleague of the Deputy and who is a very fine Chairman, in determining who should be included within the remit of the Ombudsman. Its members could well be the ones who will make a judgment call. I will be minded to listen attentively to their decisions once we have the new regime in place.

Deputy Mary Lou McDonald: The Minister is telling me he has an open mind on the issue. I am trying to read the tea leaves. I take from what he said that he sees the good sense in proposing that the prisons, asylum seekers, refugees and those seeking naturalisation be included within the ambit of the Ombudsman. I am still at a loss as to why, having extended the scope of the office so broadly, the Minister would shield these particular areas from the remit of the Ombudsman. For many of those involved in the asylum process, the system is wholly inadequate and, in some respects, disgraceful. I refer, in particular, to the system of direct provision, on which the Government has made commitments that have not yet been met. For those within the prison system, many of whom are Irish citizens, this sends a message that the light will not shine on whatever complaints are made. The Minister has said he envisages an alternative statutory route being taken to address complaints in the prison system. Why do this? He is all for streamlining, working smarter and doing more with less. Why is that not the case in this regard?

Deputy Brendan Howlin: It is because the reports of the Inspector of Prisons and Places of Detention which I am sure the Deputy has read call for immediate action to deal with complaints within the prison system. To put it bluntly, writing to the Ombudsman, causing reports

to be made and involving inspectors, is a long-term process. What is recommended is the immediacy of a complaints system to deal with allegations of racial and physical abuse and other complaints. That is what the Minister for Justice and Equality will provide for. Providing such a system does not amount to duplication. If it does not prove satisfactory, we could have a further appeals mechanism in the future. People will see having a proper independent evaluation, external of the Irish Prison Service, of any allegation of wrongdoing within the prison service as a necessity in a modern democracy.

Croke Park Agreement

9. **Deputy Robert Troy** asked the Minister for Public Expenditure and Reform the date on which the Croke Park agreement expires; if he has indicated to the public sector unions if and when talks on a successor agreement will commence; and if he will make a statement on the matter. [43415/12]

(Deputy Brendan Howlin): The public service or Croke Park agreement negotiated by the previous Government is stated to be for the period from 2010 to 2014. The agreement requires staff co-operation with productivity, cost extraction and reform measures in the public service. The Government has reaffirmed the key commitments under the public service agreement on pay rates and job security for serving public servants. These commitments are contingent on delivery of the necessary flexibilities by public servants. The agreement provides for an annual review process, while the implementation body is charged with making regular reports on the implementation of the transformation agenda across the public service.

No decision has been made by the Government regarding a successor agreement to the Croke Park agreement. The current agreement continues to facilitate, against a background of industrial peace and the maintenance of vital public services at a time of extreme demand for these services, a structured and sustainable reduction in the cost of the Exchequer pay bill through falling numbers and other measures. The implementation body has concluded that the agreement is delivering substantial savings and change, but it will continue to be measured against its ability to accelerate the pace of change across the public service and its potential for extracting further pay bill and non-pay savings. I strongly agree with that sentiment. The priority must be for all stakeholders to concentrate on maximising the contribution of the Croke Park agreement and a successor to the agreement, if any, to the transformation of the public service to enable it to make a continuing and sustainable contribution to our economic recovery.

Deputy Sean Fleming: I asked a broad question on the Croke Park agreement which, as the Minister noted, was introduced by the previous Government. It has helped to achieve, in industrial peace, the reduction of staff numbers from approximately 320,000 to 292,000 and is intended to bring about savings of some €3.5 billion. It is important to put that on the record because people complain now and ask whether we should cut salaries instead of cutting numbers. Before we started on the formal process of the Croke Park deal there had been pay cuts in the public service as well as new pension levies. On average, public servants are taking pay cuts of 20%, depending on grade. That has been forgotten by current commentators who say there should be pay cuts instead of job cuts. We did the pay cuts, we have made the job cuts but the job is not yet finished, as we all know. Unfortunate as it may be, by and large we are seeing increased efficiencies. I will not go into the exceptions. By and large, public services continue to be provided with fewer staff even though this obviously places more stress on those staff.

Does the Minister have a date in mind in 2014? People keep asking about that. I assume it will be the end of March.

Deputy Brendan Howlin: There is no date in the agreement.

Deputy Sean Fleming: The first annual report covered the period from 1 April to 31 March so one can conclude the same again if it is a four year agreement. Can it extend to the end of 2014? The Minister might clarify that point because people continue to ask that question. Would he be minded to bring forward that date, as some Members on the Government side have suggested, in order to get an earlier deal on which the current Government might stamp its position on the Croke Park agreement? The Minister of State beside the Minister, Deputy Brian Hayes, has referred to this on numerous occasions.

Deputy Brendan Howlin: The Deputy asked a profound and important question. The Croke Park agreement, which I acknowledge was negotiated by the preceding Government, has made a very substantial contribution to the transformation agenda in the public service, allowing us to downsize and reduce the pay bill in the terms I talked about and in industrial peace, which is extremely important and valuable in itself. If we did not have that I believe we would have a different dialogue. The perception of Ireland would be quite different.

However, I am also conscious that we have a way to go yet. One thing that has concerned me for a number of months is that despite the extraordinary contribution of the public service to the recovery we still have very significant hills to climb between now and 2015 to arrive at a deficit of 2.9%. It is clear to me there will be a requirement for dialogue if that particular steep hill is to be climbed. I have been thinking about that and dialoguing within my Department on the issue over a considerable period of months.

The specific running time of the current agreement is understood to be the end of next year although that is not specified in the actual agreement. Whether we engage with the public service unions before that time in regard to a successor agreement is obviously important because the horizon I want to reach is 2015, with a reformed public service and a pay bill that is sustainable well beyond 2015.

Freedom of Information Legislation

10. **Deputy Caoimhghín Ó Caoláin** asked the Minister for Public Expenditure and Reform his plans to introduce the Freedom of Information Bill before Dáil Éireann goes into recess in December. [43494/12]

(Deputy Brendan Howlin): Securing greater public access to official information has a critical role to play in strengthening the openness, transparency and accountability of the Irish administrative and political system. The reform of the freedom of information legislation and its extension to all public bodies is therefore a central pillar of this Government's political reform agenda. In its July decision on freedom of information the Government endorsed the principle that the Freedom of Information Act would be expected to apply to all public bodies consistent with the original objective of the Act to enable access to information in the possession of public bodies to the greatest extent possible.

Subject to some specific conditions, freedom of information legislation will be extended to

a number of high profile public bodies previously entirely outside of the scope of the Act, including An Garda Síochána, public financial bodies, including the NTMA, NAMA, NPRF, and the NDFA, the Central Bank of Ireland, public bodies with important regulatory, quasi-judicial and investigative functions, to include the Office of the Refugee Applications Commissioner and the Refugee Applications Tribunal, as well as vocational educational committees which are key bodies in the education sector. Any limitations to its implementation will apply only in the most exceptional cases where there is a clear public interest in safeguarding particularly highly sensitive and confidential information.

The Government has also agreed to significant reforms to restore freedom of information legislation in the following ways: reversing the very broad definition of Government records introduced in the 2003 amending legislation; curtailing the time period within which Government records cannot generally be considered for release from ten years to five years; restoring the discretion available in specific circumstances to release Government records within five years where they relate, for example, to factual information already in the public domain; prioritising the reduction of very high levels of internal review and appeal fees for non-personal requests; and the liberalisation of the mandatory class exemption put in place in 2003.

I have submitted the general scheme of the freedom of information Bill to the Oireachtas Joint Committee on Finance and Public Expenditure and Reform for its views and recommendations. I believe the committee will have an important role in advising me in that regard and I look forward to hearing such advice. When I hear it I will be able to determine the timeframe for producing the final Bill.

An Leas-Cheann Comhairle: There is time for just one supplementary question.

Deputy Mary Lou McDonald: I share the Minister's views as to the great importance of this legislation. My question follows remarks he made today around transformation, renewal and all the rest of it, in the public service. I suggest he reads an article in *The Irish Times* today by Simon Carswell who tells a very interesting story of a particular freedom of information request submitted by him to both the Department of Justice and Equality and the Department of Finance, in respect of the Personal Insolvency Bill and any lobbying that may have taken place between third parties and those Departments. He got short shrift.

In amending the legislation we must be mindful that government does not hide from disclosure behind technicalities. The challenge, as seen by some within the Civil Service, is to evade answering any questions and being very awkward in terms of how they "re-understand" a question and answer it. The FOI legislation is incredibly valuable but is only so if the system has undergone the kind of cultural change the Minister tells us he champions in order to ensure that the people concerned understand transparency, give the answers and let the information flow.

Deputy Brendan Howlin: I look forward to getting the views of the committee, of which both Deputies opposite are members. Separate legislation on the register of lobbying is mentioned in the article in *The Irish Times* instanced by the Deputy. It, too, is groundbreaking legislation and will be important.

We have to see the entire suite of legislation as a new reform architecture. The last time my party was in Government we were anxious to do that and Eithne FitzGerald, as Minister at the time, introduced the freedom of information legislation, the Ethics in Public Office Act and the Electoral Act. We need to augment these with the lobbying Bill, further freedom of informa-

tion legislation, the Ombudsman (Amendment) Act and all such others on the political reform agenda that, hopefully, will be enacted in the coming period.

Written Answers follow Adjournment.

Topical Issue Debate

Food Production Prices

Deputy Colm Keaveney: The day of action yesterday highlighted a number of issues, one of which was the continuing problem with inequality in the food supply chain. The Minister will know there exists a large arms inequality, with the farmers on one side and the supermarket chains on the other. Three such chains, Tesco, Dunnes Stores and Musgrave Retail Partners now account for more than 70% of the supermarket sector and as a result prices paid to the producer are driven down by these organisations. This is as a consequence of practices which include the payment of hello money, obliging producers to “pay to play”, trade agreements which incorporate large rebates to retailers and forced contributions towards stores’ discount campaigns. I wish to focus on these practices and ways in which they might be addressed.

As the Minister is aware, in 2010 the IFA produced a report entitled Equity for Farmers in the Food Supply Chain. The latter contains many recommendations in the context of striking a balance between producers and retailers. I hope that, like me, the Minister agrees with many of those recommendations, some of which relate to the forthcoming legislation. In the absence of achieving the balance to which the IFA’s report refers, the farming industry could potentially become unsustainable in view of the relentless drive to reduce prices and protect the bottom-line profits of supermarket groups. EUROSTAT has indicated that retailers in this country enjoy margins in excess of those which obtain in other European countries. Consumers can sometimes benefit as a result of this. In the main, however, it is the shareholders who enjoy significant benefits.

It must be noted that people’s diets are becoming increasingly unhealthy. I refer in this regard to the ever-growing presence of processed food in, for example, children’s lunch boxes. Such foods contain large amounts of fats, salts and sugars and this is having an impact on the health of the citizens of the nation. The Minister may inquire as to how this matter relates to him and his Department. Processing food is a cheap way to maximising profits, especially in the context of the packaging, marketing and other tools that can be used to promote such food. The tools to which I refer are essentially used to drive down the costs relating to products. I went to my local supermarket at the weekend and discovered a colourfully packaged packet of processed cheese that is obviously aimed at children. The cost per kilo for this product is €2 and the price paid to the farmer for the milk required to produce it is just over €3. While it can be claimed that some of these products are Irish in origin, I understand that some of the milk used in a number of them is sourced from Canada or the Netherlands. It is possible to obtain genuine, non-processed cheese such as Gubbeen Cheese, from Cork, or Kileen Farmhouse Cheese,

from my constituency for a great deal less than €24 per kilo. It must be stated that there is a sizeable differential between €24 and €3.

I ask the Minister to outline Government policy in respect of this matter. How is it intended to address the fact that those who mass produce processed food are receiving greater rewards than those who provide quality local products? How does the Government intend to ensure that food will be less commodified in order that local suppliers will be encouraged in their efforts? Will the Government consider introducing policies aimed at addressing the issue which arises in the context of food quality and people's diets? I would be grateful if the Minister could comment on my concerns regarding hello money, arrangements relating to retailers' power to impose licensed trade agreements - which contain built-in rebates - on producers and the fact that people are being obliged to make forced contributions in respect of stores' discount promotions. These practices are unacceptable and we must introduce the necessary regulations in order to ensure that the issue of social justice that exists in the context of retailers and producers can be addressed.

Minister for Jobs, Enterprise and Innovation (Deputy Richard Bruton): I thank Deputy Keaveney for raising the issue of the relationship between the various stakeholders in the food supply chain, which has been the subject of much debate not just in Ireland but across Europe for some time. As the Deputy indicated, there is a sense that there is an imbalance of power between suppliers and the substantial retail chains. At national level, suppliers and distributors in the food sector have contended that there is a real imbalance whereby retailers are transferring risks which are properly their responsibility onto suppliers by means of unfair practices such as money being demanded in respect of promotional offers etc.

Deputy Keaveney made specific reference to hello money, pay to play and forced contributions to store discounts. These are some of the practices which are a cause of concern. As the Deputy is probably aware, the relevant 2006 legislation specifically outlawed hello money and other such practices. The difficulty has been that while these practices are outlawed, enforcement has not proven possible because no one has come forward to highlight cases where the abuses have occurred. Accordingly, the programme for Government contains a proposal to enact legislation that would lead to the introduction in the grocery sector of a code of practice that would have statutory effect. The idea is to try to establish a code of good practice in respect of many of the different issues involved, namely, payments for marketing costs, shrinkage, wastage within stores, positioning of products within stores, special promotions, forecasting errors, etc. We must ensure that these issues are covered within a code that will give rise to a fair sharing of the risk between those on both sides.

We are determined to introduce the legislation to which I refer. The enabling power will be provided for under the competition and consumer Bill, which is currently on the A list and which should be brought forward during the current session. It is clear that there is a need to strike a balance between the two sides and also to ensure that there is fairness.

Deputy Keaveney raised much broader issues in the context of how we might ensure that consumers will have the opportunity to choose better dietary products. Such issues go well beyond fair trading rules and would probably be better raised with Ministers who deal with nutrition and matters of that nature. I accept what the Deputy says but the rules laid down under the Competition Acts are designed to enforce the free market and ensure the people will have a choice and will not be unfairly forced to pay high prices. That is what we seek to police. The choice in respect of competing products on supermarket shelves must be determined in the con-

text of education and tax policy, particularly in the context of the fact that certain products are treated differently for tax purposes.

Deputy Colm Keaveney: On the notion that people are being unfairly forced to buy products, 70% of the market is controlled by 70% of a minority of players, namely, Tesco, Musgraves and others. In such circumstances, a balance must certainly be struck between producers and retailers. I referred earlier to a particular processed cheese which is colourfully packaged, which is obviously aimed at children and which retails at €24 per kilo. If an Irish farmer is fortunate enough to supply the milk used in producing this cheese, he or she will be paid €3 for his or her trouble. There is a significant differential between paying €3 for milk and €24 per kilo for processed cheese. Local artisan cheeses such as Gubbeen Cheese from Cork or Killeen Farmhouse Cheese from Galway cost less than €24 per kilo but the farmer who supplies the milk will still be paid €3 for it.

I understand the necessity of striking a balance. I am of the view, however, that we must create a whistleblower system in respect of the criteria that apply, particularly because producers are fearful of offering evidence regarding the unfair or unacceptable practices or arrangements being imposed on them by retailers. I ask the Minister to take account of the fact that much more regulation is required. An iron fist must be brought bear. In addition, we must begin to tackle this issue in the context of social justice. It is small producers, rather than Tesco, Musgraves and those others who control 70% of the market, who must be protected.

4 o'clock

Deputy Richard Bruton: I take Deputy Keaveney's point. We have a number of instruments in our armoury such as the rules concerning abusive dominance to prevent a dominant market player who uses certain practices. Cartels are not permitted to collude against the interests of suppliers. We propose to introduce a code of fair practice to govern dealings between suppliers and retailers. We are not seeking to remove from the picture the normal negotiations that accompany contracts. We cannot set margins or prices as this would be well beyond our capacity and it would not be in the public interest as there needs to be competition and keen pricing. We want to ensure fairness in the market and to allow opportunities for complaint without fear of reprisal. I will consider the Deputy's suggestion for whistleblower provisions. One of the fears of suppliers is that they would be delisted if they made complaints about practices. We seek to overcome this issue by putting in place a code of fair practice and making arrangements for complaints to be made in confidence. Prosecution requires witnesses and that has always been the problem in other European countries where codes of this nature exist. We are seeking to adopt best practice. The European Union has a policy of achieving greater fairness in such business dealings but there is a problem gathering evidence and finding witnesses. The legislation will advance the situation significantly and it will be before the House shortly.

Job Creation

Deputy Tom Hayes: This is a topic of serious speculation in Clonmel and in south Tipperary in general, the future of more than 150 manufacturing jobs at Abbott in Clonmel. All these workers are on temporary contracts which are due to expire at the end of November. Understandably, given the nature of these jobs, the company will make a decision next month whether to extend these contracts of employment. Abbott has a total of 1,500 in Clonmel so 150 jobs represent a significant proportion of the workforce. I know the Minister will agree that these

workers do an excellent job which is the reason this facility is the largest and most productive of all Abbott locations.

Deputy Seamus Healy and I ask the Minister to do all in his power to fight for those jobs. There is the possibility of further job losses next year but the company is refusing to speculate in this regard. I ask for clarification as to the future of those jobs. South Tipperary is very dependent on jobs in Abbott. It is a very good company which is well regarded in south Tipperary.

Deputy Seamus Healy: Abbott is a flagship company for the town of Clonmel and for County Tipperary and the general region. It has a workforce of approximately 1,500 employees who are highly skilled and committed. The company is a key driver for the local and regional economy and a significant number of downstream jobs running into the thousands are dependent on the company's location at Clonmel. Together with Deputy Tom Hayes and Deputy Mattie McGrath, I visited the company earlier this year and I know the local management and staff are very committed to the long-term future of the company at Clonmel. I refer to the valuable work which is carried out so efficiently. The company has confirmed the loss of 150 jobs in November. This is a severe blow to the workers and their families and to the south Tipperary area. Some unconfirmed reports suggest there might be further job losses in March 2013 which, if true, would be a very worrying development. I ask the Minister if he has information with regard to the situation at Abbott and I ask him to engage with the company to ensure every effort is made by him and by the State agencies to offer whatever support and resources are required to maintain existing levels of employment at the plant.

Minister of State at the Department of Jobs, Enterprise and Innovation (Deputy John Perry): I apologise on behalf of the Minister, Deputy Bruton, who has had to leave for the airport. I thank the Deputies for raising this matter. There are currently close to 1,400 people employed at Abbott's vascular manufacturing facility at Clonmel. Approximately 150 of these workers are temporary employees whose contracts are due to expire at the end of November 2012. These are the employees whom Abbott acknowledges will leave the company as planned and will be made redundant at the end of the year. These temporary staff were employed by the company to support a product launch and it was never envisaged that they would be made permanent.

Abbott's headquarters is in California. The company began operations in Ireland in 1946. It currently has eight manufacturing and five corporate services operations in this country. It produces a range of products for a variety of markets such as diagnostics, medical devices, pharmaceutical, diabetes, ophthalmic and nutrition. Six of its manufacturing operations are located in the BMW region. Abbott is one of the largest medical technologies firms in Ireland, employing approximately 3,700 people, with 1,400 permanent staff in Clonmel. Continuous investment by the company in Ireland has maintained manufacturing operations for over 35 years. The Clonmel plant manufactures a broad range of vascular devices but mainly stent delivery systems. IDA Ireland is actively engaged with the company in an effort to keep updating the portfolio of products produced in Clonmel. IDA Ireland is in discussions with Abbott Vascular in California and in Clonmel on future additional mandates for the facility. As with all new products, timelines for their introduction are dependent on market demand. The local management at Clonmel are determined to maintain employment at current levels.

In addition to IDA Ireland's ongoing contact with the company, the Minister has arranged to meet with a senior executive from Abbott in the next few days to hear about the company's future plans for its Irish locations including Clonmel. The south economic region currently has

207 client companies employing more than 38,000 in total; the mid-west economic region has 57 IDA client companies employing over 18,100 in total; the south Tipperary region has nine IDA supported companies employing approximately 3,400 people. IDA Ireland will continue to compete vigorously for investments in order to further economic development of the south and mid-west economic regions of which County Tipperary is part.

On the wider issue of job creation, I am aware of the local media reports that Abbott plans 300 redundancies in its Clonmel plant but we are reassured that these are exaggerated reports and that the numbers affected will be 150 temporary positions. I am confident that IDA Ireland will continue to work closely with the company management. A major element of the Government's response to unemployment is the pathways to work initiative with the aim of helping to ensure that as many jobs as possible are filled by people who are on the live register.

The role of my Department is to ensure that we have the correct policies in place to support and grow our enterprise base in order to facilitate both job creation and job retention. Abbott is a significant foreign direct investment in Ireland. The company will continue to research and develop new products. The Minister will meet the management team and he is fully aware of the concerns expressed by the Deputies. The company is critical to the local economy and I have no doubt this will be foremost in the mind of the Minister. Abbott is also a major employer in Sligo and I am confident this will continue to be the case in Clonmel.

Deputy Tom Hayes: I thank the Minister of State for that reply. I am very heartened by what he said, particularly his indication that the Minister, Deputy Richard Bruton, intends to meet with the chief executive officer of Abbott. I hope he will emphasise how important the company's operation is to the people of Tipperary. The facility at Clonmel has one of the most highly skilled workforces of any manufacturing plant in the country. Will the Minister report back to us as soon as possible with an update? There is huge concern in south Tipperary, as expressed in the local media, about the future of these jobs. My colleague, Deputy Seamus Healy, and I wish to co-operate in every way possible to ensure this employment is safeguarded. We are not seeking headlines in raising the matter. Our intention is to facilitate a constructive engagement with the company which will ensure its continued investment in south Tipperary.

Deputy Seamus Healy: I thank the Minister of State for his response. I welcome the indication that IDA Ireland is in discussion with Abbott management in both California and Clonmel regarding future additional mandates for the facility. I wish IDA Ireland well in its endeavours. I also welcome the confirmation that the Minister will be in contact with company management in the coming days in regard to its future plans for Clonmel. As Deputy Tom Hayes observed, the company is hugely important to the economic and business life not only of Clonmel and south Tipperary but of the entire region. The plant at Clonmel is the largest manufacturing operation in the south-east region. I hope the intervention by IDA Ireland and by the Minister will ensure that existing levels of employment are maintained and will facilitate future mandates for the facility which necessitate an increased workforce.

Deputy John Perry: I assure the Deputies that the Minister will deal directly with management at the Clonmel plant, in addition to the ongoing engagement by IDA Ireland. As I said, there will be discussion regarding the potential expansion of the product range. The Minister will be in contact with the Deputies following his meeting with the management.

Schools Recognition

Deputy Timmy Dooley: I thank the Ceann Comhairle for selecting this Topical Issue matter, which is of considerable importance to two different communities in the county I represent. My question relates to the status of Mol an Óige Steiner national school in Ennistymon and Raheen Wood Steiner national school in Tuamgraney, both of which are co-educational, multi-denominational, mainstream schools. Raheen Wood has been in existence for 23 years while Mol an Óige is a more recent development. For the past five years, both schools have had temporary recognition, which ensures the provision of staffing and accommodation support from the State. This basic right was long outstanding and granted only after protracted negotiations and a court case going back some time.

The status of both schools is currently under review by the Department of Education and Skills. I understand Raheen Wood was recently given a further three-year extension of its temporary recognition status while the board of management of Mol an Óige is meeting with departmental officials today to discuss that school's position. The main difficulty, so far as I can see, is a lack of willingness by the Department to progress these schools towards full recognition. In particular, I understand concerns have been raised in regard to the curriculum. This suggests to me that the Department has an issue in coping with the notion of teaching diversity. Raheen Wood school, which has 114 students, has shown results above the national average for primary schools in tests in which students participate after two, four and six years of schooling. Despite this positive feedback, there seems to be a closed mind within the Department in regard to diversity of teaching models.

I appeal to the Minister of State to investigate the situation. It is not appropriate in this day and age that temporary recognition status should be dragged out in this protracted way. The schools are performing exceptionally well in terms of the proven capacity of students to learn. Parents and management need certainty as to the future of their schools if they are to develop them in line with other schools in the county. Permanent recognition is a prerequisite for that planning and if they are to put in place the type of infrastructure that is needed in order to work towards the long-term needs of current and future students. The quality of education delivery is such that people have relocated to be close to the schools. I ask the Minister of State to examine the inflexibility within the Department in terms of the rigorous approach that is taken to this particular teaching model. The teaching methodologies incorporated in this model have been successfully employed in these schools, for more than 20 years in the case of Raheen Wood. Many past pupils have gone on to second and third level and are now employed in various walks of life. The Department must re-examine the available data if it is not yet convinced of the capacity of these schools to provide the appropriate level of education to pupils. Such an analysis would give comfort to the Department that the model of education being delivered in these schools is meeting the needs of children and parents and has a significant benefit for society. Above all, I ask the Minister of State to intervene to give certainty to parents and communities that these schools will be awarded permanent status and may thus begin the process of developing their services and infrastructure for the future.

Minister of State at the Department of Education and Skills (Deputy Ciarán Cannon): I am taking this matter on behalf of my colleague, the Minister for Education and Skills, Deputy Ruairí Quinn. I thank Deputy Timmy Dooley for raising the issue as it provides me with the opportunity to outline the current position in regard to the recognition status of Mol an Óige Steiner national school, Ennistymon, and Raheen Wood Steiner national school in Tuamgraney, County Clare. The matter has previously been raised by Deputies Michael McNamara, Pat Breen and Joe Carey. I understand those Members have facilitated a number of meetings in

recent months between the boards of management of the two schools and the Minister and his officials, including the meeting that is taking place in Leinster House today.

The Department has given provisional recognition to the schools in question, both of which follow the Steiner approach to education. All recognised schools, regardless of their philosophy, are required to comply with the Education Act 1998 and the rules for national schools. Deputy Dooley suggested that somebody in the Department might not be in favour of diversity in education. I am sure he is well aware of the Educate Together movement, which very much embraces diversity at the heart of its ethos. As we have done in the past, we continue to facilitate the recognition of schools under the patronage of Educate Together. As such, it is unfair to suggest that any opposition to diversity in the primary school sector is at the heart of the issue facing the two schools in the Deputy's constituency.

Schools seeking permanent recognition must also comply with the procedures applicable to the recognition of new primary schools in regard to patronage, boards of management, implementation of the curriculum and admissions policy and procedures for the appointment of teaching staff. Permanent recognition is contingent on schools demonstrating that they meet these requirements. In the case of Raheen Wood Steiner national school, provisional recognition was initially awarded in 2008 and has since been extended year on year. A process is in place under which the matter of the school's recognition is being assessed. This process is based on undertakings committed to by the school's patron in 2007 which relate to the school's compliance with the standard rules and procedures applicable to the recognition of all primary schools.

Departmental officials met with the patron of Raheen Wood in September and the Department has since confirmed its agreement to extend the school's provisional recognition for a period of three years up to August 2015. This extension will allow the school time to work, with the assistance of the Department's inspectorate, to progress the implementation of the changes in practice required to comply with all of the undertakings committed to by the patron. This extension of the provisional recognition period will not impede the school in being granted permanent recognition within that period, if the criteria for recognition are met.

Mol an Óige Steiner national school was also initially awarded provisional recognition in 2008 and this recognition has been extended year on year. The school is also seeking to have permanent recognition granted and a similar process to Raheen Wood is in train, based also on undertakings committed to by the school's patron in 2007, under which the issue of recognition is being assessed. Departmental officials met with the patron of Mol an Óige today to discuss the school's current position in respect of the undertakings provided. I understand that while issues remain to be resolved, the Department recognises the substantial progress that has been made by the school in regard to most of the undertakings.

Deputy Timmy Dooley: I thank the Minister of State for his comprehensive reply. I have extensive knowledge of the issues arising in both schools as I was intimately involved in securing temporary recognition for them in 2008 and have continued to work with both of them. I strongly support their efforts to secure permanent recognition. As the Minister of State outlined, the major obstacle is the need to comply with the standard rules and procedures. The concept of pluralism must be adhered to in this matter. The Educate Together movement is based on a different model.

Ultimately, the issue concerns the curriculum. The Department has failed to recognise the

Steiner approach to education and the benefits it provides for certain children. I have observed these benefits for children and families in the community with which I am most familiar, especially in east County Clare where Raheen Wood school has been operating for 20 years. These benefits outstrip rules or procedures that may appear in the annals or depths of the Department. For this reason, I ask that the Department commence a review of the Steiner model of education. It must not try to fit a square peg into a round hole. When efforts were made to place the schools in question on a path towards permanent recognition, they were expected to conform to the rigours of the existing model. Although they are working towards that objective and are, as the Minister of State indicated, making significant progress in this regard, it will not be possible to get the square peg into a round hole and retain the best aspects of the Steiner model of education. I ask that the Department commence a review that will not seek to marry the two systems. The two schools will lose out if they are required to morph into standard national schools.

Deputy Ciarán Cannon: I have been fortunate in recent months to have been able to visit many countries, especially in Asia, to try to raise awareness of Ireland's fantastic system of education. When I am abroad I can stand over the quality of the education we deliver at primary, post-primary and tertiary level. I do not accept that there is a lack of willingness on the part of the Department to work with the two Steiner schools in County Clare. A process of engagement is taking place, albeit one that is taking a long time to complete. If the Department did not see some merit or value in the Steiner model being applied in County Clare, it would have ceased all engagement in 2007 or 2008. The opposite is the case and departmental officials are engaging and proactively supporting, through the inspectorate, efforts to facilitate and amalgamate the model in the national system. The two are not mutually exclusive and some middle ground will be found, I hope in the near future. I have been informed that the inspectorate is supportive of both boards of management and working hand in glove with them to address issues that arise. The Deputy and I, as well as everyone involved in education in County Clare and all those who espouse the Steiner model, want the very best education to be delivered to young people to a standard over which we can all stand.

Community Employment Schemes

Deputy Maureen O'Sullivan: I thank the Ceann Comhairle for selecting the topic of the knock-on effects cuts in social welfare are having on participation in the community employment scheme. Without meaning any disrespect to the Minister of State, Deputy Ciarán Cannon, I am disappointed that the Minister for Social Protection is not present to address the issue. I thought the idea behind the Topical Issue matters was to have the Minister with direct responsibility before the House to discuss them.

I have considerable experience in the area of community employment, having been involved in the current community employment schemes and the old AnCO schemes as a member of membership committees and liaison person for participants. The Minister visited some community employment schemes in the north inner city some time ago. The specific community employment schemes to which I refer provide valuable services, including child care, after-school services and care for the elderly. They also provide a service for participants by offering them training, further training and educational opportunities, whether through first chance education or back-to-education schemes. In addition to these benefits, certain community employment schemes should be recognised as an end in themselves because they deal with extremely vulnerable individuals, including early school leavers who may have been caught up

in crime or addiction. Schemes of this nature are different from other community employment schemes. In that regard, I acknowledge the decision to ring-fence schemes in the area of drugs.

There is no doubt that cuts in social welfare benefits are having a knock-on effect on participation in community employment schemes. I will cite the community after school project, CASP, to illustrate the problem. The CASP is having difficulty filling 38 places as a result of cuts in social welfare benefits. This will have a knock-on effect on the training and education grant, which means some participants in the scheme may find their educational and training opportunities being curtailed or deferred. Further, if community employment schemes cannot attract sufficient participants, they will not be able to provide badly needed services. Child safety measures have resulted in different ratios being implemented for child care projects and it is possible these projects may not be filled either.

Developments in the social welfare area are having a ripple effect. We have heard that interviews are being held. However, the approximately €20 additional payment available to participants in community employment schemes will not even cover transport costs or the cost of their lunch. Some participants are in danger of losing a small pension entitlement, while others may lose their medical card. Potential participants who could gain valuable experience from community employment schemes, whether by securing employment or entering further education, must give precedence to their economic security. Cuts in social welfare benefits are having a range of effects on community employment schemes and their participants and will have implications for supervisors and assistant supervisors if numbers decline.

Community employment schemes in certain areas - not only those which involve drugs - must be ring-fenced given the high rates of unemployment, educational disadvantage and so forth. If the Minister had been present, I would have asked her to give special consideration to the schemes in question.

Deputy Ciarán Cannon: I am taking this matter on behalf of my colleague, the Minister for Social Protection, Deputy Joan Burton, who is abroad on Government business.

As announced in the budget, from 16 January 2012, new participants in community employment schemes will not be able to simultaneously claim their original social welfare payment and a community employment allowance, as per section 12 of the Social Welfare Act 2011. This measure affects those in receipt of the following payments commencing community employment schemes after that date: one parent family payment; deserted wife's benefit; widow's-widower's pension; illness benefit; disability allowance; invalidity pension; and blind pension. These new participants will instead receive payments directly via the community employment scheme at a rate equivalent to their original social welfare payment, including any increase for a qualified adult and-or child dependants, plus an additional €20 participation bonus.

New participants are defined as those persons who, with effect from 16 January 2012, have not been employed in a community employment scheme in the 12 months prior to commencing the current placement. Those lone parents who are already participating in community employment schemes had no change in their one parent family payment rates. However, they lost the entitlement to increases for qualified children on their community employment allowances and receive the community employment single adult rate only.

The number of persons in community employment categorised as jobseeker's allowance eligibility has increased by 20% since the end of December 2011 to date and there has been a

corresponding decrease in other eligibility categories, notably lone parents. The jobseeker's allowance category has been increasing steadily since mid-2009 owing to the changed demographics in the job-seeking population. All participants who exit a community employment scheme and do not progress into employment or further training or education can return to their social welfare payment provided they still qualify for receipt of that payment.

Deputy Maureen O'Sullivan: I thank the Minister of State for his reply. Those in question - one-parent families, deserted wives, widows, widowers and those with an illness benefit, disability allowance, invalidity or blind pension - are extremely vulnerable and marginalised. Surely, the idea is to encourage them into community employment schemes with added incentives. People will not join a CE scheme for the exact same money they would get on social welfare. It beggars belief the incentive which has worked for these schemes has been removed. I have known many people who have gone from these schemes into full employment, further training, post-leaving certificate courses and college. If these people are now precluded from entering a CE scheme, the other services they provide such as child care and after-schools supervision will also be gone. In turn, there will be more on the dole. Somewhere along the line, somebody is not joining the dots to keep people on these schemes instead of their having to go back on the dole.

Deputy Ciarán Cannon: It has been my experience of working with CE schemes in County Galway that the opposite applies in that we are actually finding it difficult to facilitate people who want to get on to a scheme. With 450,000 people on the live register, I also find it difficult to believe there is a crisis of recruitment from the ranks of the unemployed into CE schemes. The figures are pretty stark. The numbers on CE schemes receiving jobseeker's allowance has increased by 20% since the end of the last year and has increased steadily since mid-2009 due to the changed demographics in the jobseeking population.

As with any other Government scheme, it must evolve to respond to the challenges of the day. Perhaps the ambition of the CE scheme when we had full employment is substantially different from that of now. With 100,000 people unemployed from the construction sector, it is important to be able to facilitate as many of these people as we possibly can in engaging with their local communities, feeling they are making a contribution to society as well as being able to avail of sufficient and topical training opportunities that will allow them get back into the workforce. We are seeing the evolution of the scheme to cope with challenges that arise today. The scheme's make-up may be different. With 450,000 people unemployed and Ireland losing €44 million per day, we have to make some difficult decisions. The decision taken by the Minister for Social Protection, Deputy Burton, on the CE schemes is correct.

Fiscal Responsibility Bill 2012: Second Stage (Resumed)

Question again proposed: "That the Bill be now read a Second Time."

Deputy Brendan Griffin: As a country we need to realise we are spending far more than we can afford and there is a need for us to bring about fiscal rectitude as quickly as possible. It can be achieved by either cutting spending or increasing taxes. I believe we still have sig-

nificant scope for spending cuts and tax increases. These would be cuts that would not hurt the sick, the elderly and the disadvantaged and tax increases that would not have a deflationary effect on the economy and cost jobs. It has been said all the low-lying fruit has been picked. I believe much of it has not been picked and much more could be picked.

It is incredible that next year we plan to pay millions of euro in pay increases to higher earning public servants, particularly when some terrible cuts in services are being considered. It is wrong and needs to be re-examined.

An Ceann Comhairle: We will wait for a few minutes because there is no Minister present in the Chamber.

Deputy Brendan Griffin: This hopefully will be third time lucky for me and I will get to the end without suspensions.

I also find it incredible we will continue to pay €1.5 billion per annum in allowances to certain public servants. This is uncalled for and needs our immediate attention.

Some imaginative and innovative measures could be implemented in the forthcoming budget that would raise considerable revenue for the State without having a deflationary effect or causing anyone to go hungry or cold. For example, a one cent levy on short message services, SMS texts, would generate €120 million for the Exchequer per annum. If it were increased to two cent, it would raise €240 million. Recently, the Spanish Government imposed a tax on lottery winnings. Last year, I suggested lottery and gambling winnings of over €500,000 should be taxed which, in turn, could generate considerable revenue for the State. No one winning such an amount would be worried about such a tax. However, the revenue could alleviate the concerns of the person losing a home help or personal assistant.

These are the simple measures we need to examine and which could have a real impact on people's lives. There are many other ideas on revenue generation which is why I am looking forward to next week's debate on the budget which will take ideas from across the House. There is much low-hanging fruit to be picked. I hope the Government and the Minister for Finance will take such measures on board. We need to get our priorities right. It is time to do that quickly which is what the people are asking of us. I hope it will be achieved in the forthcoming budget.

Deputy Joe O'Reilly: This Bill gives legislative effect to Articles 3 and 4 of the stability treaty adopted by referendum on 31 May 2012. It merits affirming and congratulating the people for the leadership role they played within Europe and for their foresight in adopting the treaty comprehensively. That was a great day for the country and for Europe. The Bill also establishes the Irish Fiscal Advisory Council on a statutory basis. Article 3 requires that budgets be balanced or in surplus and it proposes a correction device if this is not so. Article 4 proposes that the debt-to-GDP ratio cannot exceed 60% and, if it does so, the difference must be reduced by an average of one twentieth per year. The debt rule is already required under the Stability and Growth Pact, which was adopted in late 2011. The Minister for Finance, Deputy Noonan, said the rules were sensible and prudent and represented a responsible approach to budgetary policy. My colleague, Deputy Griffin, ventured to suggest certain budgetary exercises that could achieve the objectives. That was a helpful exercise and, like him, I look forward to next week's debate on the issue.

I am pleased the Minister of State at the Department of Finance, Deputy Hayes, is present

and I am keen for him to take the points on board. The official statistics suggest that fraud, misuse or misappropriation of various welfare payments in the country is exaggerated in the popular mind and that the percentage is low in relative terms. However, anecdotal evidence suggests this area needs more examination. This week we read of the exercise of social welfare officers who visited homes to establish whether children were present. The checks were reported on the front page of yesterday's *Irish Independent*. Such hands-on field visits are worthwhile because in no sense do they threaten the vulnerable and needy. It is our priority to deploy resources towards the vulnerable and the needy. Such exercises, which catch misappropriation, fraud and so on, can yield more low-hanging fruit, to paraphrase Deputy Griffin. I realise this is a popular concept as well and it can be exaggerated but I believe there is something in it worth considering.

I subscribe to the premise that we must be seen to achieve fairness and that the upper echelons and more highly paid people must be seen to pay their way in any budgetary strategy. I am confident this will be the case in the upcoming budget. However, that is more a matter for next week's debate. I believe in the payment of supports to people. It should be axiomatic and accepted beyond doubt by any Member that the vulnerable and the needy who need our help should get it. There should be direct social payments to those who need it and support for home care services, home help services and so on. It should not be a matter for debate and it goes without saying that these services are required. However, we should consider targeting in all areas. There is a need to target services at the needy in a specific way and to look to where people may be fit to make a contribution through family or whatever. Targeting will be important.

The objective of the fiscal compact treaty and of our prudential financial management of the country is to achieve the stability of the euro. This is to be achieved through the six-pack, made up of five regulations and one directive, and the ESM treaty, which will create a permanent rescue fund, firewall or support system. That entered into force on 20 September.

It is heartening for all of us to have in place the combined measures of the fiscal compact treaty, the stability mechanism, the six-pack and the communiqué following the recent leaders' meeting, which refers to a separation of sovereign and banking debt. All of these strategies are combining to stabilise the euro and the markets and there is evidence to this effect. The Minister of State, Deputy Hayes, will be better placed in his reply at the end of the debate to go into detail on it. My knowledge of the markets and a cursory glance at the media every day suggest that the markets have stabilised considerably and the euro is doing well relative to how it was doing. It appears there is not the same level of fluctuation. Ultimately, this is good for everyone and good for Europe. We are going in the right direction and we are getting there gradually; this is a considerable achievement. Confidence is returning in the euro and in euro countries, and this is palpable. It is a critical milestone and a good news story. Bloomberg TV and the other business television channels indicate the euro is performing well. It has not suffered the same number of dips and troughs as previously.

It is vital that we match all of the required fiscal prudence with other measures. People have no wish to go back to the dreadful place we were in previously. We owe it to our children. If Members have any moral responsibility, it is to ensure that the errors of the past are not revisited on our children. Those of us who have lived through them have a collective responsibility in this matter.

We have been working to ensure fiscal prudence is in place and we must continue in this vein and work with the budgetary objective of arriving at a deficit level of 3% of GDP. The

budget deficit must keep coming down and we must take €3.5 billion out of the economy this year. There is no avoiding these hard realities and we have a moral responsibility not to shirk them and not to seek short-term political gain by shirking them. We would be doing an injustice to the people who elected us were we to do so.

Prudent financial management should be matched with a jobs stimulus at European level. The IMF, the ESM and all the mechanisms in place must be brought together to create the necessary support in credit terms for an initiative for jobs. We need more days such as yesterday, when we heard the announcement from the Kerry Group of the creation of 900 jobs, which was so heartening. This must be replicated throughout the eurozone area. There is a potential lost generation of young people who will never work if we do not change things, and that is a dreadful prospect. Some 30% of people between 17 and 25 years of age in the country are not working or do not have a job opportunity, and that is not a sustainable position. We need to ensure the availability of jobs and the establishment of a jobs stimulus. This should be a headline position during our Presidency of the Council of the European Union. Another headline position during our Presidency should be to say there is no going back. There can be no going back. The people are going through considerable pain and hardship at the moment. It affects every sector and there is no denying it. It is a source of stress and distress to everyone. The least we owe the people is to say there can be no going back to a situation of vast budget deficits. Effectively, there was no correlation between what was coming in by way of income tax and what was going out in current expenditure. The deficit was in the region of €19 billion per year. That is not sustainable and cannot be repeated. It is important that a legislative position is established. It is also important to set up the fiscal council to ensure independent monitoring of the Government such that we reach the objectives of bringing down public expenditure.

The greatest moral imperative on every Member of this House is not to do onto our children what was done onto us. That means getting the finances correct, following that exercise with the jobs initiative and putting legislation, devices and authorities in place so there can never be a return by any Administration to what was the case in the past.

Deputy Dara Calleary: I welcome the chance to speak on this important Bill. As previous speakers stated, it is the homework from the referendum campaign in June last in terms of putting into legislation our various commitments under the treaty. It also gives us a chance to stand back, perhaps for the first time, identify some of the issues of the past number of years that are responsible for having us where we are today and maybe, as Deputy O'Reilly stated, ensure through this and hopefully other legislation that a Dáil in 20 years' time will not introduce emergency budgets or cut and slash budgets to respond to a crisis.

I hope the notion of fiscal responsibility is something that will sell easily with the public in the current context but the danger is it is merely the name on a Bill with very little underneath but window dressing. That is one of the potential difficulties with this Bill. There is significant promise and potential in it, but when one looks at issues like the fiscal council, we are missing a significant opportunity to have a body with teeth that must be listened to, that is resourced and that can be independent and challenging of authority on how the system generally spends its money.

There are examples in a number of countries, such as Sweden and the Netherlands, of how that can happen. The fiscal council in Sweden has a mandate to take a position on various aspects of fiscal policy. In the Netherlands, the fiscal council provides independent budget and macroeconomic forecasts. There is an independent analysis of fiscal issues provided by the

United States Congressional Budget Office, which has the resources to get research compiled and which must be listened to.

There is no sense in us assembling, as the Government has done, a fine bunch of people but putting them up there as Christmas decorations. As soon as advice they come out with that may not be politically popular is submitted for debate, the Taoiseach tells us straightaway it is not binding on the Government but he will reflect on it. The Government is treating the fiscal council similar to other budgetary lobby groups that are queuing up at the door with all of their ideas. If we are to be serious about having a fiscal council as an independent brake on the political system, then we need to treat it a little more seriously than that. We need to budget properly for it. I note in the legislation - perhaps this can be amended - that there is something about an €800,000 limit on its budget. If we trust it to do its job properly, then limiting its research capacity is not a good way to start. On its ability to communicate with people, it must be able to communicate concisely and speak in plain English. Fiscal issues are, by their nature, complex and a fiscal council needs the resources to be able to address that matter.

It will be potentially one of the great legacies of the Government if it is resourced properly, given proper powers and has the capacity to challenge the system in a way where the system must respond rather than the way in which the fiscal council is treated. The notion of fiscal responsibility, and what we are formally signing up to in this legislation in terms of budget deficits and balanced budgets, is incredibly important and long overdue, but must have lines of communication and responsibility.

I think the Minister of State, Deputy Brian Hayes, has done his time on the Committee of Public Accounts and I am not sure whether Deputy Olivia Mitchell has. What one sees at that committee every week, not only last night, are examples of fiscal irresponsibility. One will see it tomorrow, tomorrow week and tomorrow month. There seems to be never any sense of somebody paying a price for being fiscally irresponsible and I apply that to the political class as well as to the full-time accounting officers. If we are serious about fiscal responsibility and about these targets, then the Bill requires us to look at the Ministers and Secretaries Acts so that accounting officers become accountable. It should not be that they merely arrive into the Committee of Public Accounts, spin a line, get their heads kicked in at the committee and in the newspapers the next day, and then we move on to the next story, which is, effectively, what happens at present. If we are to be serious about it or if we are not to come back here in five or ten years' time sending the Taoiseach of the day off to Brussels to get a derogation for us from the 3% deficit limit, this Bill will challenge the entire political and service culture of the State. Unless accounting officers are accountable by their jobs, they will not be accountable. I include Ministers as well. If a Minister cannot ensure that his or her Department is delivering on the budget agreed by this House, then that Minister should go. The same should apply to any accounting officer, be he or she a Secretary General, an assistant secretary or the chief executive of a semi-State organisation. If we have learned anything in the past number of years, it is that lack of accountability drives further failure.

The Committee of Public Accounts does a fantastic job. It is a well-resourced committee. It shows that the committee structure in this House can really work. However, it is too small to cope with the amount of information coming to it.

On accounting officers who overspend consistently in budget, I have a certain sympathy for those in the demand-led schemes. It is difficult at the beginning of the year to anticipate how many will get sick or how many will need various social welfare allowances. If one is respon-

sible for delivering on a capital project in a capital-spending Department or if one is responsible for delivering a programme that is supposed to be budgeted, then one's neck should be on the line if it does not happen, particularly because of maladministration. At present, such a culture does not exist. If we are to be truly correct about a fiscal responsibility Bill and about signing up to all the targets contained in it, then that is the least that we can do. What is required from the Bill is a complete re-examination of the Ministers and Secretaries Acts and various other Acts that look at the role of accounting officers in State and semi-State organisations.

On the notion of fiscal responsibility, one of the ideas of the Government was that it would review and freshen up the budgetary process. Next week we are having a debate, which I am sure will be lovely. We all will come in and impart our ideas and they will be ignored. This is the way, not only of this Government but of previous Governments. I would nearly take a bet that many of next week's ideas will not surface, but at least we are having the debate. The notion addressed by the Taoiseach this morning, of challenging each committee to look at it, is the way to go. It is too late to do it in October; it should have been done in June last so that it could have been done by the committees over the summer.

As has occurred for the past number of years, and in the time of the previous Government as well, there have been leaks thus far about older people, free travel, disability allowances for those under 18, employers' PRSI, the children's allowance and, the latest in the list, private schools. No doubt somewhere in this complex there are ministerial spin doctors plotting to see what will be next weekend's menu of leaks as to what may or may not be in the budget. That is all very fine when one is above in the west wing plotting how to get one's Minister either on or, in some cases, off the front of the newspaper this weekend, but such speculation influences people's behaviour in the domestic economy. People are not spending money because they are afraid that their children's allowance might be cut, their pensions might be cut or they might have to start paying fees in private schools. Every leak that comes out for whatever reason - it was a disgrace the way it was managed last year - will impact on our ability to deliver on the State's fiscal targets. Our domestic economy is already fragile enough without what we must put up with for the next two months before budget day in the way of leaks, counter-leaks, denials and non-denials. Meanwhile people will not spend for fear that they need to put money aside to cover whatever will come. It struck me that the Spanish budget was delivered three weeks ago, presumably for next year.

5 o'clock

People in Spain are now in a position to make their decisions on next year's expenditure because they know what taxes and charges they will have to pay. Here, we will not make that call until 5 December although there was a time, believe it or not, when the budget was at the end of January. People will have to make expenditure and budgetary planning decisions over the course of the busiest three weeks in the year for our service economy. Indeed, for retailers, sales in those three weeks can determine whether they open or close their doors in January and we will have the budgetary process right in the middle of that.

At some stage, over the course of this Government's time in office or the next, we must move the budget forward. That will require us to change the October deadline for self-assessed tax returns, which will be a major challenge to the system. However, we must change because the manner in which we introduce budgets at the moment is impacting negatively on our domestic economy and is affecting the ability of the budget to deliver on its own targets. There is no sense in the Minister for Finance coming in here with domestic growth targets that are

actually being affected by the manner in which the budgetary process is carried out. That is clearly what is happening at the moment. Those involved in retail say the sector is tanking and that people are just standing back and not making any major expenditure decisions as they await the budget. People are doing that this year and they have done so for the last ten years or more, ever since the December budget process was introduced. It has become a lot tougher in recent years because people know their income is going to be cut, as opposed to increased through tax reductions and so forth.

In fairness to the Government, it was never said officially that if we vote Yes to the fiscal compact treaty, it would be good for us in Europe and would help our influence there. We voted Yes and then on 29 June we had the communique concerning our bank debt. The indication now is that it will be resolved in March 2013 and everybody wishes the Government well in that. Everybody wants to see that happen. However, there is a danger that as we move into our EU Presidency term, the focus will go off that deal and our ministerial resources and time will be set to the Presidency agenda. I know the Government will say this will not happen but there is a certain inevitability about the burden of the Presidency.

The stepping back from the commitment of 29 June by some is significant and needs to be addressed. The letter from the three finance ministers is probably not as significant as some make it out to be because the three individuals involved have never been major fans of Ireland Inc. However, the fact that three ministers of finance, *per se*, would suggest that the deal is open to interpretation is significant. Prime Ministers drive the car at the European Council but finance ministers are the engine. If the finance ministries in these countries are feeding that view to their ministers, then one has to ask what the officials around the table are doing. What are the finance ministries in these countries feeding to their central bank governors who sit on the board of the ECB? It is the underlying basis of the letter that concerns me.

The Taoiseach is right when he says he has a deal but at the moment there is a question mark over what exactly that deal will be. I heard the Minister for Finance, Deputy Noonan, saying that he hopes for a signal from the ECB before the budget to allow him to plan ahead. We have delivered as a country and have implemented harsh budgets for four years in a row in the interests of the euro and it is time for the ECB to stand with us instead of forever putting blockages in our way. We must be allowed to move on from this because if we move on, the euro will move on. It is as simple as that. If we can get the core programme countries moved on, the euro will move on.

In the last number of weeks we have seen a greater confidence in the euro as a currency. However, we must not delude ourselves because this country is still in a fragile position, no matter what *Time* magazine says. The question also remains as to whether Spain will enter a bailout programme but it looks likely. Deputies will have seen the difficulties in Greece on Monday night. There are also difficulties in Cyprus and a number of other countries. The ECB should realise that it is in the interests of the euro to sort out our debt issue and act accordingly. It is time for action because we have done all the talking. The case has been produced and we have shown our ability and willingness to deal with the issues. I cannot see why the procrastination is continuing.

This Bill and its consequences challenge us, as politicians, to change the way we behave in terms of our interaction with the public. We have a habit of putting sugar on everything. Now that we have these targets in place, it is time for us to look at the way we do things, in all parties and none. The days of telling people what they want to hear, with the passing of this Bill,

are now over. We cannot blame Europe either and we should not do so. This Bill marks our responsibility as an Oireachtas to ensure that the country is not in the same position again in 20 years time. We must decide that we will not leave a legacy to a future Oireachtas whereby it is forced to implement the kind of budgets that this and the previous Administration had to. This Bill is the start of that process. We must also change our language in dealing with groups and organisations and our way of doing things. It will be hard and will challenge the system but it must be done. We need a complete set of political reforms.

The Fiscal Responsibility Bill is the creation of the Department of Finance but it affects the entire political and Civil Service process. Not only does it require reform of our fiscal systems, it also requires reform of the Ministers and Secretaries Act and of the entire political system and the way in which we, as politicians, do our business. It requires reform of the way we think and that applies not just to politicians but also to accounting officers and senior public servants. We must realise that we will be held responsible for breaches of this Act when it is passed. That will not just mean getting a kicking for two days in the newspapers until they move on to the next story. It will mean losing one's job or at least one's position, that is, being demoted, regardless of where one is in the elected or non-elected system. When people realise this, then they will change their behaviour and attitude. The notion that one can get away with it or bluff one's way out of it goes with the signing into law of this legislation. However, unless the Government introduces other accompanying legislation and brings changes to the areas to which I referred, then I will bet the lotto jackpot, with tax, that there will be a government in 15 or 20 years time going to Brussels looking for a derogation to the Act. That will happen if we put the legislation in place but do nothing to change our behaviour.

Deputy Olivia Mitchell: I am grateful for the opportunity to speak on this Bill, which was in draft form at the time of the referendum on the stability treaty. We had an opportunity during that referendum campaign to debate exactly what was going to happen and the electorate went into vote knowing what the impact of the treaty would be. What we are now putting into law received a resounding mandate from the people.

The Bill details the commitments required of each member state to underpin the main provisions of the stability treaty, namely the setting up of the ESM, the mutualisation of debt and the supervisory mechanisms that are considered necessary. There is no doubt that a new supervisory system is absolutely essential to control and monitor spending in countries and to ensure that debt accumulation is kept under control. This is required of all countries, as a *quid pro quo* for the establishment of the ESM and is perfectly understandable. It is also clear that new rules and measures are needed to ensure that alarm bells will ring very early on when countries are at risk, even in a small way, of veering off a fiscally sustainable path. Of course, we had rules in place for years, including the 3% of GDP rule, which was observed by some countries and ignored by others. It is ironic that it was observed by Ireland almost until the collapse of the economy. That rule did not prevent or even signal the economic crisis that befell us because the low deficit-to-GDP ratio did not reflect the nature of our GDP growth rate. It masked the unsustainable structural debt created by phenomenal increases in expenditure based on the property bubble and the taxes that flowed from it. Ireland is a classic example of a country with a structural deficit. More than any other country in the eurozone, we should enthusiastically embrace the discipline of the new budgetary measures. They will not directly help us now, but they should prevent similar problems arising in the future and, just as important, allow other eurozone countries to avoid them. Ireland may be an island, but if we have learned anything from this crisis it is that no country is an economic island.

Our debt-to-GDP ratio did not receive as much attention as other issues during the course of the referendum, but it graphically demonstrates the precariousness of our financial position. The new requirement, with which we do not have to begin to comply until we have reduced our deficit, is to have a 60% debt-to-GDP ratio. This is probably a conservative level, given that many economists think the level of debt can safely increase to 80% of GDP, but the more cautious figure is understandable. Our problem is that our debt-to-GDP ratio is already far in excess of what anybody would consider sustainable and despite all the sacrifices people have made, it continues to grow.

The level of debt was projected to grow until the end of next year, when it would peak at a massive 120% of GDP before the budgetary measures introduced in the past few years, combined with economic growth, would start to reduce it. That would be a reasonable assumption if we had growth and it might still happen, but there is little sign of the growth required to lift us out of the hole. It would be folly not to worry at this stage. As an exporting country, our recovery depends on growth in our markets, but that is not happening. Ironically, our rate is forecast to grow at a faster rate than that of our customer countries. If our debt is to become sustainable, we need our exports to grow. That is why it is important that the promise made at the June summit is kept.

The decision to separate bank debt from sovereign debt was made in recognition of the potential for unmanageable levels of debt to sweep away the best efforts of any country. Nobody wanted that to happen to Spain, Italy, Cyprus or any other country. Once the agreement was announced, it became self-evident that Ireland should not be expected to carry a similar burden. The Government was to the fore in making the argument that the Spanish sovereign and taxpayer should not be expected to carry all of that country's bank debts. The Government should be commended for its persistence in making this argument and being in a position to push home the point in the context of the Spanish crisis. Spain is playing a smart game. It is using its leverage to best effect because it saw how Ireland's leverage disappeared immediately once we had accepted a bailout. It may ultimately have to accept a bailout and all the conditions accompanying it, but in the meantime it is using the threat its collapse poses to the euro to get the best possible deal. I do not blame Spanish negotiators for this strategy because we got a shocking deal when we accepted the bailout. I do not blame anyone for this because it is easy in hindsight. We were not in command of all the information and, whether because of ignorance or desperation, accepted a bailout without examining in detail whether the conditions were too onerous.

We knew at the time that we were accepting the bailout to save the euro. Germany, Finland and the Netherlands should realise that the euro and their own economies will be at risk if the bailout fails. If our bailout programme does not work and we are unable to return to the market, we will know the price of co-operation next time around. I do not say this as a threat but because solidarity is a two way street. The Taoiseach was correct to state any reneging on the commitment given in June to use the ESM to buy into our viable banks would be a monumental breach of trust. I believe the Government will deliver on that deal because the European Union will realise it makes no sense from its perspective to allow our debts to become unmanageable. While I understand Deputy Dara Calleary's position, I do not agree that the Irish Presidency will be a barrier to getting a deal. I do not think we will enjoy any favouritism, but we will certainly be a key driver in the decision-making process. If anything, that will help rather than hinder.

Nobody expects the ESM to compensate us for all of our bank debt. We will have to carry

some of it ourselves and the banks are only worth a fraction of the price we paid for them. However, it could help us to reduce our burden by making our debt more manageable. This year the Government will spend in the order of €60 billion in running the country, of which €8 billion will be used to service our debts. This is dead money. We will add approximately €15 billion to this burden next year. This runs the risk of reducing the overall amount of money available to the State by contracting domestic spending and, consequently, tax revenues.

These challenges put this morning's call by the leader of Sinn Féin for a supplementary budget into perspective. It defies belief that people fail to see the reality of our current situation to the extent that they can call for a supplementary budget at this point in the year. I would love to be able to call for a supplementary budget, but it will be a long time before we are in that space.

I welcome the Fiscal Responsibility Bill, the introduction of fiscal rules and the establishment of the fiscal council on a statutory basis in order to underpin the stability treaty and the commitment to the ESM. However, unless the baby of the stability treaty, the ESM, is used to ensure stability by means of what was promised in June, the other measures are meaningless to Ireland, the eurozone and the entire European project.

Deputy Alan Farrell: I welcome the opportunity to speak on the Fiscal Responsibility Bill 2012. I will briefly address the fiscal rules which the Bill introduces, bearing in mind the extent to which these matters have already been debated in the Dáil, on television programmes and, most importantly, the doorsteps. Ireland's debt-to-GDP ratio was 108.5% in our first quarter and continues to rise. Legislating for fiscal responsibility and debt management will be key to a successful return to the financial markets and thus regaining our economic sovereignty next year. While our international financial reputation is on the mend, we still have one of the highest debt ratios in the EU. It is imperative that we regain our financial footing if we are to survive as a self-sufficient state, and one that is so inextricably linked with our EU partners and the world market, in order to ensure job creation and economic growth in the future.

Part of this Bill will establish on a statutory footing the independent Irish Fiscal Advisory Council, which has been working over the past year and which will reform our fiscal and budgetary process. This is a measure that has been adopted by governments worldwide following the financial crash in 2007. A vital role of the independent fiscal advisory council is to improve and reform the transparency of the budgetary process. Any reports or recommendations will be issued to the Minister ten days prior to their release into the public domain for dissection by external financial experts and economists. This is a welcome step in the context of allowing the general public assess and assimilate information.

In 2011, an independent report stated that warnings on the outcome of Government economic policy were provided to Cabinet from internal sources. Therefore, it appears that someone did shout "Stop", but nobody was listening. Would things have been different if it was known that the contents would be released to the national media? They probably would. Governments make decisions based on the best information that is available to them. The reports of the fiscal advisory council will form part of the jigsaw when it comes to fiscal policy making at Government level that will affect the future of all of us.

It should be noted that the fiscal advisory council will be independent of Government and therefore the opinions it will put forward will not always be in line with Government policy. This is a good thing as it is always good to have more than one opinion on issues. Finally, I am encouraged by the fact that the fiscal advisory council will make itself available to Oireachtas

committees and will, therefore, be answerable to us, the public representatives elected to preside over such matters. This offers a particular opportunity to the finance and other committees to go through the suggestions and reports line by line, which would be a positive move.

Deputy Brian Stanley: The current approach to righting our economic woes is not working. The policies of unregulated neoliberal economics have brought us into the deepest recession this State has ever witnessed. The previous Fianna Fáil Government oversaw the biggest boom to bust in the history of the State and the current Government is pursuing many of its predecessor's policies.

To put the debate on fiscal responsibility into context, the public breathed a sigh of relief when a change of Government came about following almost 14 unbroken years of Fianna Fáil rule. Fine Gael and Labour swept into power promising a new approach and a new way of doing business. Unfortunately for many of us, we have now reached a point where the situation is in fact worse. Public debt has risen under the watch of the Minister for Finance, Deputy Noonan, and unemployment has risen under the watch of the Minister for Jobs, Enterprise and Innovation, Deputy Bruton. Child poverty is now at a shocking 19.5%, which means more than 200,000 children now live in poverty. The total number of people in poverty is now over 700,000, all under the watch of the Minister for Social Protection, Deputy Burton, and some 100,000 households are languishing on local authority housing lists under the watch of the Minister for the Environment, Community and Local Government, Deputy Hogan. These shocking facts prove that austerity and the policies of this shambolic coalition has failed. The facts also dispel the myth that the Labour Party in power provides protection for ordinary people. It does not. The Labour Party is colluding with every cut, closure and job loss. In recent days, the IMF, which is not exactly a radical organisation, has concurred that we cannot continue to cut and squeeze and push austerity down people's throats.

I see this only too clearly in my constituency. Unemployment in County Laois has now reached 8,798. It is worse in Offaly, where there are 9,275 people on the live register. Respite services in Abbeyleix and Mountrath, County Laois, for young people with intellectual disabilities are being cut by 50%. Threatened closures of nursing homes in Abbeyleix and Shaen are being overseen by the Minister for Health, Deputy Reilly, and by two Labour Party Ministers of State, Deputies Kathleen Lynch and Alex White. The budget for Portlaoise hospital is €8 million less than it was just a few years ago. The situation there is dire. The budget is on a knife edge and staff are under serious pressure. One member of staff told me that one person is now doing the work of three people.

This is all made worse by the fact that the Government appears to be inflexible in its approach to austerity. Its mantra seems to be: "Share the blame, with more cuts and more pain." Of course, this is unless one is a higher earner. Let me give an example from one arm of government. Some 235 local authority staff are earning over €100,000. Indeed, in the Department of the Environment, Community and Local Government, 21 staff earn over €100,000. There are no cuts or pain there. Where is fiscal responsibility in that case?

The Bill before us will inflict even more cuts and more pain on the general public. It is a result of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union, otherwise known as the austerity treaty. Ireland will have to comply with the medium-term budgetary obligation as outlined in the Bill.

For the record, Sinn Féin supports fiscal responsibility. In fact, we were calling for greater

regulation of the markets long before the Bill saw the light of day. We were the only party that consistently called for regulation of the banks during the noughties. We were the only party that called for an end to property-related tax reliefs, rafts of which were introduced by Champagne Charlie and others. We pointed out consistently that transaction taxes were not the best way to fund the economy or Government expenditure and that we needed more sustainable taxes. We did this continuously.

Deputy Brian Hayes: Such as?

Deputy Brian Stanley: Such as a 48% tax on those earning over €100,000. What we have been calling for is greater regulation, long before we got to this point. In the recent past those of us who challenged the *status quo* were branded economic illiterates. However, where we differ with the contents of the Bill is in how we measure responsibility and how we achieve an agreed definition of responsibility.

If passed, the Bill will not allow general Government debt to exceed 60% of GDP. If this happens, the Government must reduce that debt by 5% per annum. However, the stark reality is that Ireland's ratio was 108.5% at the end of the first quarter in 2012, one of the highest in Europe, with the average in the eurozone being 88.2%. The medium-term budgetary objective is a key element of the Stability and Growth Pact. It is a target for structural balance which takes into account existing debt levels as well as likely future liabilities arising from the ageing of the population. Each member state has a medium-term deficit objective for its budgetary position, defined in structural terms. The medium-term objectives are more stringent where the level of debt and estimated costs of an ageing population are higher. In other words, the Bill will punish states such as ours with an ageing population.

Section 6 of the Bill provides for the correction mechanism. This will be triggered if there is a significant deviation of the Government's budgetary position from the medium-term budgetary objective or, if relevant, from the adjustment path towards that objective. This is wholly unacceptable as it interferes with and undermines the sovereign position of the State in its own budgetary process. This mechanism forces the Government to take corrective action by submitting a plan outlining what is required to secure compliance with the budgetary rule.

Section 6(2) details the elements that should be included in this plan, including necessary revenue and expenditure measures, and the time over which compliance must be achieved. If it takes longer than one year, the plan must include annual targets for achieving compliance. This will force further cuts and austerity measures on people who are unable to bear them. I refer to ordinary working people, many of whom are in negative equity or unemployed, who are innocent of being irresponsible. As outlined in section 6(3) of the Bill, the plan must comply with the Stability and Growth Pact, any recommendation made under it and the current stability programme. Section 6(4) allows for consideration of "exceptional circumstances" in the execution of the plan. The Government must submit a new plan if such exceptional circumstances cease to apply. Section 6(5) allows the Government to submit a statement outlining the steps it intends to take to avoid "a failure to comply with the budgetary rule" in cases where it considers that such a failure is likely to occur.

The process I have outlined, which is driven by Brussels bureaucrats, is undemocratic and unaccountable. Sadly, the Taoiseach and the Tánaiste have failed miserably to stand up to this or change it. The Bill will make it virtually impossible for the public or ordinary Members of the Dáil to have an impact on the budgetary decisions of a democratically elected Government.

Ministers will be able to blame the European Union for unpopular budgetary decisions. It does not have to be like this, however. The Government, like its counterparts in Europe, has choices. It can achieve fiscal responsibility. As long as it continues to pursue its current policies, we will continue to witness increasing unemployment and an ever-contracting economy. It must pursue different policies - for example, by investing in job creation and reforming the tax system. It has failed to pursue these two core policies. Sinn Féin will launch its job creation document tomorrow, to be followed next month by the launch of our alternative budget. Both documents will clearly show the public that there is an alternative to the Government's failed policies. Sinn Féin's solutions are based on job creation, economic growth, inclusion and social justice.

I will give a solid example of how the Government could serve the people. It should exploit our offshore oil and gas reserves for the benefit of the country and its people. A new report by the Shell to Sea campaign group has revealed that oil and gas reserves in Ireland's seabed worth millions of euro have been licensed to private companies, with the State gaining just a tiny fraction of the profits. The report suggests Ireland's system of managing its oil and gas resources is "dysfunctional, out of step with the rest of the world, and heavily skewed in favour of [large] private companies". I appreciate that this system developed in the last decade and a half or two decades, before the Government came to power. Corrupt and poor governance has allowed our natural resources to be handed over to and exploited by others. At a time of economic hardship, it is a scandal that Ireland is not benefitting from its natural resources. I call on the Minister, Deputy Pat Rabbitte, to reform the licensing and taxation regime. Existing oil and gas contracts should be renegotiated. Sinn Féin proposes that the State take a 50% shareholding in these resources and that an immediate levy of 48% and a royalty payment of 7.5% be introduced. These rates are quite low compared to those in other countries where this approach is normal. In addition, a State oil, gas and mineral exploration company which would actively participate and invest in exploration should be established.

Measures such as these would greatly benefit our ailing economy and transform the lives of hundreds of thousands of citizens. We should be debating how best to exploit our natural resources in a sustainable manner that benefits the people. Instead, we are discussing a bad Bill which provides in legislation for policies that have failed miserably. Even the IMF is starting to see this.

Deputy Derek Nolan: I would like to share time with Deputies Eoghan Murphy and Paschal Donohoe.

Acting Chairman (Deputy Jack Wall): Is that agreed? Agreed.

Deputy Derek Nolan: I listened intently to Deputy Brian Stanley's round-the-house ramblings. He ended by setting out a rather nonsensical approach to the issue of our natural resources. He did not have any regard to the fact that certain rights were attached to the contracts and legal provisions are in place. I accept it is possible that there could be some reform in the future, but the Deputy should at least acknowledge that much of the damage done over a long period of time cannot be reversed.

Deputy Brian Stanley: I acknowledged that. The Deputy should not confuse ramblings with facts.

Deputy Derek Nolan: The Deputy said he would speak about the policies needed to solve the country's jobs crisis. The policy on natural resources was the only one I heard him mention.

I did not hear anything about job creation or the economy.

Deputy Brian Stanley: The Deputy should come to the launch tomorrow.

Deputy Derek Nolan: I heard the Deputy berating the Government by saying we needed to start focusing on job creation and investment. The Government announced the first part of a €2.25 billion stimulus package a few months ago. That fund will be spent in the next few years to build hospitals and schools, put money into the economy and create jobs. This practical plan will have tangible benefits.

The Deputy said the Bill was undemocratic because it gave powers to the European Union. I remind him that the rules set out in the Bill were agreed to by the public in the referendum last May. If he is annoyed that they were approved by the people, that is his right. However, it is nonsense to say it is undemocratic for us to implement legislation that was sanctioned by 60% of those who voted in a referendum. Such nonsense has been coming from representatives of Sinn Féin for a very long time. They argued during last year's general election campaign that the country did not need the IMF, the European Union or the ECB. They said we would be fine because we were perfectly capable of supporting the economy on our own. They were very quick to change that message after the election when it was no longer politically or economically tenable. Frankly, they could not stand over that position. Before the last budget, they waved their alternative budget around in this Chamber and said there was another way. Recent close analysis of Sinn Féin's wealth tax proposal showed that it was based on reports that were out of date, including an inaccurate Merrill Lynch report. It is an absolute fantasy.

Deputy Brian Stanley: False.

Deputy Derek Nolan: No economist who has looked at it in any detail has said it is plausible. Sinn Féin went around the houses during the last-----

Deputy Brian Stanley: Many economists have backed it up.

Deputy Derek Nolan: They have said there might be merit in it, as some funds would certainly be raised.

Deputy Brian Stanley: The Deputy needs to stick to the facts.

Deputy Derek Nolan: The final figure would be nowhere near the €800 million suggested by members of Sinn Féin. Frankly, they have been putting out this proposal because they are unwilling to take tough decisions. If it supported the proposed property tax, the need for which is accepted by every left-wing social democratic party in Europe, at least it would have one unpopular decision on its record. A property tax is a necessary part of funding the coffers of any state because it is reliable, even and can be predicted in advance.

Deputy Brian Stanley: The Labour Party is running away from the introduction of a wealth tax.

Deputy Derek Nolan: I have mentioned how Sinn Féin behaved during the referendum on the ESM treaty which provides the basis of the Bill.

Deputy Brian Stanley: What has happened to the 48% tax rate that the Labour Party promised before last year's general election?

Deputy Derek Nolan: The treaty is extremely important for the country because it provides that a country which is spending too much money that it does not have must reduce its expenditure over time and that a country that has borrowed too much has to reduce its borrowings over time. That is the basis for it. There might be more to it.

Deputy Brian Stanley: The Deputy is making false accusations.

Deputy Derek Nolan: Will the Deputy please let me speak?

Deputy Brian Stanley: Deputy Nolan is suffering from memory loss.

Deputy Derek Nolan: I did not interrupt the Deputy once during his nonsense.

The treaty also provides that countries which get in trouble in the future will be able to borrow money. If they run out of money, a fund will be available for them. Sinn Féin wanted the people to veto that fund at a time when the State coffers were in severe crisis. As the date of the referendum approached and those in Sinn Féin started to realise people did not believe them, they said, "Hold on - we will be able to borrow from it. Sure they will have to lend to us." It must be the most economically reckless stance of any democratic party which has had Deputies elected to this House. They were telling people fibs. They asked them to chance it. They said, "Give it a go - you never know."

Deputy Brian Stanley: Was the promise to introduce a 48% tax rate a lie?

Deputy Derek Nolan: I am not sure what the Deputy is talking about.

Deputy Brian Stanley: Deputy Nolan is suffering from memory loss.

Deputy Derek Nolan: I will debate the matter with the Deputy another time.

Deputy Brian Stanley: Does the Deputy recall asking people to protect child benefit by voting for the Labour Party?

Deputy Derek Nolan: The Deputy has said the Government has not changed any of the policies it inherited. I remind him that we have a different policy on the banks and a different policy on job creation. We are adjusting the taxation system to make it fairer. The Government has to acknowledge that there is an economy and that the domestic economy, the public sector and other stakeholders need to be looked after. Believe it or not, it has to realise that electoral gain and populism cannot be its driving force. It cannot operate like Sinn Féin, which is exploiting people's fears and using the terrible circumstances families are in as a basis for electoral growth. I have said it before and will say it again - historians will not look back favourably on Sinn Féin when they write about this terrible time in Irish economic history.

Deputy Brian Stanley: That is not what Labour Party Deputies said when they were in opposition.

Deputy Eoghan Murphy: I want to address a particular aspect of the Bill. I refer to the part that puts the Irish Fiscal Advisory Council on a statutory footing. I am speaking in the context of the discussion on the budget in the lead-in to its announcement in December. Putting the fiscal council on a statutory footing is very welcome. We made a commitment to the people during the election that we would put transparent and responsible budgeting and financial management at the core of Government business. Almost the moment after we were elected into

government with our coalition partners in the Labour Party, we went about setting up the fiscal council. It is an innovative idea which began in the UK before being brought here. It is important that, with this Bill, we bring it into the framework of the upcoming discussions.

The Bill further strengthens the council and the footing it has in terms of the debate in which we are engaged, which is welcome. I congratulate the Government for its foresight and for moving so quickly to do that. It is an independent body established to guide Government thinking on preparing the budget. We are not bound by its reports or recommendations, but they should guide us, because otherwise it serves only as window dressing. It will be an image of reform, rather than true reform, if we do not take on board its recommendations to some extent, even if it is just to debate them, to dismiss them, to take parts of them or to consider them further. However, it must be part of the discussion we are all having in the Chamber about the coming budget, because that is why we set up the body. If we do not listen to it, we risk it becoming irrelevant.

Last year the fiscal council called for a greater budgetary correction than was being anticipated, and advised us to cut more and to be careful of our assumptions for growth for 2012. I agreed with its prognosis at that time. We did not go with the recommendations of the council but we still did okay and there was still growth in the economy in 2012, although it was not as high as we thought it would be. The economy grew this year, it is growing and we came out of recession technically at the beginning of the year. This is positive and welcome, and it is part of the confidence aspect we need to get back into the economy. We want to try to release the €100 billion of private Irish household wealth that is currently losing money on deposit with banks and get it back into the domestic economy. Knowing the domestic economy is growing, even if it is bouncing along the bottom, as the ESRI has said, is positive. We should repeat that as often as we can because it is of benefit to the domestic economy, to businesses and, hopefully, to the creation of employment down the line.

The latest report from the fiscal council in September 2012 is essential reading for every Deputy in the process that is now under way. I would like to draw on three elements of the report. The first element is the opinion of the fiscal council that the correction for the budget we are about to agree for 2013 should be greater than €3.5 billion. I support that. The council is telling us to cut bigger and cut faster. Deputy Donohoe said previously that the national deficit is a national security issue and I absolutely agree with him on that point. The longer we have in place a deficit of this size, the longer we remain too exposed to external events. We are not in control of our own decisions in this country and we do not control our economic destiny. We need to get back that control and cutting the deficit is key to that. This is why I support the fiscal council when it advises us to cut more and cut quicker.

We cannot rest upon the assumptions of growth for next year. Yes, I believe the economy will grow, but we have to be careful about the extent to which we think it will grow. We cannot continue with a prolonged adjustment because, ultimately, we risk undermining the great strides that have been already made by this Government in correcting our financial position. I agree that we should cut more and cut quicker.

The second point from the fiscal council report I want to draw on is the idea that in responsible budgeting one must keep all options on the table, whether in regard to tax increases, social protection, pensions or pay in the public sector. We should at least put them on the table and include them in the conversation so we can see what are the options facing all of us and the opportunity costs of having a policy in place. That does not mean we would do anything about

it but, at the least, let us have that discussion so we can see the figures and see what is facing us. Nothing should be off the table. I do not consider it a dangerous idea to have all options open and to discuss them in full, and then dismiss them if we want. We should at least have the debate.

I know the programme for Government commits us to a certain fundamental agreement but that document must be fluid and we must be able to challenge it from time to time - as events change, the document must be allowed to change with them. We must challenge the assumptions in it all of the time, and this is our responsibility here. We cannot simply rest on an agreement made at one point in time. We must continually go back, revise it and see whether it still holds true, given what has transpired since then, whether it be in Europe or in the domestic economy.

The third element I want to draw on from the fiscal council report is in regard to a warning it issued, which was to be careful of groupthink in our assumptions about the economy and the levers we are using to try to correct the fiscal position as we look to 2013. The use of that word should set off alarm bells in the corridors of power because whenever we talk about what happened in the boom and bust, the most common excuse often given for why we could not see what was happening was that groupthink was in place and nobody saw it coming. Some people did see it coming but, unfortunately, they were not listened to. When the fiscal council tells us to cut quicker, and when the Central Bank tells us to be careful about our assumptions for growth for next year, we must listen.

My next point concerns the new transparent and open budgetary process to which the programme for Government commits us and to which we agreed as a Government when we came into office. We have made great strides in that area. We have a more transparent Government than we have ever seen before, which is welcome. I believe we can go further and do better. As a new TD, I will always stand up and say that in the hope that we can do better and improve the Dáil for everybody. I am an elected Deputy and have a responsibility for the budget, as do all of us in this Chamber. We have a responsibility to make sure we agree with what we are doing, we can support it and we can stand over it. If questions are to be asked, we must ask those questions and debate the answers. That is the important role of the Dáil. I understand we are to have a full debate on the budget, if not next week then the week after, and that we are to address some of the headline assumptions and issues. I look forward to that and hope everyone will contribute. I do not have the answers but we should raise the questions.

As a final point, I urge the Government to establish a budgetary committee, one that is cross-party and that will look at all issues of the budgets in every Department, meet with the fiscal council and the Secretaries General of the Departments, challenge the assumptions and go through the detail in the course of the year. There is still an opportunity to start something for this year and we should do it every year.

Deputy Paschal Donohoe: I want to return to some of the points touched on by Deputy Derek Nolan, particularly the concept being put forward by Sinn Féin of a wealth tax being the panacea and the only solution that is needed to the terrible difficulty the country is facing. If Deputy Stanley or any other representative from Sinn Féin was still in the Chamber, the only question I would ask of him is exactly what wealth he is talking about taxing. As the year goes on, the Sinn Féin Deputies appear to be excluding more and more forms of wealth from their definition. What they are already saying is that they want to tax wealth but that wealth will not include farm income, the value of some private residences and some of the money within our

banking system. In addition, all of the assumptions they used for calculating their figures were based on a level of wealth that existed before our economy collapsed.

The real name for the so-called wealth tax Sinn Féin is putting forward is actually other people's wealth. What those in Sinn Féin are trying to do is to create this political idea, this narrative, so they can look in the eye those who are already struggling and going through difficulty and tell them that somebody else can pay - somebody else can always pay and the money is available because somebody else will take the hit, take the sacrifice, and those people do not have to do it.

The question members of Sinn Féin have to answer as they approach the budgetary process is what exactly are the forms of wealth they propose to tax to fill the gap between public spending and taxation that this Government has to narrow. Are they saying it will be the money on deposit in our banking system, which is an issue I have not heard them clarify yet? If they are going to tax people's savings, and people then make the decision to take savings out of Irish banks and put them into banks across Europe, where will Sinn Féin find the money to fill the gap in the capital ratios of our banks? If there is one thing that felled our banking system in the run-up to 2008 and afterwards, it was that a deposit flight from our country took place. Irish people and investors did not have confidence that if they left their money in Irish banks, they would be able to get it back a month or a year later.

If Sinn Féin proposes to tax people's savings and if those savings are going to leave our banking system, who will fill the gap and put the money back into our banking system to keep it stable? The answer to that question, as we have learned to our terrible cost, is the Irish taxpayer. In a situation where huge amounts of money leave our banking system, the Government, supported now by new European mechanisms, has to stand in to provide a backstop to the banking system. If Sinn Féin is proposing a wealth tax on people's savings in banks, it should come clean on that and on two related issues in the run-up to the budget. How much will the average Irish depositor have to pay as a result of the introduction of a wealth tax and, if the same Irish depositor decides to take money out of Irish banks such as Allied Irish Banks and Bank of Ireland, where will Sinn Féin find the money to fill the gap? If the party is looking for credibility and to build its credentials in dealing with the tough decisions it must make, at a bare minimum it must answer two questions concerning its response to a wealth tax as the solution day after day. It does not matter what the question to Sinn Féin is; the answer is always the same, a wealth tax. One could say "Good morning" to a Sinn Féin Deputy and he would respond with "Wealth tax". I can imagine them passing each other in the corridor and instead of saying "Hello" they say "Wealth tax" to each other. That is Sinn Féin's answer to every question posed to it. As the party puts the answer forward, it must clarify how much the average Irish person would pay as a result. If the average Irish person decides to take his or her money out of the bank then where would Sinn Féin find the money to fill the gap?

I wish to make three broad points on the Bill in response to some of the points that have been put forward by speakers, including Sinn Féin and others, in the debate. The first point is where we are trying to get to at the end of this terrible journey, following all of the changes and sacrifices people are making. The answer to the question is simple. We must get to a point where Irish schools, hospitals and pensions are all paid for by Irish taxes. We must reach a point where the amount of money we raise in the country every year is sufficient to pay for the level of public services people want in the same year. Any money we borrow must be reinvested in the country. What we want is a situation in which Irish taxes, on the one hand, equal Irish public services on the other. All of the changes we seek to make to the tax system, the social welfare

system and how we spend money on schools and hospitals are getting to that point.

One could ask why that matters and why it is a goal worth attaining. There are two reasons, and that is why the Fiscal Responsibility Bill is so important. The first reason it is so important to deliver is that if we do not get ourselves to that point then other countries might well decide they do not wish to lend to us to pay for the level of public services we want. Other countries might say that if we want to have a certain level of wages, social welfare and taxes, that it is not sustainable and they will not lend to us on that basis. The second and more pressing reason the goal is so vital is that if we do not do this, as each year goes by we will be putting more money into servicing our national debt and the cost of interest on the amount of borrowing we require. Deputy Olivia Mitchell referred to this in her contribution. The challenge in that regard has nothing to do with bondholders, banks or the rights and wrongs of the bank guarantee. It has to do with the terrible challenge we face: that if the taxes we raise each year do not equal what we want to spend on hospitals and schools, all we are doing is storing up the cost for the future. This is not the cost our children will pay, which is far greater than that. It is a cost all of us will pay in our lifetime as taxpayers and probably, after that, as pensioners. I hope Members who retire will, please God, lead lives beyond this House. If we do not get the equation right it will mean there will be less tax available to spend on the public services we want.

I hear again and again from Sinn Féin about our loss of sovereignty, which is so important. I dispute the notion that our sovereignty was clobbered and ripped from our hands when the troika arrived into town on a bleak October morning. The moment we lost our economic sovereignty happened on two different levels. The first was when this country could not borrow for itself. We lost our sovereignty when nobody would lend money to us. The arrival of the troika was not the cause of our loss of sovereignty; it was just a symptom of it. The second point at which we lost our sovereignty was when the value of our banking system was a multiple of everything we made within the country. When one gets to those two points, that is when one loses one's sovereignty. The arrival of the troika - and its departure next year - did not signal the point at which we lost our sovereignty. It signalled the point at which we realised that decisions we had made had created an environment in which our destiny could be taken out of our hands. We left ourselves vulnerable to decisions that were made by institutions such as the European Central Bank that have not been in our favour at times. The cause of our vulnerability was allowing ourselves to get to a point at which we could not pay for the public services we wanted.

Deputy Sean Fleming: I welcome the opportunity to speak on the Fiscal Responsibility Bill 2012. The background and context to the discussion is that the Irish people recently voted in a referendum, by a majority of 60% to 40%, to pass what was generally described at the time as the fiscal compact agreement. Essentially, this legislation is to give effect to the budget and debt rules which are part of the agreement. The legislation also gives the Irish Fiscal Advisory Council legal status. It is currently operating on an administrative basis and it does not have legal status. I look forward to its being granted legal status, at which time I hope it will be taken more seriously. Up to now its comments have been generally ignored if the Government of the day does not like what it says. I hope that situation does not continue. However, I remind the members of the fiscal council, after a hiccup or two in the original figures when it issued its first report, that the nation is composed of people and not just figures.

I understand some members of Fine Gael said we should close the deficit more quickly. We would all love that, but to do it would have consequences. Recently, the IMF has begun to recognise that one can over-cut and over-tax, which can be counterproductive. One must strike a balance. It is a reasonable timescale, whether we do it over a four-year or a five-year period.

The speed and success of the process will depend on growth levels. We all wish the country success in getting back to a higher level of employment and less emigration of young people than in previous years. What we are doing is to ensure the country has a strong, viable future for the next generation. The current generation is paying dearly for the difficulties following the property boom which led to the banking crisis and ultimately caused major problems in terms of adding to our sovereign debt, resulting in the need for the arrival of the IMF to lend us money in the short term until we are in a position to borrow again on the international financial markets.

Sometimes economists take a simple view, such as that cutting expenditure by X billion and increasing taxes by X billion will close the deficit. They fail to factor in what happens as a result of such an approach. I learnt about the multiplier effect when I studied economics in college. If one gives a person €100 and he or she spends it in the local shop, the shop then has €100 and it allows the owner to pay the wholesaler who supplied it, who then has €100 to pay the person who made the product. When that individual gets his €100 he can buy raw materials and, in turn, the person who provided the raw materials can purchase something from a supplier. A small amount of money has a big ripple effect on the economy. In its projections the IMF did not fully appreciate that. It just assumed that if €100 million, for example, were taken out of the economy, that would be the end of it, but one could be making double or treble the cut in terms of knock-on effects. There is a story, which I will recount in its polite form, in which a person came into a hotel in a town in a particular country. He said he wanted to book a room and put a deposit on it. He said he wanted to look at the room but that he would come back in half an hour to confirm the booking.

6 o'clock

He handed over €100. The proprietor of the hotel used the €100 to go to the local butcher's shop to pay the bill for the meat he had bought the previous week for the hotel, whereupon the butcher immediately took the note to the farmer from whom he had bought cattle the week prior to that, and paid him. The cattle owner eventually came back and paid the €100 to the shop in the town where he had bought groceries. The man in the grocery shop came to the hotel and paid for a function room he had hired the previous week. Five minutes later the original man returned and said he would not be taking the room after all. The hotelier handed back the deposit of €100 he had held for half an hour, which had done five or six rounds of the town. The €100 was gone but all the debts were paid. My point is that money goes around. If a cut is made the circle is stopped. That is one of the issues we must take into account and I do not believe the Irish Fiscal Advisory Council fully understands that, although one would have expected it to be expert in the matter. In an IMF publication recently uncovered by a journalist, that organisation acknowledged it had understated the effect of a cut. Money gets spent over and again so it is important to keep it in circulation.

All these new agreements are wonderful and great and we all support them in theory but they all depend on effective political leadership at EU level to ensure they are actually enforced. One of the reasons there was a "No" vote of 40% in the recent referendum is that people saw Germany, France and other big countries dictating to the rest of us how they saw their vision of Europe. We must ensure there is no dominance on the part of some of the major economic powerhouses in Europe and that we are a European Union of equals. That is the most important goal to achieve in years to come, to ensure our citizens buy into these processes.

Originally there was the Stability and Growth Pact, which makes my point. It was a collection of rules in place many years ago. I remember a referendum, although I am not sure which,

in which we voted for measures such as keeping public deficits under 3% and reducing the debt-to-GDP ratio to 60%. We achieved that during the good times but the Council of Ministers failed to apply sanctions to France and Germany when those countries breached the rules years ago. Ireland got a ticking off when something went wrong here but the big countries did not get a similar ticking off and people saw an unfairness in that situation. The targets were correct but there was no enforcement or power behind the rules. That was missing during this period.

The fiscal compact will give some enhancement in this area, although it is not perfect. It will not solve our problems but is one part of the process through which we must go to help to solve our economic problems, both at Irish and EU levels. Nobody suggests for one minute this is the panacea for all our ills but it is part of the step we have to take. I have no doubt that in some years' time we will be back for another European referendum, to tighten up banking or currency rules or some such thing. That will be a fact of life in Ireland as long as we have a written Constitution, which we certainly wish to keep. Every few years we will have a referendum and it is good to have that actual engagement with our citizens. Sadly, this is not the case in every other country.

I refer to some issues in the legislation. There is an automatic corrective mechanism if countries do not achieve the specified targets. We signed up to that years ago but this measure is about enforcing targets already in place from a previous regime. The incomplete currency union remains a problem. There are 27 countries in the EU but only 17 are in the euro area, which in itself is odd. I see no immediate change coming in that regard. The euro is not strong enough to include some of the new countries but it must be a long-term aim that if a country is in the EU it must sign up to the currency. That might be a problem for our nearest neighbour but somewhere along the line this must be dealt with.

The currency was poorly designed in the first place, in that proper banking supervision and rules were not in place across the EU. It is also important to acknowledge that neither this legislation nor the referendum will solve that problem. Had this treaty been passed five years ago and been in place it would not have prevented AIB, Anglo Irish Bank and Irish Nationwide from getting into trouble. I reiterate that this legislation is only part of the process. In its own right it will not solve issues such as banking debt. During the referendum debates some people asked what was the point of the referendum if some of what was going wrong would not have been prevented had the legislation been in place. That is a valid point and one that I, too, make. This legislation and this referendum are only part of what was needed; they do not make up the full picture. Time and again we will have to revisit those areas.

The legislation is intended to make provision for the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union to take effect in the law of the State in accordance with paragraph (2) of the Article in question. It goes on to deal with some specifics. I do not wish to deal overmuch with the fiscal council because I have covered that issue at length, as have other Members. During Committee Stage and other Stages there will be detailed amendments on some of these issues. The legislation is intended to ensure that Ireland endeavours to comply with fiscal rules and this is happening in all the associated countries. It is not that Europe is telling us to pass the legislation; we are telling every other country to pass similar legislation. I am sure this measure has been passed by the Greek, Spanish, Italian, French, Belgian and Dutch Parliaments and every Parliament throughout Europe, although I do not know the timescale for its completion by all EU countries. Some have already signed up, more are in the process of doing so. This will apply to other countries just as it does to Ireland.

I refer to the budgetary rule on structural deficit, which is complicated. I still do not know what it means although I have some concept of it. Most people in the House have such an idea. There might be ten economists speaking on a programme on RTE tonight who would have ten different definitions of the structural deficit and there would be a slightly different definition if one went to the European Commission. I worry about the wiggle room involved. Perhaps that is a good thing and will allow for local circumstances but it would be good to have a clearer picture. During the referendum campaign there was a lack of ability to define what some of the terms in the legislation meant, which became an issue. Nevertheless, the people accepted in good faith that we needed to enact it because we were part of the eurozone. There is no other game in town as far as Ireland is concerned. We are part of Europe and that is the beginning and end of it. People know that and even if there are odd bits around the edge that cannot be precisely defined it is better to be part of the euro than the reverse. It is important that we enact this treaty. It deals with structural balances in a way we look forward to being defined as time goes on.

The debt rule is where I have my biggest reservation. It provides that the ratio of general Government debt to GDP should be above 60%. The ratio will be reduced in accordance with the relevant EU regulation under the Stability and Growth Pact. In general that is not a problem for countries that have a national debt in the order of 70% or 80%; for them, bringing the debt down to 60% is not too big a task. However, for a country such as Ireland that has a debt-to-GDP ratio in the order of 120%, bringing it down is not so easy. We are being asked to do more in the reduction of our debt than any other country in the world. The only country in the world to have achieved a similar reduction in its national debt was Ireland - on paper - during the Celtic tiger era. We now know some of those figures were a mirage. We cleared the debt by borrowing on a credit card and we are now beginning to pay again for that. That will remain a major difficulty for Ireland for years to come.

There are special arrangements in place for programme countries - those in EU-IMF-ECB, or troika, programmes. This measure does not apply to countries in the programmes but when they emerge and return to borrowing in the international market there will be a transitional period. Again, there is no exact definition of how long the transition period will be. As for a country that goes into a second programme, my understanding is that the rules would not apply for some time after the transition period. I do not say we will go into a second programme but if we were to the rules would not apply to Ireland for some time. This means the cost of the national debt will always be a particular difficulty. These are the issues that emerged. Reducing our debt will place a bigger burden on Ireland in comparison to other EU countries.

The legislation also contains a corrective mechanism. It is probably right that this is being included, but there are those who may say that what is being done is somewhat harsh in Ireland's case. If, however, the corresponding legislation that is going through the Italian, Spanish and Greek parliaments contains similar mechanisms, I will be satisfied. As a member of the eurozone, Ireland is obliged to make a small contribution when other countries are given bail-outs. In such circumstances, we want to know that rules will be put in place in the countries to which I refer in order to ensure that they will deal with matters in a proper fashion. I hope that the corrective mechanism to which I refer will never have to be used in Ireland's case. However, the European Commission is entitled to address warnings to particular countries under certain EU regulations if it considers that there has been a failure to comply with the budgetary rules. That is very important. The legislation requires that the Government shall - the words "may", "might" or "if" are not used - within two months "prepare and lay before Dáil Éireann

a plan specifying what is required to be done for securing compliance with the budgetary rule". This is a strong correction mechanism and, essentially, it is what was missing from the original Stability and Growth Pact. If the Government is informed by the European Commission that Ireland is not meeting its targets, it will be obliged to specify, within two months, how much time - for example, a period of two years - it is going to take for it to set matters right. The Government will also be required to specify the nature of the revenue and expenditure mechanisms that will be used in order to bring the budget back into line. Furthermore, it will be obliged to outline the differences in the various sub-sectors within general Government expenditure. This mechanism may seem harsh but if we are in compliance and if the country is enjoying economic growth, there will not be a problem. We all hope that the latter will be the case.

I referred earlier to the banking crisis and highlighted the fact that there is nothing in the Bill which would have assisted in averting that crisis. Ireland was one of the first countries that was obliged to deal with the banking crisis. I am concerned that there is a question at European level - this has not yet been clarified - in the context of legacy issues relating to financial institutions that have gone bankrupt. There must be a proper mechanism in respect of bank supervision across the EU. It is no good just to deal with the top 100 banks in this regard because the banks in this country which caused us the most problems might not - depending on their scale of operations, branch networks, impact on local economies, etc. - be among the ranks of the former. I am of the view that there should be one strong European Central Bank and a correspondingly strong banking regulation system across the entire EU. The Central Bank of Ireland, which incorporates the Financial Regulator, has two main banks and many other issues with which to deal. I intend no disrespect but the staff at the Central Bank of Ireland are not competent to deal with the complexities of what is happening with the banks. I am of the view, therefore, that it would be far better if a European model of supervision obtained. I would have no difficulty with the staff of the Central Bank of Ireland working under the watchful eye of a supervisory body appointed by the European Central Bank. People would be happier if there were European supervision of the Irish banking system. It has been stated that what occurred here in recent years could never happen again. However, one can never say never. We did not have proper supervision in Ireland in the past and who is to say that in ten or 20 years there might not be a recurrence of our recent problems? Neither I nor anyone else is in a position to say that those problems will not arise again. In my opinion, the people of Ireland and their counterparts throughout the EU would rest far easier if the matters to which I refer were regulated at European level.

If a bank operates in a fraudulent manner and goes bankrupt, or if it engages in bad business practices, then it must be allowed, as is the case for any other business interest, to go bust. If banks here were allowed to go bust, investors, creditors and others would get 20 cent in the euro in respect of their investments, moneys they were owed, etc. There is a need to revisit the European concept of socialising the debts of banks or, as is being done now, putting in place a fund through the ESM. If a bank, a local business, a church, a city or a state in the US goes bust, then it goes bust and those who are owed money are not repaid. The position is the same in every business sector in Ireland with the exception of the banking sector. As a result, the banks are being provided with an artificial security blanket and this may give them the excuse to return to their lazy ways in the future. Making an exception in respect of this one sector is a particularly European approach. There are companies in other sectors which employ large numbers of people and which would like to be bailed out if their enterprises went bust. However, that avenue is not open to them.

Governments have the opportunity to do a great deal within the scope of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union. In July, the Irish Government announced a stimulus package. I discussed this matter with the Minister for Public Expenditure and Reform, Deputy Howlin, on Question Time earlier today. It is my view that the stimulus package has to date been somewhat vague in nature. I accept that €2.5 billion will be invested in it during the next seven years but none of that money will be forthcoming this year or probably next year. It is at the PPP design and tendering stage and perhaps in 2014 the package to which I refer might result in real action. I welcome the package but no stone should be left unturned in ensuring that what is envisaged in respect of it is translated into actual jobs in 2013. I became concerned earlier when the Minister, Deputy Howlin, revealed how long the process in this regard is taking. The stimulus package to which I refer does not go even halfway towards meeting the cut in the capital expenditure programme. I am of the view that this matter must be revisited and that there is a need to ramp up our actions in respect of the package.

The people of Ireland voted in favour of the treaty and the Oireachtas has no moral choice but to accept their democratic wishes. Those who opposed the treaty during the referendum campaign were entitled to do so. However, the matter has been decided by the people and it would ill behove anyone in this House to oppose the Bill at this point. The people have spoken and no party or individual in the Dáil should try to go against the will of the people.

Deputy Kieran O'Donnell: I am delighted to be in a position to contribute to the debate on this relatively short Bill. I will comment on the Bill itself and I will then provide an overview in respect of where our economy, the banking system and Europe currently stand. Rather than looking back, I want to look forward.

The need for Bill obviously arose as a result of the referendum. As well as making provision in law in respect of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union, the Bill will facilitate the placing of the fiscal council on a statutory footing. That council has been up and running for a period and, as originally envisaged, it is independent in its outlook. Those on the council are people of good calibre; they have come before the Joint Committee on Finance, Public Expenditure and Reform - of which Deputy Boyd Barrett and I are members - and their contribution to date has been extremely worthwhile. I welcome the fact that the council is to be placed on a statutory footing.

The other measures contained in the Bill relate to what one might term good housekeeping. If they had been put in place ten years ago, they could well have been of assistance in preventing the creation of the situation in which we currently find ourselves. Good housekeeping is always worthwhile but it must obviously go hand in hand with fostering economic growth in order that we might meet the targets required of us.

In the context of providing an overview of where we currently stand, it must be stated that the Government has stabilised the economy and the public finances. Action in this regard was urgently required and has now been taken. We have reached the stage at which we want the economy to grow. One of the Government's main priorities is the creation of jobs. We can discuss other factors but if we can get people back to work, it will reduce the level of social welfare payments and bring about an increase in taxes. The average annual cost to the State in respect of one unemployed person is €20,000. We must also be cognisant of the social and economic costs being unemployed may have on that individual. If a person is made redundant, this has major financial and personal consequences for him or her. The Government has taken major strides in this regard. In Limerick city, for example, Northern Trust, which currently employs

300 people, recently announced its intention to create an additional 400 jobs. That is a welcome development. Kerry Group is an indigenous company which announced 900 jobs, with 800 in place by 2015, 100 jobs the following year and 400 construction jobs. The Kerry Group began in a prefab in a field in Listowel. It was developed initially by Denis Brosnan, whose work ethic and innovation has led to the company becoming a manufacturer of added-value ingredients.

I refer to yesterday's *Irish Examiner*, in which it seems a general observation in a report was applied to Ireland. I maintain that Ireland is different for a number of reasons. First, we have experienced growth. Second, one issue has contributed to our difficulties and that is the lack of credit. The banks are not lending. I refer to the report by John Trethowan of the Credit Review Office, which stated that the office overturned the bank's decision in 60% of cases referred to it. I know that many people will not even submit an application for credit to the banks because they are given the message that it is not worth applying. The banks have become very risk-averse.

The establishment of a strategic investment bank is part of the programme for Government and it needs to be fast-tracked. This would be a bank providing working capital for businesses in order to supply plant and equipment, buy stock and provide for daily functioning. Businesses do not have sufficient capital to expand. The indigenous sector employs over 700,000 people. The multinational sector is doing exceptionally well, with an increase in exports, but the difficulties arise in the domestic sector. Credit needs to be made to flow to indigenous businesses in towns and villages across the country. I think this was not given due emphasis in the overview undertaken by the IMF.

I refer to the reorganisation of our debt to make it more sustainable. The accord signed by the EU Heads of State and Government on 29 June 2012 is the definitive document. In my view, the three finance Ministers were stating an opening position which is part of a normal negotiating process. The 29 June agreement comprised four key components. It embedded the principle of separation of sovereign and banking debts; it dealt with the reorganisation of Spain's debt; and it mentioned Ireland in the context of making our debt more sustainable. This is the key feature. Mr. Draghi, the President of the European Central Bank, said nothing new yesterday.

The commitment on the banking debt is in the 29 June accord, and it looked at all banking debt. I want to break it down into two components. First, I refer to the issue of the promissory note. I note that no members of Fianna Fáil, the party that was in the former Government, are present. When the promissory note for Anglo Irish Bank was issued, it was argued that the bank would make a return to the State for the promissory note at the end of its existence. The promissory note was designed to put money into the bank over a long period of time and it was to be at a current value in its balance sheet. The promissory note was an artificial creation, a form of financial engineering that can always be restructured to produce the economic value of the return to the State that Anglo Irish Bank will make at the end of its existence and apply a current market value to that. That should be reflected in the promissory note in order to reduce the current value of the promissory note. This would allow a restructuring at a lower cost to the State and ultimately to the Irish taxpayer.

This country has played its role in the protection of the European banking system and this has been at a significant cost to Ireland Inc. We have stabilised our public finances. We are reliant on funding from the EU-IMF programme, but the cost of our borrowings has lowered significantly and it is now below 5%. We have made great strides because the international

markets have confidence in the Irish economy and its basic financial structure.

The taxpayer is carrying the burden of the €64 billion of banking debt which is now sovereign debt. One of the key elements of this debt is the Anglo Irish Bank promissory note of €30 billion. We need to impose a current market value on the return to the Irish taxpayer at the end of the bank's life cycle in order to reduce the burden on the Irish taxpayer and spread that burden over a longer time period. The previous Government expected a return from Anglo Irish Bank. The European authorities need to take this into account and to ensure fair play for Ireland.

I refer to the Government's initiatives to promote employment. The multinational sector is very successful and it is creating jobs in Ireland. Many of the large indigenous companies, such as Kerry Group, are doing well. The domestic small and medium enterprise sector is where issues arise. The key problem in this sector is credit. The banks must play their part in this regard. The problem, however, whether because of a lack of skills in appraising SME finance applications or some other factor, is that the banks are risk-averse. In fact, they seem more interested in repairing their balance sheets than in playing their role in restoring the economy.

The Government is doing its bit to assist small businesses. The establishment of a strategic investment bank, whose emphasis should be on providing working capital to businesses, must be fast-tracked. The microfinance scheme is already in place, providing loans of up to €25,000 to businesses employing ten staff or fewer. In addition, the partial loan guarantee scheme which will come into effect shortly should ensure the banks are less risk-averse in terms of providing much needed credit to the small and medium-sized enterprise sector. I urge small businesses to apply to the banks for funding and, where their application is rejected, to submit it to the Credit Review Office. Huge sums of taxpayers' money have gone into maintaining the banking system and small business owners should not be afraid to approach them for finance. The Credit Review Office, under Mr. John Trethowan, provides a means by which businesses can put their cases where they feel they have not been treated fairly by the banks. This week we learned that the office has overturned 60% of banking decisions in this area.

In regard to a deal on banking debt, the accord of 29 June stands. The onus now is on our European colleagues to work with us in a spirit of partnership, recognising that what is good for Ireland is good for Europe. I urge the Minister for Finance to seek to have the imputed end-of-life value of Anglo Irish Bank reflected in the current value of the promissory note, thus reducing the debt burden on taxpayers and the level of repayments. I hope a deal will be done in advance of the budget. The Government is obliged to deliver another difficult budget, something which no Government likes to do. It is about getting the country back to a position of strong growth which will lead, in turn, to increased employment levels. Nobody likes to be dependent on social welfare. Everybody wants to work and to pay their way. We do not talk enough in this House about the social context of high unemployment. Every Member of the House has seen people in their constituency offices who were once proud and are now broken. The only way to improve their situations is by way of job creation.

This Government has taken the necessary action to achieve that end, but Europe also has a part to play. We have done what was asked of us in terms of stabilising the public finances, meeting our targets under the agreement with the troika and protecting the banking system in Europe. The Fiscal Advisory Council is working well and is very much independent in its deliberations. There now must be some reciprocation in the form of a restructuring of our promissory note and, as I have proposed, a revaluation of Anglo Irish Bank in line with its projected

end-of-life value. The implementation of the June accord is vital if our overall debt burden is to be made more sustainable. As it stands, our debt levels are simply too high to enable us to recover in a strong, structured way into the future. It is about working in partnership with Europe, with our colleagues playing their part in terms of restructuring our bank debt and separating out the sovereign debt component.

There has been a great deal of kite-flying in advance of the forthcoming budget. This is an unhelpful development which has caused anxiety in many sectors of the population. The overarching objective of this Government is to achieve fairness in very difficult times. Europe has a part to play in providing us with the structure and environment within which we can put forward what we regard as the fairest budget in extremely difficult times. We are already creating jobs, but we must achieve far more in terms of bringing down the jobless numbers. For that to happen, our debt burden must be reduced. In tandem with that, I call on the banks, if they do not have the in-house expertise to assess loans properly, to ensure that appropriately qualified staff are hired. Small business owners should not be afraid to approach the banks for finance. If their application is rejected, they should not hesitate to submit an appeal to the Credit Review Office. Recovery will happen only if the SME sector is facilitated to create jobs for people in every village, town and city in the country. As a person who worked as a self-employed chartered accountant for 12 years, I know that small businesses are the lifeblood of our economy. The Government is doing its bit, but the banks must also fulfil their role.

I very much welcome this Bill, which offers a practical implementation of what was ratified by the electorate in the referendum. I agree with Deputy Sean Fleming in this regard, which is not always the case. It was good to see him in the Chamber this evening. The people have voted and their verdict should be reflected in this Chamber when the vote is called on the Bill.

Deputy Richard Boyd Barrett: While I do not propose to support this legislation, it is not because I do not respect the decision of the electorate in the referendum on the fiscal treaty. I accept that decision. Nevertheless, a substantial proportion of voters opposed the proposal and it is right and proper that I and others who took the same position should represent that view when it comes to the vote on this Bill. The Government is committed to the proposal and its majority in the Chamber means it will be passed. However, this debate affords an important opportunity to take stock, as Deputy Kieran O'Donnell and others have done, of where we are at. The strategy that has been pursued in recent years is now effectively enshrined and institutionalised in the fiscal treaty, which means we are locked into a particular strategy for dealing with the financial and economic crisis for up to a decade, irrespective of whether that strategy is working or not. Nevertheless, it is important to reassess its effectiveness thus far. Any fair and objective analysis of the current situation would have to conclude that the chickens are coming home to roost in regard to the austerity agenda generally and the specific model that is locked into the fiscal treaty. All of the claims made in the referendum campaign by the "Yes" side were found by the electorate to be plausible and people voted in favour of the treaty. They now lie in tatters. The Taoiseach sold the treaty on the basis that it would "create stability in the euro zone that is essential for growth and job creation." He added that a strong "Yes" vote would create the certainty and stability "our country needs to continue on the road to economic recovery." The International Monetary Fund has finally cottoned on that this is nonsense. Despite pushing the treaty and being the architect of austerity, the IMF has admitted it was wrong and austerity is not working. The fiscal council, in its latest quarterly report, has admitted it was wrong and that the effects of austerity and trying to cut our way out of a recession have been much more damaging, devastating and destructive of the prospects for economic growth than it suspected.

Consequently, all its growth forecasts are being downgraded as they are no longer reliable.

The IMF went further by stating that austerity has been more damaging, euro for euro, than the money that was taken from the economy in the austerity measures - in other words, there has been a negative multiplier in terms of the economic damage that has been done by trying to cut our way out of a recession. Under the fiscal treaty we are required to take such an approach for years in an effort to deal with the economic crisis. This policy is not working. On every indicator, the position is as bad or worse than it was when austerity commenced. At a human level, unemployment is as bad as ever and shows no signs of reducing. There are 35,000 fewer jobs in the economy this year than there were last year. In addition, the unemployment rate would be even more disastrous were it not for the emigration of 40,000 people each year.

The position is serious and deteriorating. There is no sign of light on the horizon. Small firms continue to go out of business and all the talk of small and medium enterprise being the engine of the economy is not being translated into concrete measures to relieve the pressure on this sector. As a result, companies are going out of business daily. Nothing is happening because the economic demand small and medium sized businesses require to thrive is absent. Every time we cut the incomes of ordinary people, demand collapses further and more small and medium firms go out of business. The sector is also being crushed by high rates and parking charges as well as-----

Deputy Kieran O'Donnell: It does not have access to credit.

Deputy Richard Boyd Barrett: Yes; credit is an issue I will discuss in a moment.

None of these areas is improving. Moreover, the incidence of suicide is increasing, as is homelessness, housing lists are lengthening and people must look forward to paying hundreds of euro more in property and water charges and a further €700 million in cuts to the health service, which the Government promised the troika it would deliver in the budget. In recent weeks, a major crisis arose as a result of additional cuts of €130 million in the health service. What will €700 million of cuts in the budget look like? There will be no health service left. Who will the Government attack and what will it cut next, having gone after the disabled, respite services, care allowances and care packages? Its position is immoral, socially and economically unsustainable and a recipe for destruction.

Deputies on this side have been arguing for the past two years that imposing crushing austerity on countries on the periphery such as Greece, Italy, Ireland, Spain and Portugal will have a contagion effect as the recession spreads to the core of Europe. Finally the IMF has admitted that this is precisely what is taking place. We were ridiculed when we made this argument two years ago. The Government told us the books would be balanced, market confidence would be restored and investment would start to flow. The exact opposite has occurred, with economic contraction spreading into the core of Europe and choking off the only hope for economic recovery. We all know that austerity has crushed the domestic economy. The Government was riding on the hope that we would get out of the economic difficulties by increasing competitiveness and exporting our way out of the crisis. We now find that our biggest trading partner, the European Union, is in recession and may be heading towards a depression. This has choked off the only prospect the Government held out for the country to emerge from its current problems. This approach is not working. At some point one must stop digging if one is in a hole as otherwise one ends up digging one's grave. The Government is digging the grave of our economy and society.

Every time Deputies make this argument the Government argues that we are good at leveling criticism but unable to produce alternative policies. I will set the record straight on this false claim, which the Government also used during the referendum campaign, by setting out our alternative in broad terms. We will do so again in the economic debates that will take place in the weeks ahead. Our alternative is to cancel all of the debt that was not our debt. Irish debt in 2007 amounted to €27 billion and debt servicing cost 3% of Government revenues before the crash. Since then, debt has increased to €170 billion and debt interest will account for 15% of Government revenues next year. This increase is not the fault of ordinary citizens but that of bankers, speculators and the political elite in Europe and Ireland. It is critically important that we repudiate this debt because it is not ours.

The Government's argument that we are spending well beyond our means and that repudiating our debt would leave us with a huge deficit of €15 billion we could not possibly repay is not true. According to the fiscal council, which produces useful information, we will have a primary budget surplus next year. Even now, the primary deficit is only €3.1 billion. That is the gap we must make up to match revenue with expenditure. The rest of the €15 billion is accounted for by interest on a debt that is not ours. If we repudiate this debt, we will not have to repay it or the interest on it and will be required to cover a deficit of only €3.1 billion. The fiscal council has provided these figures. Would this be the morally correct position to take? Yes. Would it also be an economically sustainable position? Yes, because otherwise our debt will reach €200 billion at the end of next year and we will be required to make €9 billion in interest repayments. That is an unsustainable position. As the markets and society know, recovery is not possible with such a high level of debt and forcing us to pay it down at interest rates of 5% per annum will require crippling austerity for many years. If, on the other hand, we were to pursue the policy of debt repudiation, we would have to find €3.1 billion. This would be achieved by taxing the wealthy. Every time we make this argument the Government tells us not to be ridiculous as there is no pot of gold. Last week, again, I tabled parliamentary questions on the tax yield to the Minister for Finance. I will be screaming about the facts that I gleaned from them coming up to the budget. The top 5% of earners, 108,000 people, have a gross income of €20 billion. Their average earnings are €185,000 a year. To get a yield of €3.5 billion, one would have to take €32,000 extra in tax off that group. Could they afford it? I think they could. They could certainly afford it a hell of a lot more than our health service, our disabled citizens, people on social welfare, low and middle income workers and all the other vulnerable sectors of our society such as those in mortgage distress who are being crucified. Would it be such an imposition for those with average earnings of €180,000 a year to lose €30,000 of that to save the rest of our society? One could graduate that tax take so that those at the top end paid more.

When one sees the figures broken down, decile by decile, of who is earning what in society, it is shocking. The 120 richest people have average earnings of €8 million a year. Could they afford to take a hit of a few hundred thousand quid? Up to 2,000 people are on earnings between €500,000 and €750,000. Could they not afford to take a bit of a hit instead of hitting people on social welfare, the disabled and the poor?

Deputy Regina Doherty: What have they already paid? Taking these figures in isolation is absolutely useless. Will the Deputy inform us what they actually paid in tax already?

An Leas-Cheann Comhairle: Please.

Deputy Richard Boyd Barrett: The top 5% are paying an effective tax rate, including the universal social charge, of 36%.

Deputy Regina Doherty: The Deputy made out they did not pay.

Deputy Richard Boyd Barrett: Why can they not pay an effective tax rate of 50%?

Deputy Regina Doherty: They would leave the country then.

Deputy Richard Boyd Barrett: It is the poor who are leaving the country - 40,000 of them a year. Is it okay for them to leave the country because there are no jobs and they are crippled by limited services, austerity and poverty?

Deputy Anthony Lawlor: The Deputy should tell the truth.

Deputy Richard Boyd Barrett: What is not true?

Deputy Anthony Lawlor: Where did the Deputy get his €3.1 billion figure?

Deputy Richard Boyd Barrett: I just told you. Get out your calculator. Multiply €35,000 by 108,000. It comes to €3.5 billion. That is how we would make up the gap. In addition to that-----

Deputy Anthony Lawlor: What about the deficit?

Deputy Richard Boyd Barrett: That is the deficit and that is the adjustment that should be imposed in the next budget.

Deputy Anthony Lawlor: That is not based on the Deputy's figures.

Deputy Richard Boyd Barrett: A Leas-Cheann Comhairle?

An Leas-Cheann Comhairle: There will be no more interruptions, please.

Deputy Richard Boyd Barrett: In addition to dealing with the €3.5 billion deficit by taking €35,000 in taxes from the richest 5% in our society, which would still leave them very rich, we need money for a stimulus investment programme. One cannot have jobs or recovery without such a programme. Where would one raise the funding for it? From the corporate sector, which is creaming it in profits and pays an effective tax rate of 10%. Last week when I asked the Minister for Finance for the latest figures on the yield from this sector, he said they were not available yet. However, in 2008, after the collapse, total corporate profits in this State came to €51 billion, on which tax paid came to €5 billion. That is an effective rate not of 12.5% but of 10%. By bringing up the effective corporate tax rate to the nominal rate of 12.5%, we would raise €1.25 billion. I am sure the multinationals will not go running out of the country because they have to pay a nominal corporate tax rate of 12.5%.

We could also raise €750 million by housing the 100,000 people on the housing list. We now spend €500 million in rent allowance to private landlords to house these people. If the State housed them, we would save that €500 million and get €250 million in revenue back in the form of rent. Why can we not do this?

Deputy O'Donnell said we needed to deal with the unemployment crisis because it is costing us €20,000 per person to keep these people unemployed when they would prefer to have jobs. With 340,000 people, that cost comes to €6.4 billion a year. Alternatively, if we employed those people in public works and infrastructure programmes, strategic industries and so forth on an average wage of €30,000 a year, it would cost us only another €3.2 billion. These people

would be put back to work developing the infrastructure, strategic industry and enterprise we need to get the economy moving. This money could be raised through wealth taxes, a small increase in corporate tax and resolving the housing list issue.

While Deputy O'Donnell rightly bemoans the fact the banks are not investing - they are risk-averse, as he called it – I ask why we cannot do something about it. We bailed out the banks, making us their majority shareholders. They are now the most highly capitalised in Europe but they still will not lend or invest in the economy. Why do we not simply assert control over the banks directly and force them to invest as a strategic investment bank, just as Deputy O'Donnell said? The Government is committed to the idea as it is in its programme for Government. However, it has not materialised, as there is no strategic investment. We do not even need to set up a new bank as we own the banks already. Why can we not take direct control of the banks that we own and force them to invest in the economy and extend lines of credit to small and medium-sized enterprises? I do not understand why we are not willing to do this, although it is possibly an ideological commitment of Fine Gael not to interfere with the private ownership of banks. That strategy is failing, however.

An Leas-Cheann Comhairle: I call on Deputy Dara Murphy, who is sharing time with Deputies Lawlor, Regina Doherty and Áine Collins. Is that agreed? Agreed.

Deputy Dara Murphy: I welcome the opportunity to speak on the Fiscal Responsibility Bill 2012, which gives effect to the fiscal compact treaty referendum from several months ago, which a significant majority supported. In a way, it is almost counterintuitive that we would have a vote in the House on it, given that the people have made their choice. It is still the House's responsibility to put into legislation the effects of the decisions made by the people, however. I note Members opposite are choosing to ignore the strong democratic decision the people made in claiming they will vote against the Bill. That is disappointing, as the people have made their decision - one that all of us, no matter which way we campaigned during the referendum, have an obligation to support.

I am always amused when I speak after Deputy Boyd Barrett. Seeing as he delivers more or less the same speech on every occasion, I am never surprised by the content of his contribution. Today, however, even by his own standards, his misuse of statistics was quite baffling. In particular, I was baffled that he, as a member of the finance committee of which I am also a member, could liberally quote the Irish Fiscal Advisory Council as if it were supporting his position.

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He should know better because he was there, as I was, when its representatives suggested that the deficit process which the Government is moving through successfully was not moving swiftly enough.

Deputy Richard Boyd Barrett: They confirmed it.

Deputy Dara Murphy: It is ludicrous to use them as an example of why we should renege on our national debt. Deputy Boyd Barrett may have been abroad or on the moon yesterday but we continue to have successful job announcements. Some 900 jobs were announced in Naas yesterday. That is testament to international confidence and, most important, to our arriving at a point where the nation is achieving competitiveness.

However, I agree with Deputy Boyd Barrett in one regard. We are all agreed that the ongo-

ing burden of the cost of the debt to the people is unsustainable. The Minister for Finance and the Taoiseach know this more than anyone else. This is why we should not only welcome the announcement of 29 June by the Heads of Government but pour some scorn on the independent move made by three of the 27 finance Ministers, who took it upon themselves to engage in a discussion or dialogue. I am reasonably confident that this was part of a negotiating process. I have no doubt this was because other countries have not kept within their terms as strictly as we have, although some of them have been reasonably successful, namely, the Greeks, the Portuguese and the Spanish. Throughout this dialogue we may be victims in some ways. If governance within Europe is to achieve anything and if confidence within politics in Europe is to be achieved, then when Heads of Government and Prime Ministers make a decision it is not acceptable or reasonable for three Ministers of the same governments - we are not referring to people from opposition parties within those countries - to deviate within a period of months from the position of their governments. That is the sort of political infighting which allows critics of the European model to say validly that Europe cannot stick by a decision.

In any event, the 29 June decision will serve the people well. The country continues to make good progress. We are in a position whereby we continue to borrow billions of euro but the amounts we are borrowing are shrinking year after year. We continue to increase the number of people at work. The Government is altogether aware that our unemployment levels are far too high and that our banking system remains broken. Some of the suggestions that have come from those opposite would only serve to make things worse. The Government has been responsible for sticking to a plan along the lines of fiscal responsibility. The people were responsible for voting "Yes". We can be confident that the responsibility shown by the Government will continue. We will repay the people for the faith they have shown and we will get the country out of the difficulty it has been put in by former governments. Deputy Boyd Barrett noted that people sometimes refer to the light at the end of the tunnel. If Deputy Boyd Barrett found the light at the end of the tunnel he would blow it out and that is no good to the people.

Deputy Richard Boyd Barrett: Deputy Murphy did a good enough job of that himself.

Deputy Anthony Lawlor: I am fascinated by some of the comments made by some of the Opposition with regard to this Bill. Last May, the people voted overwhelmingly in favour of this legislation. It was incumbent on us to develop a set of rules the people asked us to put in place in order that the calamity that occurred in recent years will not happen in future. It is strange that Deputy Boyd Barrett has left. He used selective figures. He forgets that there was a total collapse in the income of the Government during 2007 and 2008. There was a serious budget deficit of more than €20 billion. The bulk of that sum had nothing to do with debt repayment or interest payments on the loans outstanding. When one picks selective figures, one can always sing a tune to those figures but the problem is that we must tell the people the truth rather than pick up on what we believe would be to our benefit.

I welcome this legislation. I come from a small business background; I am a small farmer. The measures being put forward correspond to what small businesses and small enterprises are doing. This is what households are doing as well. They look at the budget they have and what they take in and what they can spend. We are applying exactly the same rules to the macroeconomic situation.

The fact that we are establishing the Irish Fiscal Advisory Council under legislation is important. The council has a role in scrutinising our budget and in scrutinising forecasts put out. One need only consider the disparaging differences between the forecasts put out recently.

There is a wide range of figures for the projected rate of growth of the economy for the year ahead. The IMF came in with a figure of 0.5% while the council produced a figure of 1.8%. We are introducing this legislation to ensure our books and our budget are open and transparent such that the public can hold a viewpoint in some way and they can see exactly where the money is being spent.

Why must we introduce this legislation? Edmund Burke said that those who do not know history are destined to repeat it. The reason we are introducing this legislation is to ensure that our history between 2003 and 2007 is not repeated. It is vital that we learn from history and this is the reason we are introducing the legislation. I wish to quote another Kildare man responsible for the economic policy which led us to introduce this legislation. He said that when he had it, he would spend it. That is a famous quote from a former Minister for Finance. As a result of the economic policy he put in place, we are here with this legislation. I compliment that former Minister on setting up the Irish Financial Services Regulatory Authority in 2003. The sad thing is that when he set up the authority he did so with such light touch regulation that it was unable to effect its role. I welcome the Bill. We must learn from and not forget history. There will be people like me standing in this Chamber in future referring to history but we must keep reminding people where we came from. This Bill will help us to go to a better place in future.

Deputy Regina Doherty: I thank the Leas-Cheann Comhairle for the opportunity to speak in this debate. The Bill represents a fundamental shift in the Irish political system. What is fiscal responsibility? By definition, “fiscal” means financial or pertaining to the treasury or revenue parts of a government. “Responsibility” refers to having a legal or moral obligation to or being accountable for something or someone. The words “fiscal responsibility” evoke ideas of penny-pinching and debt but their real meaning is more complex.

The intention of the Bill is to tighten public finance management. It encapsulates what the Government is all about: fiscal responsibility and delivering better services and the State infrastructure that the electorate deserves. When enacted, this legislation will implement the key provisions of the fiscal treaty, which Ireland accepted in a referendum at the end of May. The Bill also provides for the establishment of the Irish Fiscal Advisory Council on a statutory basis. The Bill, when law, will provide for the implementation of Articles 3 and 4 of the fiscal treaty.

We all must be in favour of legislation that will strengthen rules on the management of the public finances and put the Irish Fiscal Advisory Council, IFAC, on a statutory basis.

The first rule to be enshrined in national legislation relates to revenues and spending. In future, the deficit between revenue and spending cannot exceed 1% of gross domestic product once one-off and business-cycle factors are accounted for. This is designed to ensure that governments do not lock-in spending commitments based on unsustainable revenues, such as those generated in the past by property bubbles.

The second rule obliges governments to reduce their total indebtedness by a minimum amount each year if it is above 60% of GDP. The Minister for Finance, Deputy Noonan, recently stated that these rules are sensible and prudent and represent a responsible approach to Government budgeting.

This Bill does not change the structure of the IFAC, but enlarges its role in deciding whether a significant deviation has occurred and if a correction is proceeding in accordance with the correction plan. These powers will be granted to all the IFAC’s European counterpart agencies.

The Bill strengthens the independence of the agency by limiting the Minister for Finance's power to fire its members, and any dismissal will need a Dáil resolution.

The IFAC was established last year to provide an independent assessment of the soundness of fiscal policy. Internationally, such independent entities have been found to lessen the chance and scale of budgetary crises. As lessons of the recent past have shown us, we need those safeguards.

The general scheme of the Fiscal Responsibility Bill underpins the fiscal rules in the stability treaty. The Bill also reflects commitments in the Fine Gael manifesto and programme for Government, and was part of undertakings of the Government in the EU-IMF troika agreement. These rules are sensible and prudent and represent a responsible approach to budgeting.

The Bill provides for the implementation in national law of Articles 3 and 4 of the treaty. The other articles of the treaty are binding obligations under international law that do not require to be reflected in national law. Article 3 of the treaty requires provision in national law for the fiscal rules set out in that article. These include a commitment by governments that the budgetary position of the general government shall be balanced or in surplus; and provision for an automatic correction mechanism that will be triggered if there are significant deviations from the budgetary target or the adjustment path towards it. The treaty also requires that there is an independent institution at national level responsible for monitoring compliance with the rules in Article 3, and we have invoked that.

Fiscal policy involves the level of Government expenditure, transfers or taxes in an economy. Fiscal rules are constraints on fiscal policy, often expressed as numerical limits. Rules to be set out in the Fiscal Responsibility Bill set fiscal rules in domestic legislation.

As a complement to introducing more flexibility into the proposed fiscal rules, the Irish fiscal council has also recommended strengthening the measures that would be taken when policy fails to comply with the rules. It said the principles of sound public finances should be set out in law and that each new Government should set out explicit five-year targets for debt to GDP ratios that would include planned consolidation measures.

This Bill, together with the fiscal council, can provide a mechanism for raising the political costs of pursuing inappropriate policies, while continuing to allow a role for necessary judgment. This will strengthen the balance sheet over time and build a buffer against cyclical shocks and longer-term structural changes. This Bill is about financial sustainability and operating our business in such a way that it can always prosper. This calls for financial stewardship in making a future, not just a living.

Deputy Áine Collins: One of the main objectives of the Government since taking office has been to get a substantial deal on our banking debt. The enormous efforts made by the Taoiseach and the Minister for Finance to do this have been discussed several times in this House. Their efforts are often condemned by the Opposition, and yet the Taoiseach and the Minister continue to make progress.

As soon as the Government came into office, it at once began to restore the reputation of this country, both in Europe and globally. Few now choose to remember the crisis we then faced - a huge banking crisis and an even bigger problem with our national debt and deficit. As a result of this, our European partners had lost confidence in us as a nation that was capable of running its own economic affairs. We were bankrupt in every sense, financially and morally.

Since then the Government has worked tirelessly to re-build our reputation. Slowly and steadily we have made such progress that we are looked at now as an example of how to implement tough decisions to deal with the financial difficulties we inherited. On a recent trip to Australia, this became apparent. It is striking how we are seen as a shining example globally. *Time* magazine also paid a huge tribute to the Taoiseach in its most recent publication, however at home the reception to the article was somewhat cooler. Sometimes one wonders about how we view ourselves with such negativity and criticism.

This reputation building and re-building bridges with all the European Heads of State led to a unique achievement in June at the European Council meeting by the Taoiseach. Ireland got a special mention in the official communiqué released at the end of the meeting of European Heads of State.

The Commission insists that the decision of the European Council stands. Indeed, again in the past week many EU leaders, including the President of the European Parliament, Mr. Schulz, who addressed this House last week, are insistent that the decision made by the Council must be implemented.

I was disappointed and shocked that Mr. Schulz's visit got so little media attention. His speech in this House was so clearly in support of what we are doing in Ireland and he stressed that the Council of Europe decision in June must be delivered on. He was clear that if the highest decision making body in the EU does not implement its decision, then it undermines the trust of EU citizens in European institutions. The Council agrees that trust is as important as fiscal issues. Without trust, international respect will be lost and the European Union as a whole will suffer. Trust is essential to gain European solidarity. That is why I believe the inclusion of the section on Ireland in the Council's communiqué is so important and the Taoiseach's work in the early hours of that morning will yet prove to be beneficial and historic for this country. Before the deal for Ireland and the breaking of the link between national debt and banking debt is achieved, we in this House must put in place the necessary legislation to implement the provisions of the stability treaty.

The Bill deals with two issues: first, the duty of the Government to endeavour to comply with the fiscal rules of the treaty; and second, to lay out two conditions of the budgetary rule that must be satisfied. These two conditions are detailed in the Bill. Section 6 provides for a correction mechanism that will be triggered if there is a significant deviation of the general government budgetary condition.

The second part of the Bill deals with setting up the fiscal council. This is real reform. We are not merely talking about it; we are implementing it. It also provides complete transparency as section 8 provides for the independence of the fiscal council. Section 9 gives the Minister the power to make some regulations, but these must be approved by the Dáil. Section 4 limits the Minister's powers to terminate the appointment of a member of the fiscal council. It only allows the removal of a member if a resolution has been passed by Dáil Éireann. This guarantees the independence of the members of the council. Section 11 makes the chairperson of the fiscal council accountable to Dáil committees. Section 12 makes the council subject to the Freedom of Information Acts.

I thank the Irish people for coming out and voting for the stability treaty earlier in the summer, allowing this fiscal policy Bill to be brought to the House today. Without the passing of that referendum, I really do not know where we would be.

I acknowledge the business sector that came out so strongly in favour of the treaty. Organisations, such as Business for Ireland, IBEC and Chambers Ireland, all gave of their time freely and were highly supportive of the treaty. They recognised the importance of it for Irish businesses.

On a personal note, I thank the people of Cork North-West for having the highest turnout on the day. I compliment the Minister for the ongoing negotiations that he is undertaken, and wish him luck. It is now all about negotiations and timing.

The Irish people recognised how important is putting in place some cheques and balances. The independence and transparency that will underline the fiscal council is essential and under these circumstances, I am delighted to commend this important Bill to the House.

Deputy Catherine Murphy: I looked at the name of this Bill and the first thing that jumped out at me was its title, the Fiscal Responsibility Bill. The proper name for it should be the fiscal irresponsibility Bill because we cannot live up to it. We cannot meet the standards. It is unsustainable for Ireland to meet what the Government seeks this House to pass. We must bring the debt to a point not above 60% of GDP and the deficit below the 3% of GDP rule, which are pretty much the criteria set under Maastricht. I opposed the Maastricht treaty because I felt we were being locked in to a mechanism that did not give us any flexibility should the system not work. Clearly, it has not worked, particularly for Ireland. When it does not work, one must ask for whom it does not work. The heaviest losers will always be those who are most dependent and most vulnerable, which is exactly what is happening. If one examines the agenda in the European Union, it is obvious that it is the countries in which there are problems are the ones that are on it. The European Union has been rewarding the bad behaviour of problematic countries. In being compliant we are taking ourselves off the agenda. There was no *quid pro quo* for Ireland in passing the referendum. This begs the question as to what is the Government's negotiating strategy. We had three finance Ministers from triple-A rated countries arguing that legacy debt was not going to be part of the overall solution, but our legacy debt is our main problem. The country took on the responsibility for the debts of private institutions, using taxpayer's money, but we should never have had an obligation to pay that debt. That obligation was more or less dictated to us by Mr. Trichet in a telephone call to the former Minister for Finance, the late Brian Lenihan. I do not see anything prudent or responsible in the passing of this Bill, particularly as we do not know what the outcome will be in terms of a debt write-down. At the very least, the Government should have viewed the passing of the legislation as premature until the negotiations on the matter were concluded.

In recent days the IMF has stated, "Whoops, we got it wrong." It has admitted that the adjustment programme is going to be far more costly in terms of jobs than it had anticipated. This is not an academic exercise, however; it is real. It is affecting people's lives. It is rare for the IMF to enter into a programme with a country without some debt write-down, but we did not have that provision. I have listened to Deputies on the Government side criticising the arguments made by Members on this side of the House, but they have short memories. I went through some newspaper archives from the period just before the last general election. At the time Deputy Eamon Gilmore, now Tánaiste, said the then Government's plan was too tight and austere and would halt growth. That is exactly what the IMF is now stating. Deputy Richard Boyd Barrett has been heavily criticised for saying what Government Deputies were saying less than 18 months ago when in opposition. Deputy Eamon Gilmore went on to say his party had proposed reductions in public expenditure which were sensible and which he described as "surgery" rather than "butchery", which is what he accused the Fianna Fáil-Green Party Gov-

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ernment of engaging in. It is not that long since that Government was put out of office, but the Government is continuing what its predecessor did. I accept that there are legacy issues for it which must be acknowledged, but it is continuing the policy of the previous Administration, which is butchery. This is a one-way street, whereby we must comply with the rules or incur financial penalties and we are not receiving anything by way a debt write-off. We must have a debt write-off because what we are signed up to is completely unsustainable. It is not a question of we will not pay, but of we cannot pay and should not pay because it is private debt. We must continue to make this point.

According to the CSO, Ireland's general government debt at the end of the second quarter of 2012 was €114.3 billion. The debt-to-GDP ratio at the end of the first quarter of 2012 was 108.5%. Therefore, the amount above the 60% rule contained in the Bill is €51.1 billion. If it is prudent to write into legislation that we will pay off this sum, the word "prudent" needs to be redefined. It is not prudent to do this; it is downright irresponsible. There is no question of seeing light at the end of the tunnel. This debt is not just going to be a feature of this decade but of the next two, unless there is some certainty. The promissory note repayment schedule commits us to a figure of €3.1 billion annually until around 2030. This will run concurrently with servicing the debt, which will cost us somewhere between €3 billion and €4.5 billion per annum, which is patently unsustainable. The Government is asking us to trust it in negotiating a reduction or write-off of the debt. We appeared to receive a letter of comfort in June with the EU summit statement which referred to debt and Ireland specifically. However, the closer one reads the document, the more it becomes clear that there is a doubt about how our legacy debt will be dealt with. Furthermore, there has been a reluctance to publish the letter from Mr. Trichet to the late Brian Lenihan which demonstrates that the country was bullied.

The Bill is irresponsible because low to middle income groups will pay the heaviest price for its implementation. It imposes a set of rules and financial penalties for not adhering to the formula to be applied. Germany wanted this to be set at constitutional level to absolutely guarantee that the money borrowed by Ireland would be repaid. That money was borrowed to bail out bondholders, make sure a bank would not crash and prevent contagion in the banking system. We will be locked into a fiscal adjustment that will strip the Government of any ability to stimulate the domestic economy by investing in areas crying out for investment. The current adjustment programme is resulting in horrendous problems. I was contacted today by a disabled person who had complained about the quality of his incontinence sheets only to be told that they would be replaced when they started to tear his skin. That is what I am hearing, as a public representative. That is the level of depravity to which we have sunk and the punishment being meted out to some of the most vulnerable in our society. The Bill does not hold out any prospect of stimulating the domestic economy. While foreign direct investment and the involvement of multinationals in the economy is welcome, without a sustainable domestic economy, we will not recover.

I wish to refer briefly to a number of issues raised by the TASC recently. It argues that if the IMF's analysis of the data is correct, GDP will be significantly lower after we balance the budget than originally thought. Therefore, we will have less money to run services and sustain interest payments on the debt.

Debate adjourned.

Agriculture: Motion (Resumed) [Private Members]

The following motion was moved by Deputy Eamon Ó Cuív on Tuesday, 9 October 2012:

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.

Debate resumed on 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;

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— 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.”

-(Minister for Agriculture, Food and the Marine)

Deputy Mattie McGrath: I am delighted to speak on this motion and commend Deputy Ó Cuív and his Fianna Fáil colleagues on tabling it. Deputy Ó Cuív has a deep knowledge of farming in the west and although born and reared in Dublin, he moved to the country to gain an extensive understanding of rural development and all things rural. It is reprehensible that certain Deputies sought to castigate him for moving this motion and being political. I do not know if Government Members realise that they have been in Government for the past 19 months. They cannot continue to blame the legacy of what happened in every aspect of society. It is a sad legacy, unfortunately, but it is time to move on. The Government is preparing its second budget and it is time Government Members put out the shoulders that were so broad before the election and take responsibility for it. It ill behoves any Deputy to describe Deputy Ó Cuív as a clown. That is reprehensible language and should be withdrawn. It is unfair to make derogatory remarks about any Member of this House, let alone a man of Deputy Ó Cuív's capabilities.

I support the motion because 20,000 people took to the streets of Dublin yesterday to participate in a dignified march. Farm families, who brought with them a limited amount of equipment, took part. All the aspects of farming, from farm machinery operators to agricultural contractors and co-operatives, are vital to the recovery of this economy. I experienced two recessions in my short lifetime and each time the farming sector helped us to recover. We saw this in the National Ploughing Championships held in Deputy Wallace's county two weeks ago. I might have been critical of the traffic levels at it but they will get it right next time. There was a great display of equipment and trades on fine arable land, although the weather was not too kind. Many of the ordinary small set-ups were supported by rural development programmes and LEADER. It is the biggest outdoor show in Europe. That is a reason for pride. It is mainly associated with farming and all its spin-offs, whether co-operatives, sole traders or small start-up businesses. The meitheal spirit of farming survives. Farmers support each other and that is why they are the envy of every group that wants to protest. They are so well organised that they can turn out 20,000 people and feed them outside Merrion Square without leaving a paper on the ground. I commend the IFA, other farming organisations and the people who came from every part of the country. They were very dignified and they were gone by 3.30 p.m. There was no hanging about or rattling of drums.

These farmers sent a clear and stark message to the Minister for Agriculture, Food and the Marine that the Common Agricultural Policy cannot be dismantled because it is too important for our economy. This is a small island nation which has to export most of what it produces. We have clean and green food and our name is recognised around the world. We can expand on that. We have set ambitious targets for 2020 but we will not meet them unless CAP is left untouched. We must fight in Europe to retain all the aspects of CAP which make common sense and support farm families. I compliment the Minister on doing a good job thus far but we need to be ever vigilant. I have no problem with capping single farm payments to huge farmers, factory farms and those who are not actively farming. Give the lion's share of the money to the small family farms that will stimulate businesses and support jobs in local communities. These farmers are not interested in simply dealing with monopolies like Tesco. We should support the sheep industry, the suckler herd and the piggery sector. All small farmers, whether potato growers or grain growers, deserve our support. Unfortunately, we do not have beet growers. We had a difficult season this year but farmers rose to the occasion. They did not whinge. They went out to make the best of a bad lot in the harvest.

I defy anyone to attack Deputy Ó Cuív for tabling this motion because he understands more about rural small businesses than most Deputies in this House. He has a long and chequered

career in that regard. Government Deputies should support the Minister in carefully studying the implications of cuts to CAP and in fighting off attacks from whatever country they come. We will give our support but Members opposite should not have the cheek to label anyone on this side of the House a clown.

Deputy Mick Wallace: The agricultural sector is very important to Ireland. I come from an agricultural background and was born on a 36 acre farm. I have been close to farming all my life. A couple of weeks ago I met members of the United Farmers Association, an organisation which represents smaller farmers. The association has raised valid points in respect of the single payment. Agriculture is in a good state at present but I fear that small farmers will be in a difficult position in the future. A considerable number of small farms have disappeared and if we do not make the system fairer, many more will go. I have nothing against big farmers doing well but we have an obligation to help the most vulnerable and to provide fairness, equity and balance.

The United Farmers Association was at pains to point out that the CAP aim of ensuring a fairer standard of living for those who engage in agriculture has failed thus far to provide a floor on incomes that could stop the exodus of farming families from the land. The current system lacks equity and fairness and this must be remedied if the CAP's policy objectives are to be realised in a meaningful way. The association recommended a ceiling of 80 ha on the number of hectares qualifying for payment. That is not an unreasonable ceiling. In response to a parliamentary question I submitted regarding the association's recommendation of a flat rate of payment per hectare, the Minister for Agriculture, Food and the Marine indicated that he was open to working towards this objective. We should endeavour to achieve it to provide greater fairness. The Minister admitted that 76,000 Irish farmers would gain an average of 86% on their current payments if they received a flat rate per hectare, whereas 57,000 farmers would lose an average of 33%. That does not sound unfair to me.

I am sure Members have seen the article by Fintan O'Toole in *The Irish Times* of yesterday which argued that the current system locks in historical privilege because it is based on stock owned in 1999 and 2001. This skews the benefits towards farmers who are better off and essentially means that the more money a farmer has, the more the EU will give him or her. In 2008, which was one of the few years in which the figures were released, 37% of single farm payments went to the top 10% of farmers. Larry Goodman's company received more than €500,000, Kepak farms received €346,000 and eight other farmers received more than €200,000 each that year. This needs to be challenged. Putting a ceiling on the number of hectares qualifying for payment must be a good and fair proposal.

Currently some farmers receive €1,200 per hectare, while others receive as little as €25. The Friends of the Irish Environment argue that 80% of funds go to 25% of the best-off farmers and the society describes the proposed new flat rate as a salvation for farmers on disadvantaged lands in rural Ireland. Given that much of rural Ireland is under serious threat from what I regard as a worldwide neoliberal agenda, I believe that if the system was made more fair for smaller farmers, it would do much for rural Ireland.

An Leas-Cheann Comhairle: Deputy Ann Phelan will share time with Deputies Martin Heydon, John O'Mahony, Seán Kyne, Michelle Mulherin, Michael McNamara, Pat Deering, Áine Collins, Arthur Spring and Tom Barry. Is that agreed? Agreed.

Deputy Ann Phelan: I thank the Leas-Cheann Comhairle for allowing me speak on this

motion. We are all critically aware of the importance the role of agriculture and the agrifood sector in general plays in our country from both a social and economic perspective. One of the sins of the previous administration, one it should never be allowed forget, was the closure of our sugar industry. This was based on greed and we in Carlow and Kilkenny have suffered very badly because of that.

The agriculture industry operates throughout Ireland and has an impact on every town and village in the country. Over €8 billion is spent by the agricultural sector within the local economy on an annual basis. Some €4 billion of that alone is estimated to be spent on agricultural inputs, most of which are purchased within a 36 km radius of the locality. Therefore, this is vital for local economies. It is vital that we keep our eye on the ball in respect of this sector and, more importantly, that we stay in tune with Harvest 2020 and the delivery of its targets, particularly the target of sustainability.

There has been a significant increase in employment within the food manufacturing sector over the past two years, which should be highlighted. We have the potential to create a further 25,000 new direct and indirect jobs with Harvest 2020. Some 300,000 jobs alone are supported by the sector as it stands. Although over the years Ireland has deflected from being an agricultural island primarily made up of small farms to a more mixed economy, it is still very much focused on the agricultural sector. This has been aided by the ongoing support of the EU, which through its funding and policies allowed Ireland to further develop technologies and contribute to the global markets.

For a small island, we manage to maintain a large presence on the EU circuit. This can be attributed to the high quality of our meat and dairy products. Glanbia is a prime example of this presence. We cannot underestimate the level of investment made by Glanbia, which is one of the largest food producing companies in the country. Glanbia has been particularly beneficial, not to mention convenient, for farmers as a market place. It is exciting that Glanbia has now gained planning permission in south Kilkenny for the construction of another processing plant which will be close to Waterford port. This sends a clear message of the willingness of Glanbia to consolidate its manufacturing role in Ireland. Glanbia has also recently invested in China. I should also mention Connolly's Red Mills, which has also established links with China to service the horse industry there. In conclusion, nobody underestimates how important agriculture is to our economy.

Deputy Martin Heydon: This debate is timely. As a proud Kildare man, it is timely in that this week we had a great announcement in Kildare. Not alone will 900 jobs come to Kildare from an indigenous company, Kerry Group, but we have the establishment of a global technology and innovation centre. It is worth noting that the site in Naas beat off stiff competition from London and Amsterdam. For those who are not aware of it, the Kerry Group has been in existence 40 years and is a highly successful public company with current annual sales in excess of €5 billion. It was launched as a public company in 1986. Its market capitalisation has grown to its current level of approximately €7 billion. It employs 24,000 people in over 140 countries on five different continents. This is an indigenous Irish company which has the confidence to invest huge resources in Ireland in an investment costing approximately €100 million. This is a huge vote of confidence in the expertise of the graduates we are producing in food science and will encourage more students to enter this area in the future.

Yesterday, at the Oireachtas Joint Committee on Agriculture, Food and the Marine representatives from the food and drink industry set out the position of that industry and brought home

to us its rank and importance in the economy in comparison with farming and agriculture. The Irish agrifood sector provides one out of every eight jobs in the Irish company. The point was made yesterday that one out of every eight jobs in the German economy is created by the car manufacturing industry. This is the level of impact the agrifood sector has here through its approximately 690 enterprises. The industry had €9 billion worth of exports in 2011. The target of Food Harvest 2020 will see that rise to €12 billion. The industry brings about €11.5 billion worth of purchases in the domestic economy and it involves an annual payroll of €1.75 billion. Ireland is the largest exporter of beef, lamb and dairy ingredients in Europe. Yesterday, we heard about barriers to expansion that need to be overcome. If we get it right, there is growth potential of up to 30,000 jobs in the sector.

With regard to the points made in the motion on the issue of CAP, the IFA had a day of action yesterday. What the IFA wants is what we want. We all want a CAP that is well resourced and retains Ireland's share of the CAP funds and that has flexibility for member states. Simplification of the CAP is a key issue. There are challenges around the issue of allocations. I am concerned by the comments made by Deputy Wallace because I believe there are huge implications with regard to his proposals. Ireland needs to be very careful in seeking change. Moving to a national flat rate will be an issue of concern to farmers, particularly farmers in Wexford who are some of the biggest producers. These farmers have put huge investment into their farms and enterprises over the years to produce on a large scale. Some of those farmers could lose an average 86% of their income. While that is not good for farmers in Wexford, it is not good for the agriculture industry overall either.

I fully support the Minister in the move towards an approximation measure. I congratulate him on the significant progress he has made in winning over the support of countries like Spain, Portugal, Italy, Luxembourg and Denmark. This must be supported.

Deputy John O'Mahony: I welcome the opportunity to contribute to this debate. I thank the Fianna Fáil Party for raising the issue and for keeping agriculture at the top of the agenda because that gives the Minister an opportunity to articulate the progress he is making and which has been made in agriculture and the agrifood industry and to point out the key role this industry plays in helping the recovery of the country and in providing growth and jobs, as evidenced by yesterday's announcement by the Kerry Group.

I also compliment the farming community throughout Ireland, north, south, east and west, which carried out such a dignified protest yesterday. It sent out a strong message yesterday through its day of action. I was glad to meet farmers from Mayo and the west in particular and to listen to their concerns, expectations and demands. I agree with speakers from all sides of the House that every farmer, whether one with small, large, good, fertile or infertile lands, deserves to be supported in earning a living on the land. There is sometimes a perception that small farmers in the west of Ireland are not productive, but I would like to kill that myth once and for all.

I also welcome the recent announcement of a €20 million AEOS scheme by the Minister. I hope too that the suckler cow welfare scheme will be extended or rolled over. In that context, I note the previous Fianna Fáil-led Government halved the rate of this scheme. The CAP negotiations are entering a crucial stage. I compliment the Minister on the way he has thrown himself into the task of forming alliances with other countries. That will be to the benefit of Ireland's cause and will help us to secure what is good for Ireland. I welcome his engagement in holding public meetings around the country. I look forward to welcoming him to Claremorris

next week for the first of those meetings. I also welcome the announcement that the payment of €500 million in single farm payments is starting today. Those payments are in addition to the disadvantage payments that were made some weeks ago. It has been a difficult summer for farming, but farmers have met the challenges. The message of yesterday's demonstration was about making it happen rather than letting it happen. It will allow all of us at all levels to bring a stronger message to Europe about the importance of agriculture in Ireland.

Deputy Michelle Mulherin: I would like to speak about the issue of land mobility, which is a precursor to discussions on payments and our targets under Harvest 2020. In years gone by, I attended many auctions in counties Mayo and Sligo in my capacity as a young solicitor. I encountered a well-established auctioneer who followed a particular routine and ritual at the beginning of every auction. When he was selling land, he used to say he was selling a commodity that God was not making any more of. It might seem obvious that no more land is being produced, especially in this part of the world where we do not have to deal with volcanos and plate tectonics, thankfully, but it remains a fact that land is a finite quantity. Young farmers need land if they are to farm.

The passing on of land is vital for young people who have the ideas, education and enthusiasm to enter into farming and thereby ensure the industry continues to be driven on. The growth of this sector is crucial if we are to achieve our Harvest 2020 targets. Access to land is one of the greatest obstacles that faces young farmers. Discussions on the possibility of ring-fencing young farmer top-ups on the single farm payment under CAP, or providing start-up aid for young farmers under pillar 2, are academic if young farmers cannot get land in the first place. A straw poll in one of the agricultural colleges has suggested that half of its graduates do not have land to farm. Statistics which can be gleaned from the payments made by the Department of Agriculture, Fisheries and Food tell us that approximately 5% of farmers are under the age of 35, whereas 28% of them are over the age of 65. Some sources estimate that between 10,000 and 15,000 farmers who are over the age of 65 have not lined up a successor to pass their land to. They have not made a plan for who will carry on the baton of farming. It is not helpful for farm continuity to be broken, even for a temporary period, when we are trying to achieve targets.

There has to be real concern about land mobility. We already have a favourable tax relief regime. We have land transfer and capital tax reliefs, the young trained farmer stamp duty relief and agricultural relief to help young farmers. In many cases, the farmer who is disposing of land can apply for retirement relief. The land-leasing tax exemption allows older farmers to gain tax relief if they rent or lease out their land over a long term. Despite these incentives, there continues to be a problem that needs to be tackled if we are to encourage older farmers to exit or retire from the sector with dignity and thereby facilitate young farmers who want to start up. This is necessary if the industry is to be more productive and generate more income for our economy. I welcome the research document that was commissioned by Macra na Feirme, and supported by the Department, the IFA and the *Irish Farmers' Journal*, to examine the issues of farm succession and transfer. I look forward to the publication of the report towards the end of the month. In advance of that, the key is to incentivise older farmers, especially those over the age of 65, to bow out gracefully from their land, even on a temporary basis, and allow young farmers to access the land they need.

Deputy Michael McNamara: As somebody who grew up on a farm in a farming community and who continues to farm, I do not need to be reminded of the importance of agriculture to this economy. I thank Deputy Ó Cuív and his Fianna Fáil colleagues for giving us an oppor-

tunity to discuss this matter tonight. The motion they have tabled notes “the critical role” the rural environment protection scheme plays in our economy. This Government is very cognisant of that. Some €64 million has been paid out under the scheme so far this year and it is estimated that €121 million will be spent by the end of the year. Despite this country’s constrained economic circumstances, the Minister, Deputy Coveney, launched a €20 million agri-environment options scheme a couple of weeks ago. A maximum payment of €4,000 per annum will apply to individual applicants under the reopened scheme. In the past, the average payment has been lower than the maximum. Up to 6,000 new participants can be accepted into the scheme, which will be similar to those of previous years. There will be some minor changes which are designed to target increased benefits to participating farmers and the environment. Furthermore, targeted reforms to the disadvantaged areas scheme were introduced last year to prioritise payments for active farmers and ensure farm families that are actively farming in disadvantaged areas continue to receive assistance. The rate of payment in eligible areas under that scheme remains intact to protect the most vulnerable active farmers in disadvantaged areas. Nevertheless, the Fianna Fáil motion “calls on the Minister to expand the new AEOS to encompass a €5,000 maximum payment and 8,000 places”. I listened to Deputy Ó Cuív’s speech last night, but I did not hear him explain how these figures were arrived at. Is it just that they are a little better than the previous ones? Is there any particular rationale for these figures?

Deputy Éamon Ó Cuív: Yes.

Deputy Michael McNamara: I remind the House of the requirement to save €114 million from the agriculture budget this year. Like everybody else in the House, Deputy Ó Cuív is aware of the need to make savings in these difficult times. Along with everybody else who sat on the Government benches prior to last year’s general election, he voted for the memorandum of understanding on 15 December 2010.

Deputy Niall Collins: Is that the memorandum of understanding that the Government keeps renewing, along with the bank guarantee?

Deputy Michael McNamara: It has not been renewed. It was agreed for a five-year period.

Deputy Barry Cowen: The Deputy has to dig himself out of the hole he is in.

Deputy Arthur Spring: The Deputies who are putting their hands up destroyed the country.

Deputy Ann Phelan: They are suffering from amnesia.

Deputy Michael McNamara: The record of this Government contrasts with that of Fianna Fáil, which suspended the early retirement and young farmers installation aid schemes, cut the disadvantaged payments scheme by €34 million and halved the rate of the suckler welfare scheme. That is before we reach the worst cut of all. According to a media report from 2009, which was three years ago:

The EU has posed a major headache for Taoiseach Brian Cowen by lobbying for Tánaiste Mary Coughlan as Agriculture Commissioner. The Irish Independent has learned she was proposed to government officials as the prime candidate for the plum job at a crucial juncture in the reform of farm subsidies. However, if the Taoiseach were to accede to the requests he would further risk his already slim majority.

I invite Deputy Ó Cuív to take time in his reply tonight to outline whether he argued for the

Government of the time to take the hit and lose a Dáil seat so that Ireland might have an agriculture Commissioner at this crucial time.

Deputy Niall Collins: I hear the Government is going to send the Minister, Deputy Hogan, over there next time.

Deputy Barry Cowen: There are Ministers queueing up to go.

Deputy Pat Deering: As a farmer, I am delighted, like previous speakers, to have an opportunity to speak on this important motion. I welcome Fianna Fáil's renewed interest in rural Ireland and particularly in agriculture. The same party spent the last ten or 15 years developing bricks and mortar at the expense of farmers in rural Ireland. It is ironic that this motion is being discussed on a day when 1,300 new jobs are being created in the Irish food sector. Deputy McNamara mentioned the former Minister for Agriculture and Food, Mary Coughlan. It is important to remember that she was instrumental in ensuring this country's sugar beet industry never returned. I come from Carlow, which was the landmark town for this country's sugar industry.

Deputy Éamon Ó Cuív: Bring it back.

Deputy Pat Deering: It has never recovered from the demise of the industry. We must always remember what the sugar factories and the sugar industry gave to this country. It is important for us to get the best possible deal from CAP. I compliment the Minister, Deputy Coveney, on the work he has done to date to try to ensure we get the best possible deal.

8 o'clock

In ensuring that best possible deal, it is important we break it down into four different areas, namely, delivering a well resourced CAP, retaining Ireland's share of the CAP fund, which is currently €1.6 billion, maximising payment flexibility and simplifying administration. It is also important to remember that in every recession we have had, as history will show, agriculture played a key role in ensuring the economy got going again. It is ironic, given Fianna Fáil put down this motion this week, that next week the applications for the new agri-environment options scheme, AEOS, are coming on stream. This is a scheme we got going when we came into government last year because Fianna Fáil had put no funding behind it despite having put it in place.

Deputy Éamon Ó Cuív: Some €200 million was underspent last year.

Deputy Pat Deering: No funding was put in place for this scheme last year. If it had not been for the work done by the Minister, Deputy Coveney, in ensuring we have a very adequately funded scheme for the year going forward-----

Deputy Éamon Ó Cuív: If they had spent the €200 million, there would be no problem.

An Leas-Cheann Comhairle: Order, please.

Deputy Pat Deering: After a difficult year, it is also important that we have the 50% payment of the single farm payment coming through this week.

Deputy McNamara referred earlier to what Fianna Fáil contributed to agriculture in this country in recent years, namely, suspension of the early retirement scheme, suspension of young farmers installation aid-----

An Leas-Cheann Comhairle: The Deputy should conclude.

Deputy Pat Deering: The list is endless as to what they contributed to agriculture in recent years. I will conclude by thanking Fianna Fáil once again for giving us the opportunity to highlight the current position of agriculture and the importance it will play in the future. I compliment the Minister, Deputy Coveney, on the work he has done to date in trying to ensure we get the best possible deal in Europe.

Deputy Áine Collins: I welcome the opportunity to speak on the motion. During the period of the Celtic tiger, the focus on agriculture was put on the back burner. Neglect of our most valuable natural resource led to some disastrous decisions during this period, one of which was the ending of the sugar beet industry. I have heard my colleagues speak about the effect this had on Carlow and it also had a huge effect in Cork north west, where the sugar factory in Marlow was closed with the loss of many jobs, both direct and indirect, which we would all appreciate having now. There was also an opportunity for by-products such as ethanol which are of huge value as commodities throughout the world at present.

Agriculture is a sustainable industry in the economy. We have significant natural resources in our grass-fed dairy industry, which is renowned worldwide for its outstanding produce. Dairygold and Kerry Group are major drivers in this sector in Cork north west. We saw yesterday the announcement by Kerry group of 900 jobs in Kildare. It also recently signed a partnership agreement with a Chinese group for the supply of Irish dairy ingredients for infant nutrition in China, and we hope to have an announcement soon on an increase in employment at its Charleville plant. All recent world statistics show growing concern for the ability to produce sufficient food for the world market, concerns that are echoed within the EU itself. New markets such as China provide great opportunities for growth in agrifood opportunities and we are already beginning to take advantage of these.

The Minister has clearly laid out his priorities on the negotiations of CAP, namely, delivering a well resourced CAP, retaining Ireland's share of CAP funds, maximising payment flexibility for member states and simplification of administration. These aims are a monumental task for both the Minister, Deputy Coveney, and the Taoiseach. The overall funding will be decided by the heads of state. The Commission at present proposes a freeze on the budget, which would result in a decline in real terms. As always, there is intense pressure from some quarters to reduce the overall EU budget and, in particular, the CAP budget. The Taoiseach will be doing everything possible to hold the line at the various European Council meetings.

The central issue for the Minister, Deputy Coveney, is to change the Commission proposals for the allocation of funds within member states. A common approach to dealing with the Commission proposals has already been agreed by Ireland with Spain, Portugal, Italy, Luxembourg and Denmark. It must be remembered that many details remain to be fleshed out and there will be many ups and downs in this process. I am confident the Minister will achieve the best possible deal for Ireland, maybe not one that will satisfy every individual farmer, but one that is fair to all farmers, with the ultimate benefit to the economy.

Deputy Seán Kyne: I thank Deputy Ó Cuív for putting down the motion on the very important issue of agriculture. I commend the Minister, Deputy Coveney, on the recent announcement of AEOS. For a long time, the National Parks and Wildlife Service, NPWS, has been designating land along the west coast under SAC, SPA and NHA designation and has been sending out site packs stating that the compensation for this designation is under REPS and AEOS, so it

is hugely important we have an AEOS scheme in that area.

I am a long-time believer that farm payments need to go to active farmers who are producing to the best of their ability on their land. With regard to Connemara, I was agreeable to the increase in the stocking rate from 0.15 to 0.3 because I knew that the vast majority of farmers in Connemara would be able to qualify for a derogation under the commonage framework plans, under the REPS restrictions and in regard to the Twelve Bens area. The majority of the land involved is blanket bog where the NPWS would put down stocking limits of 0.15 and it would not be possible to increase to the 0.3 rate, so I welcome this measure.

Deputy Ó Cuív stated earlier in the year that the Minister could have achieved his cuts of €29.5 million by targeting the larger dairy farmers and giving an exemption to the smaller milk producers. I disagree with this and note he did not classify what he meant by large and small, or what the quotas were. Under Food Harvest 2020, we are looking to increase dairy production by 50%. There are many Galway farmers in the eastern part of my constituency who are committed to dairying and who have worked hard and built up their herds, such as those farmers in Oranmore, Castlelambert, Athenry and Coldwood, and they are entitled to receive their disadvantaged area payment. Will this become official Fianna Fáil policy under Deputy Ó Cuív? How many will lose their disadvantaged area payment, as was reported in the *Connacht Tribune* in May? I believe these farmers are entitled to their payments.

I agree western farmers were hard done by under the last CAP. Too many of the benefits they had accrued through hard work and producing quality weanlings was taken up by farmers elsewhere in gathering up the entitlements. The suckler farmers in the west will be key in terms of producing quality beef post the removal of quotas. This is very important for them, and I agree that even partial coupling should be considered in regard to the suckler herds in the west.

Deputy Tom Barry: As a commercial tillage farmer and one who was brought up and raised on a dairy farm, I welcome the opportunity to discuss the vital role that agriculture plays in our economy. One in every eight jobs in the Irish economy is linked to agrifood, with €9 billion in exports in 2011. The agri-sector contributes €11.5 billion in purchases in the domestic economy and a payroll of €1.7 billion, which is the largest of any manufacturing sector in the country and is comparable to the car industry in Germany.

Food Harvest 2020 seeks a 40% increase in our growth targets to reach €12 billion by 2020. Its targets have been a great help to this country and I am glad to say the omission of the tillage sector, which was not represented properly in Food Harvest 2020, will be addressed in the coming weeks with the publication of a bolt-on document which will also show the potential of our tillage sector.

I am glad to see that our colleagues in Fianna Fáil have finally recognised the central role that agriculture plays in the heart of rural Ireland. Under their stewardship, we have seen the single-handed destruction of our productive economy.

Deputy Barry Cowen: Who wrote Food Harvest 2020?

Deputy Tom Barry: In 2000, some 39% of farmers were aged over 55 and when Fianna Fáil left office that figure was 52%, which is a clear indictment and shows they did not encourage young people into this industry. Under the directorship of their Galway tent, they oversaw the destruction of the sugar industry. They may not like to hear this but they might come clean tonight and apologise for the thousands of people who are now out of work and who have had

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to emigrate or face financial ruin because of the scandalous and reckless carry-on with regard to the sugar industry.

On a positive note, I am glad to say that due to the tireless effort and work of a number of people who I have had the pleasure of working with, there is now a realistic chance we will once again see the sugar industry returned to this country. I recognise the help of Deputy Ó Cuív in this matter.

We will return to manufacturing and we will return to prosperity and tidy up the mess that exists. The farmers of Ireland who marched to Dublin this week will play their part in returning this great country of ours to prosperity and they will not shirk their responsibilities. With the help of forward thinking and clear policies under the confident stewardship of the Minister, Deputy Coveney, this will happen.

In conclusion, I acknowledge and congratulate Dairygold, which is in my own constituency, on its €120 million expansion in Mallow, which is very welcome in these austere financial times.

Acting Chairman (Deputy Thomas P. Broughan): I call Deputy Spring, who has two minutes.

Deputy Arthur Spring: Two minutes is rather brief. Our majority might be just too big at times, but that is a reflection on those on the other side.

Deputy Niall Collins: We are going to be spared.

Deputy Arthur Spring: They will not be spared by the time I am finished. I want to begin by quoting Mr. Stan McCarthy, who spoke yesterday in regard to the announcement of 900 jobs. Things are not so good in Kerry that we can give jobs to Kildare, despite what some might think. He said the future for agriculture looks bright. He also said in response to a question about what had happened in recent years that the agrifood sector must have got lost in translation because it did not get the same amount of emphasis behind it. I have been trying to translate that. It meant that people became obsessed with property rather than progress. One could point straight across the floor and say to people that they did not have an idea of how to run an economy in a prudent and meaningful way. Every step of the way since we have ended up with this deficit, and when faced with the budgetary measures we have had to introduce, Fianna Fáil is not willing to get behind them and support them. It will not support any tax cuts or tax increases. Fianna Fáil members are turning to the people of the country and saying they are now their saviours but that will not wash with anyone. There is an awful long time of salvation involved. The important thing to remember is what agriculture does for rural areas and the country in general.

Deputy Simon Coveney: Hear, hear.

Deputy Arthur Spring: I wish the Minister, Deputy Coveney, and the Minister of State, Deputy McEntee, the best of luck in the negotiations on the Common Agricultural Policy. There is hope in this country. If County Kerry is giving 900 jobs to County Kildare, I am sure the Cabinet will give a minimum return to County Kerry. I look forward to hearing about it.

We must focus on tourism, energy, agribusiness and micro-enterprise. Property is a consequence of a thriving economy, not a leader. It is a shame on those who think one can turn

around and say that one is not responsible for the mess. Fianna Fáil must start to support things and make proposals. Fianna Fáil signed off on a property tax with the IMF, yet when it comes to implementing any form of property tax, the party wants nothing to do with it.

Deputy Éamon Ó Cuív: There is no property tax in the four year plan.

Deputy Arthur Spring: That is not the way to govern properly.

Deputy Barry Cowen: We did not see it in the Labour Party plan.

Deputy Éamon Ó Cuív: It is a site value tax.

Deputy Arthur Spring: Honesty is required in order that one can go towards recovering the Irish flag and the sovereignty of the people of this country. That is what the debate is about and that is what this House is about.

Deputy Michael P. Kitt: I commend Deputy Ó Cuív on tabling the motion. We all agree that we want to defend the Common Agricultural Policy and maintain the agriculture budget. The IFA put that message across strongly yesterday in its dignified national day of protest. There are fears of further cuts to agriculture in the December budget. It would be unfair and wrong to target lower income farmers, in particular farmers in the west who have smaller holdings, following on the cuts to last year's disadvantaged areas scheme and the agri-environment options scheme. With the severe weather conditions and increasing input costs, there has been significant pressure on farm incomes. One must also take into account the dominance of the retail multiples. Given the number of jobs and exports involved, it is important we defend this important industry.

I wish to refer in particular to the disadvantaged areas scheme and the minimum stocking ratio requirement. In many situations in the west, the main holding is not in a disadvantaged area and therefore not in the disadvantaged areas scheme, DAS, which has resulted in cuts to payments under the scheme to the farmers in question. That issue must be examined. Farmers have sought deregulation. I was told that 350 farmers have been accepted and 1,000 farmers have been refused. The Department has written to approximately 950 additional farmers seeking more information.

The ICMSA president, John Comer, raised the issue of seeking help from the EU solidarity fund. He pointed out that funding of €30 million was available in 2009 under the EU solidarity fund. While the weather this year might not have been as bad as the awful weather in 2009, it is worth considering the possibility of getting assistance for people who are badly affected. Deputy Ó Cuív suggested a helpline should be set up to offer support and advice on the effects the bad weather is having on farmers and their families.

Deputy Simon Coveney: We have a helpline that is run by Teagasc.

Deputy Michael P. Kitt: The price of cattle and the drop in sheep prices was referred to, in particular the 35% drop in prices for lambs. For those reasons there is a need to improve the schemes that have been mentioned.

I commend Teagasc on the role it has played. We had a good breakfast meeting with Teagasc last week. I hope we will have more meetings, including public meetings. Teagasc referred to the fact that many young people are interested in courses in agricultural colleges. There is much emphasis on young people getting involved in farming and on the transfer of land. It is

interesting to note that last week Catriona Murphy indicated in the *Irish Independent* that, according to the latest Central Statistics Office figures, there was an increase in the number of farms owned by women – something of the order of 15%, amounting to 17,324 farms in the ten years between 2000 and 2010. There is a low rate of female land ownership in this country.

I also commend Foróige on the survey and questionnaire it carried out among young people on farm safety, and also the project on farm safety by three young students from the Dominican college in Galway city for the BT Young Scientist & Technology competition to measure gas emissions from slurry tanks, which as we know have been a source of accidents and fatalities. I commend Teagasc and the Health and Safety Authority on producing a new leaflet highlighting the importance of safe slurry handling.

The Government must retain CAP funding after 2013. The single farm payments and the rural development scheme must be fully protected. In the context of farm organisations, the Irish Cattle and Sheep Farmers' Association has strongly pressed the Minister to ensure the maximum number of farmers receive advance payments to alleviate financial pressure caused by the weather in recent months. I hope that can be done as quickly as possible.

Deputy Niall Collins: I am grateful for the opportunity to partake in the debate in a calm and rational manner now that certain Members have left the House.

I congratulate the Minister, Deputy Coveney, on his part in delivering the positive announcement by the Kerry Group yesterday. It behoves all of us to acknowledge that. It was a great news announcement for the country. However, I wish to follow up with a small “but” – the jobs are on the east coast. As the Minister is well aware, I am a Deputy representing Limerick and the mid-west. We have not seen a job announcement of a similar order for the mid-west region since Fine Gael and the Labour Party formed a Government. I wish to highlight that to put pressure on the Minister and his Government colleagues to deliver a major announcement for the mid-west region. Recently, PayPal looked at two locations, one in County Louth and the old Dell facility in Raheen outside Limerick city. County Louth won, which is regrettable. I acknowledge that the Minister played a fulsome role in delivering yesterday's key announcement, which is most welcome, but we in Limerick and the mid-west are waiting expectantly on the Minister and the Government, which is composed of the Fine Gael and Labour parties, to deliver to the mid-west, which they have not done in terms of a serious jobs announcement recently.

A number of important items were raised in the context of the farmers's demonstration yesterday which have not as yet been aired in the debate. I refer to the third level college grant scheme and the potential impact on the farming community as the grant scheme is under scrutiny at the moment by the Minister for Education and Skills. The Minister is aware of the possible introduction of a capital asset test. My Labour Party colleagues are leaving the Chamber as we discuss the issue.

Deputy Michael McNamara: That should be colleague in the singular. Only one is going.

Deputy Niall Collins: It is an issue of difference between the coalition parties. The farming community is entitled to certainty. It would be most unfair to introduce a change in the third level college grant scheme which would impact on farm families in that fashion. The suggestion is that where one has a productive asset, a capital asset, which is put to use to generate income, after one deducts one's allowable business expenses it will give a taxable income to

farm families on which they then will pay their tax and on which they have to live. To penalise them by virtue of the fact that they have assets from which they derive their income would be the same as taxing anyone else in a job by putting a capital value on the job. The Minister is aware of the arguments being made in that regard. The farming community deserves certainty. We all wish the Minister well in the future Common Agricultural Policy negotiations. We want to see it work out well for farm families because the CAP delivered a degree of relative stability at a time when the supply of food was much greater than the demand. The downside was the creation of the wine lakes, butter mountains and beef mountains, but it got the farming industry through those years. Now demand has picked up again and this is leading to stability. However, farmers face many pressures in terms of uncertainty of weather and the prices they have to take. They are price takers and are not in control of the price-fixing mechanisms. From that point of view, we are on the side of the farming communities we represent, as is the Minister, on our behalf. We take this opportunity to tell the Minister we are here to help him in this regard.

There are two other items I wish to mention briefly. Unlike my two Labour Party colleagues, I did not come into the Chamber to speak about myself. I am not a farmer, nor was I a banker working in a banking institution over the years. We are behind the Minister in regard to REPS but we wish to hold him to account on both that scheme and the AEOS scheme. The Minister responded recently to a parliamentary question tabled by my colleague, Deputy Ó Cuív, on the reopening of the AEOS scheme. In his reply, he stated he expected payments under the reopened scheme to commence at the end of 2013 or in early 2014. That is a very long and unreasonable timeframe for people who are waiting for payment.

During the past two days a number of speakers mentioned the cost of diesel, which is hampering the farming community and other sectors in Irish industry and society. We must have a serious debate in this country about fuel prices and the Exchequer take thereby. The spike in prices is leading to an erosion of our competitiveness. We know that because the 90% of the farm produce we export leaves the country by road, taken by both international and national hauliers who are buying their fuel outside this country. That is a loss to the Exchequer. Stepping outside the agricultural sphere, many families living in rural Ireland, where there is a dispersed population, are decommissioning their cars or putting them out of service because they cannot afford to run them due to the price of petrol and diesel. The economies of scale are kicking in here. Will the Minister look seriously at this and try to strike a balance in reducing the costs? He would get it back through an increase in demand and uptake.

Deputy Barry Cowen: I welcome the opportunity afforded by my colleague, Deputy Ó Cuív, to highlight the plight of the agricultural sector. That plight is numbered among some positive and some negative things that are happening in the industry. Contrary to what Deputy Hayes had to say last night, our job as public representatives is, in the first instance, to keep the Government informed on behalf of those who gave us the privilege and opportunity to do so. We do that both to provide information and to seek to have policy derived from the representations of our constituents. In a predominantly rural constituency such as mine, I am in receipt of much representation from the farming community and its industry representatives.

Yesterday, as many speakers mentioned, there was a fantastic announcement of an investment by Kerry Group, with up to 900 jobs to be created in County Kildare along with 400 temporary construction jobs. Such investment by an indigenous but global market leader is testament to the quality of the Irish food-producing sector. It is testament to the commitment and excellence of the farming and agricultural sectors and the contribution they make to the Irish economy. More importantly, it may be a testament to and a recognition of the principles

of the Food Harvest 2020 programme, which was initiated and delivered in co-operation with farming bodies by the previous Minister for Agriculture, Fisheries and Food, Deputy Brendan Smith. That programme is underpinned by the three core principles the Minister mentioned last night, namely, smart farming, green farming and sustainable farming. I acknowledge the Minister's commitment to Food Harvest 2020 and compliment him on maintaining that policy which drives agriculture towards the targets contained in it, the principal one being growth of up to 42% in food production by 2020. I also acknowledge there has been progress and that, in spite of some blips in regard to prices in milk and beef at present, which are related to factory prices, improvements in the region of 19% have been made. We also acknowledge that 10% of the projected 42% growth in food production has been achieved.

We are well aware of the importance of exports to this economy, and agriculture plays an enormous part in that. We are well aware the beef- and milk-producing industries contribute greatly and that we are world leaders in terms of exports not only to Europe but also to world markets. However, we can also get lost in all this hype. When we talk about the broader economy and the great performance of our exports we must acknowledge that 60% of those exports come from the pharmaceutical and chemical industries. Although that contribution is well received and widely acknowledged, we must remember it is not a great provider of jobs.

When discussing this motion and the performance of the agricultural sector, it is important to give credit where credit is due and acknowledge the contribution the Minister has made to the improvements we have highlighted. As any credible Opposition would do, however, we must highlight his failings and the deficiencies we see in the way he manages his Department and delivers to those constituents to whom the Taoiseach gave him the privilege of delivering. As Deputy Ó Cuív noted, we must highlight the fact that in these austere and difficult times of budgetary process there was an underspend of €200 million by the Department in regard to the budget promises of last year. This amount could have addressed the failings we now observe in the Minister's AEOS scheme. It could have compensated for the Minister's failures to deliver a fodder scheme for weather-affected areas and address the diesel pricing system, as Deputy Collins noted. We must highlight the fact that this funding could have aided the Minister in delivering the disadvantaged area system.

Deputy Simon Coveney: It could not; it is not part-----

Deputy Barry Cowen: In addition, this Government has hit rural communities in other ways by virtue of last year's budget which affected rural schools and transport. Under the auspices of this motion, I call on the Minister to rubbish and banish the proposals mooted by the Minister for Education and Skills, Deputy Quinn, to include farm buildings in assessments for educational grants.

Leaving these failings aside, there is a principal reason we tabled this motion. We did not mention the CAP, as the Minister noted last night, and this was for a technical reason. Should we believe the Minister is not performing the duties we want him to perform in terms of the €1.6 billion envelope, we will not then be hamstrung by the rules and regulations of this Dáil into not being able to introduce another motion that might deal with the CAP when the time comes. We will hold that in reserve and watch very closely.

It was not only yesterday that we took the message; we take it regularly from our constituencies, from farming organisations and communities and from our neighbours and friends with whom we live. On behalf of this country the Minister must come back from Brussels with an

envelope of €1.6 billion - which, in real terms, is a great reduction. That must be acknowledged and the rest of the population must know it too. The Minister also has a responsibility to deliver to that community in this year's budget, as Minister for Agriculture, Food and the Marine. If he fails to do that he will fail to acknowledge the input that sector makes into our society and our economy in these depressed times.

Deputy Dara Calleary: I, too, thank Deputy Ó Cuív for allowing us a chance to discuss agricultural issues, and I join all my colleagues in complimenting the Minister on the announcement yesterday by the Kerry Group and the earlier announcement by Dairygold, which was noted by Deputy Barry. For me, the most significant part of yesterday's announcement was that Enterprise Ireland seemed to be strategically involved in it. Perhaps that may give us a glimmer of hope that the silo method of government is beginning to collapse and that Enterprise Ireland will be crucial to the delivery of Food Harvest 2020. It sent out a powerful message about where our food industry is going and that Irish food companies such as the Kerry Group can be leaders in the new direction for food.

We must stand back from the announcement, however, and ask ourselves where is the next Kerry Group. Is there a company in the length and breadth of this country which has the ability to be the Kerry Group in ten, 15 or 20 years' time? We must ask ourselves seriously if we are doing all the right things to ensure that can happen. I suggest that we are not and that we are actually choking many small indigenous food producers and businesses. They are not being choked on foot of anything the Minister is doing, rather their efforts are being stymied as a result of the rules and regulations relating to business and health and safety. We have created a situation whereby it is much more difficult for the small businesses to which I refer to get their operations off the ground than would be the case for their counterparts in other European countries. In the context of the CAP review - and if CAP is to be all about food in Europe - then we must give small indigenous and artisan food companies a chance. That is a matter which the Minister - in light of from where he comes - could bring to the table.

Deputy Simon Coveney: That is what we are trying to do.

Deputy Dara Calleary: I agree with what Deputy Browne said in respect of the rural development programme. It is time this programme was brought back within the remit of the Department of Agriculture, Food and the Marine because the staff within the latter have a much better feel for it. In my opinion, the delivery in respect of this programme would be better if it were returned to the Minister's Department.

The various Government cheerleaders have left the Minister and his Minister of State, Deputy McEntee, alone. Many of them repeated the usual line to the effect that we ruined the country but they then spoke glowingly in respect of Food Harvest 2020. As far as they are concerned, Food Harvest 2020 is the best thing since sliced bread or whatever kind of bread is being produced these days. In fairness, the Minister fleetingly referred to the fact that Food Harvest 2020 was initiated by Deputy Smith and the previous Government.

Deputy Simon Coveney: I mention that fact on almost every occasion on which I refer to Food Harvest 2020.

Deputy Dara Calleary: I said that; I have given the Minister credit in that regard. However, the members of the Government choir could do with being reminded of that. At the next meeting of the Fine Gael Parliamentary Party, perhaps the Minister might mention the fact that

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Food Harvest 2020, which was put in place by Deputy Smith, his colleagues in government and the officials in the Minister's Department, is now the guiding document not just in respect of agriculture but for the entire economy. It took a great deal of work on the part of Deputy Smith to ensure that Food Harvest 2020 got off the ground. What he did shows that our commitment, as a party, is real and is expressed in Food Harvest 2020. When the choir returns to sing its final serenade, perhaps the Minister will remind its members of that fact.

As Deputy Cowen indicated, we did not specifically mention the CAP in the motion. However, reference is made to it in the Government's amendment. I am very concerned about an article which appeared on the front and back pages of last week's edition of the *Irish Farmers' Journal*, which outlines - including in tabular form - what those in government believe will be the payment levels per farmer. I do not know if the Minister of State has denied this story but perhaps he might take the opportunity to clarify the position. If this is the Government's strategy, then our battle plan for the negotiations on the CAP - in respect of which the Minister has our full support - has been laid out for everybody to see. The European Commission is now aware of what is the Minister's bottom line and what he is seeking for Irish farmers.

Deputy Simon Coveney: Five other EU countries have signed up to what we are trying to do.

Deputy Dara Calleary: The Minister should bear with me.

Deputy Simon Coveney: That is a matter of public knowledge.

Deputy Dara Calleary: Yes, but the Government's strategy has been laid out and Ireland's cards have been placed on the table.

Deputy Simon Coveney: It is a negotiating position.

Deputy Barry Cowen: We will see about that.

Deputy Dara Calleary: That is fine but when one places one's trump cards on the table, then those in the Commission who want to get a deal out of Ireland will not be obliged to do much negotiating.

Deputy Barry Cowen: The Minister will be held accountable.

Deputy Dara Calleary: The Minister indicated that he is working closely with the IFA in respect of the CAP negotiations. That organisation is not very impressed with the payment tables included in the article to which I refer, particularly as they overstate the potential of the deal which might be struck because they do not take account of the impact of the greening proposals. I congratulate the Minister on the fact that he proposes to travel around the country-----

Deputy Simon Coveney: The Deputy should not mislead people. We are seeking flexible greening and this is included in those-----

Acting Chairman (Deputy Thomas P. Broughan): The Minister should address his remarks through the Chair.

Deputy Dara Calleary: The Minister needs to brief his people in respect of this matter because that which he has stated is not evident. The figures supplied are going to mislead farmers, who are of the view that the Minister's proposals are going to save them. Some of these indi-

viduals are going to be obliged to accept a 50% cut in their CAP payments. The Minister cannot accept that. Deputy Cowen is correct. We will hold the Minister to account in this Chamber when he returns with a deal. However, we genuinely wish him well. I am of the view that he has the capacity to be successful but a deal based on the figures that are in the public domain would not be worth signing up to.

The Minister must ensure that what goes to our farmers will end up at the gate of family farms. As much as I want large companies such as Kerry Group to be successful and create jobs, it must be remembered that family farms are the foundation stones upon which the Irish agriculture industry is built. Our industry is so good because it is based on the commitment of families rather than being run by huge private limited companies, PLCs, which operate by putting farm managers and workers in place.

The issue of payments is referred to in the motion. I accept that the Minister is in a tight corner in this regard. However, the manner in which he made the cuts last year was particularly unfair. The way in which the cut to disadvantaged area payments was made specifically hit farmers on the west coast-----

Deputy Simon Coveney: Not true.

Deputy Dara Calleary: -----who do not have the capacity to make the required changes in their stocking levels etc. If the Minister is obliged to make cuts this year, he should ensure that they will be applied in a fair manner across the board. Teagasc has indicated that farm incomes have taken a huge hit this year as a result of bad weather and increasing costs. I was listening to the radio as I travelled to Dublin yesterday and I am aware that many people were wondering why farmers were protesting in the city. Some individuals asked “How dare they come to Dublin?” They were very welcome to come here because they are in a very serious situation as a result of issues beyond their control. It is correct that we are talking up the industry. However, our doing so leads people who are not involved in the industry to assume that everything is fine and that all farmers are doing well. The reality is that many of them are struggling as a result of matters beyond their control.

I suspect that we will be obliged to return to this matter. We look forward to discussing it with the Minister at various meetings. Perhaps he will explain to us the rationale behind the proposal highlighted in last week’s edition of the *Irish Farmers’ Journal*. We also look forward to discovering the kind of timeline he envisages in respect of this matter, although I accept that much of what is going to happen will be out of his control. I do not support the notion that he will be able to conclude a deal when he chairs the EU Council of Agriculture Ministers next year. Expecting him to do so would be to place unfair pressure on him. However, the reality is that the negotiations in which he is currently involved in respect of the CAP are as important as those in which the Minister for Finance, Deputy Noonan, is involved with regard to our banking debt. The CAP is extremely important and not just to agriculture. It is a shame there are so few Deputies present in the Chamber because this debate is as important to the growth and future of our economy as anything we might do with regard to banking or any of the other matters which we discuss and for which the Chamber tends to be full. If the Minister gets it wrong, he might as well put a torch to Food Harvest 2020. The latter will not be able to deliver on its potential in the manner in which it has to date if the deal on the CAP goes wrong. Given that the deal on CAP will be agreed on the Minister’s watch, he will be judged on the basis of what is achieved.

The Minister and Minister of State have done a great deal of work in the area of farm safety.

When the protest was taking place outside the Houses yesterday, another farm death occurred. I send my sympathies to the family of the person involved. Of course, we all remember the high-profile deaths of three members of the Spence family on the other part of the island. People involved in farming cannot take their safety for granted when working on their properties. Both of the Ministers commented on this matter during the summer period. On any occasion when we, as public representatives, speak about this matter to an audience comprising those involved in agriculture, we must drive home the message with regard to farm safety.

Deputy Seamus Kirk: I thank Deputy Ó Cuív for tabling the motion and facilitating this debate. When one contributes at this stage in a debate, one always runs the hazard of entering the realm of repetition. However, it bears repeating that the agriculture industry is worth in the region of €24 billion annually to the economy. Over 7.4% of those in employment are involved in the industry. Agriculture truly is the engine of the rural economy.

The Minister's predecessor, Deputy Smith, brought forward Food Harvest 2020, which set out very ambitious targets for an industry which clearly has the potential to grow. When the arrangements relating to milk quotas were put in place in 1983, a member of Fine Gael was Minister for Agriculture. It is worth reflecting on the impact those arrangements have had on the development of agriculture in Ireland in the intervening period. If a milk quota system were not in place, what would be the position with regard to the dairy sector at present? Would that sector be a much expanded one and would there have been huge capital investment in it? I accept that capital investment of the type announced by the Kerry Group yesterday might not have occurred but would investment on a smaller scale have taken place in different parts of the country? Would such investment give rise to benefits such as greater spending in local economies and increased employment throughout the country?

The major bugbear when it comes to agriculture is price volatility. That fact is not fully appreciated by those who tend to have either a critical or a benign attitude towards the industry. The Common Agricultural Policy provides a vital safety net for the industry. Some of the best milk prices were paid during 2011, but by April this year the price had suddenly taken a nose dive. Agricultural economists say the graph is moving in the right direction, price-wise. However, we should examine the origins of this hoped for increase in the price of milk. Is it happening because of serious climatic difficulties in the United States or because the dairy industry there had to cull to cut back the number of cows in its very large dairy units? If that is the main reason, we can quickly appreciate why there is price volatility. If there is a change in US climatic and market conditions, what will be the implications for the dairy industry here?

A cheap food strategy is being pursued in the Common Agricultural Policy area. Because of the growth of the global population, all projections point to a gradual increase in the price received for agricultural products. In the best of years, the return on capital investment in the beef and cereal sectors is moderate to poor. The range of mainstream enterprises associated with agriculture are capital intensive by nature. Anyone in the business of comparing the returns on money spent in different areas of economic activity will discount investment in agriculture because of the poor return on money spent, which is a great pity. Professor Jim Phelan's analysis of the industry researched and produced a number of years ago graphically illustrated the importance of the agriculture industry to the well-being of the national economy. I suggest this document be distributed much more widely. Anyone who has not read it should do so because it provides a much clearer understanding of the industry.

Acting Chairman (Deputy Thomas P. Broughan): The Deputy's time has expired.

Deputy Seamus Kirk: Deputy Éamon Ó Cuív has afforded me a few extra minutes.

I refer to the challenges faced by the Minister and his Department in the negotiations on the Common Agricultural Policy which will fashion the future of the industry. I emphasise the importance of appreciating the active farmer in the mix. If the active farmer is to be subjected to the price volatility to which I referred, he or she will need the safety net of a viable and worthwhile Common Agricultural Policy payment system.

There are serious difficulties with the age profile of those involved in the industry. The agricultural colleges are bursting at the seams because they do not have adequate accommodation available. The college in the constituency of the Minister of State, Deputy Shane McEntee, was closed and sold a number of years ago, which was a great mistake. If it was still in operation, it would provide invaluable accommodation. If the Minister plans to expand agricultural education provision - as he needs to do - he will have to consider the provision of resources for Teagasc as a means of financially supporting the agricultural colleges. If they are not in a position to employ staff, the number of students will be severely restricted. Given the age profile of those involved in the primary sector of the industry, it would be remiss of the Minister to allow that to happen.

I refer to capital allowances which I accept are within the remit of the Minister for Finance, Deputy Michael Noonan. However, this issue is important in the case of agriculture. Capital allowances for the expansion or development of farm holdings are spread over a seven year period. I firmly believe that if this period was to be reduced to three years, it would have a significant impact on employment at a time when the building industry which is suffering the most in the downturn could be given a significant boost in rural areas. A change in the capital allowances regime by the Department of Finance would affect the creation of employment on farms.

The ESB plans to implement a smart metering system, but it needs to be done quickly. Electricity charges on dairy farms have become an albatross around the necks of individual farmers. If the smart metering system will help farmers to keep a lid on these costs, it will have been a good day's work.

The requirements in respect of minimum stocking density have adversely affected farmers on the Cooley Peninsula. Those in receipt of relatively small and modest sums of money are coming to me. I have been in daily contact with the unit in Portlaoise which deals with the payment made to thousands of recipients. I ask the Minister to examine this matter from a commercial point of view because the issues involved do not merit the level of bureaucratic attention recipients are receiving.

Minister of State at the Department of Agriculture, Food and the Marine(Deputy Shane McEntee): On behalf of the Government, I wish Deputy Éamon Ó Cuív the best of luck in his new portfolio which is the most exciting either in opposition or government. I also welcome the motion. I suggest to Deputy Éamon Ó Cuív that a motion on agriculture be tabled every month because every spokesperson has spoken about the positive aspects of agriculture and the importance of the way in which the industry is developed in the next nine months. The announcement made by Kerry Group is very important in this regard. The company has led the way - as Kerry people do - with its announcement yesterday. As some Members said, there are many small companies which are full of enthusiasm to get going. I was in the Slieve Bloom area in Deputy Barry Cowen's constituency where I met people with great products who needed a boost. I have no doubt that we will see new companies and hear more announcements like

the one made yesterday.

We all know that the farming community is not afraid to accept whatever cuts are necessary. The Government was complimented on the manner in which it had produced the budget last year. I had not been involved in the making of arrangements for a budget previously, but the Minister made sure everything in the Department was accounted for. This meant that the size of the cuts to be made in the budget could be minimised. That is what we will do in the upcoming budget also.

The AEOS was announced at the national ploughing championships. My telephone was hopping because people were delighted with the announcement. Those involved the IFA were particularly delighted. Deputy Éamon Ó Cuív is in opposition, but he will know that the Government is a leader in the European Union in how it deals with the agriculture industry.

This morning I attended a meeting with grain importers at which a speaker from France made some interesting points. Since 2002, he told us, 1 million sheep per year have disappeared out of Europe, with beet numbers and dairy cow numbers likewise declining dramatically. The negotiations on reform of the Common Agricultural Policy afford all of us in the European Union an opportunity to move forward. Ireland is the leading light in Europe in terms of beef exports and in the production of quality beef and dairy products. I take this opportunity to welcome the announcement by the Kerry Group yesterday regarding the creation of 900 jobs in County Kildare. We must work to maintain our position in the sector.

We are all - the Government, Fianna Fáil, Sinn Féin and the Technical Group - speaking with one voice on this issue, with the backing of the Irish Farmers Association and the Irish Creamery Milk Suppliers Association. Our shared objective is to achieve the maximum amount of funding for Ireland from the CAP reform process and thereafter to have the right to distribute that funding as we see fit, to farmers in the northwest, the west and everywhere else in the country. We must encourage productivity on every hectare. Some people need a lift in terms of the premium they receive. Some farmers will not just have what they always had. The onus is on us to ensure that people understand the importance of farming to this country. I am still laughing at the story Deputy Sean Fleming told in the Chamber this evening about a sum of €100 and the circle it created in the space of half an hour. It was a fantastic story about how that modest sum satisfied seven people in the one parish and ended up back with the person who initially laid it out. The message was that money makes money. It is our responsibility to ensure that every cent is put back into communities. I am in favour of having a debate on agriculture every month for the next nine months. Members opposite should not worry; we will be well able to accommodate that. Nor should they be concerned about underspends.

I will conclude my referring to forestry, my own industry. The Department has decided to issue financial approvals for 1,500 hectares of new forestry planting for the current autumn planting season. Planting grants in respect of some 5,250 hectares have already been paid this year and we estimate there will be 6,900 hectares planted in the full year. We might find we have overspent in the forestry sector, but we will get the money somewhere.

Deputy Charlie McConalogue: I commend my party colleague and recently appointed spokesman on agriculture, Deputy Éamon Ó Cuív, on bringing forward this motion. It is a timely debate, which coincided with the march by 20,000 farmers in this city yesterday, whose purpose is to emphasise the importance of the agricultural sector to our economy and to highlight the challenges facing farmers in this country. The outcome of the CAP budget negotiations will

have a crucial impact in the coming years on the viability of many family farms throughout the State. I acknowledge the work done by the Minister, Deputy Simon Coveney, and the Minister of State, Deputy Shane McEntee, in this regard. Their commitment to the sector is clear and their efforts clearly genuine.

They have, however, failed to live up to their promises in several areas. I refer in particular to the delay in the announcement of a replacement scheme for the agri-environment options scheme. It is disappointing, moreover, that the number of places under the new scheme has been capped at 6,000 and the allowance itself capped at €4,000. This does not offer the replacement that is required to the 13,000 farmers coming out of the REP scheme this year.

Deputy Simon Coveney: To clarify, there will not be a cap of 6,000. Rather, it will be a question of how many can be accommodated within the €20 million allocation. The number will be anywhere between 6,000 and 8,000.

Deputy Charlie McConalogue: It certainly does not come up to the mark that is required in order to satisfy demand. In addition, the underspend in this envelope last year, which reverted back to the Exchequer, shows that more could have been done earlier in regard to this particular scheme.

There has been a great deal of good news relating to the agricultural sector. 2011 was a particularly good year for farmers in terms of the weather and the fact that world prices for both meat and grain were, for various reasons, better than expected. As a result, agriculture was pointed to as a sector that was doing particularly well. When we drill down beneath the good news story, however, the reality is somewhat different. We see, for example, that for the 100,000 farmers in this country, the average income last year was just over €24,000, which was an increase of 32% on the 2010 figure. This year's poor weather and disappointing harvest - although it ultimately turned out slightly better than initially feared - mean that incomes will certainly be down. For the top one third, or some 33,000, of farmers - that is, the full-time and commercially viable farmers - the average income last year was €56,000. Meanwhile, the average beef farm income last year was €11,000, while the figure for sheep farming was €18,000.

It is clear, therefore, that we are not talking about a particularly well-off sector and that it is not particularly easy to survive as a farming family. An additional factor is that we have a situation where the percentage of farming families with off-farm income has declined from some 70% four years ago to less than 50% today. The importance of schemes such as AEOS becomes even clearer in this context, as well as the importance of ensuring there are replacement schemes in place. For many farmers, the €4,000 cap the Minister is imposing on AEOS will come directly from their bottom-line income. As such, the outcome of the Minister's negotiations with his European colleagues on CAP reform will have an even more crucial impact in the coming years.

My final point relates to the capital assets review group established by the Minister for Education and Skills, Deputy Ruairí Quinn. The group's recommendations may have a significant impact on potential future funding for the third level education of the children of farmers and the self-employed. Given that average farm income was €24,000 last year, the potential inclusion of capital assets would see many families no longer qualifying for a maintenance grant even though they do not have sufficient income to fund their children's college education. That issue must be addressed. I accept that the Minister, Deputy Coveney, has acknowledged the problem. However, we must ensure a positive outcome from the process, which will require a

commitment from the Government as a whole.

Deputy Éamon Ó Cuív: A great deal has been said in the past two days and it has proved a useful debate. I certainly welcome the offer from the Minister of State, Deputy Shane McEntee, for a monthly debate on agriculture. I remind him, however, that it is the Government which orders the business of the House. There are many important decisions to be made in the coming weeks and months. The first point to consider is that on the last occasion, we negotiated a provision of €1.6 billion per year under CAP. In terms of the current negotiations, we are already on a downer because even if we retain that level, it will be much less than before in real terms. Nevertheless, my colleagues and I will back the Minister and the Taoiseach the whole way if they come home with €1.6 billion. They must not come back with less.

Another issue that struck me last night is that while the Government mentions Food Harvest 2020 now and again, it has never had the grace to recognise the work done by the previous Administration in this regard. The Minister, Deputy Simon Coveney, claimed great credit for that initiative. Unlike his colleagues in government, however, he did at least mention that the document, which is the blueprint for progress, was authored by the last Government. The Minister also placed great emphasis on opening up the Chinese market, but failed to mention our efforts in this regard.

9 o'clock

The previous Government worked on that issue for years and was criticised for sending trade delegations to China.

Deputy Simon Coveney: I did not criticise it.

Deputy Éamon Ó Cuív: The Deputy criticised us when he was in opposition. We heard about the development of Kerry Co-operative. Anyone who believes the company started negotiations on this development after March 2011 was never involved in the development of industry.

Deputy Emmet Stagg: Is the Deputy trying to take credit for it?

Deputy Éamon Ó Cuív: Yes, the company had the confidence to start the negotiations when my party was in government. If the Deputy asks Kerry Co-operative when it started the negotiations, he will find the negotiations did not start on this Government's watch.

Deputy Emmet Stagg: In that case, the previous Government was not very successful. It was a miserable failure.

Acting Chairman (Deputy Thomas P. Broughan): Please allow the Deputy to continue, without interruption.

Deputy Éamon Ó Cuív: The Minister referred to the Animal Health and Welfare Bill but did not have the good grace to admit significant work was being done on that legislation before he entered the Department.

While I welcome the payment of the single farm payment today, I received telephone calls from farmers earlier asking why they had not yet received their disadvantaged areas scheme payments. The reason for the delay is the change in the rules introduced by the Minister and the time taken to deal with the derogations.

We heard a great deal about Greencore today. I thought when we decided to sell part of that company that the golden share would be used in the manner that had been indicated to us. I am the first to admit that the big mistake-----

Deputy Jack Wall: Greencore closed the sugar company.

Deputy Éamon Ó Cuív: Allow me to finish.

Deputy Emmet Stagg: The Fianna Fáil Party flogged Greencore.

Deputy Éamon Ó Cuív: I would be the first to admit that we should never have privatised Greencore. Does the Government realise that what it is proposing to do with the forest crop will eventually result in the same sorry tale? If Deputies believe the Greencore decision was wrong, they should ensure the decision to sell the forestry industry, about which I know a great deal, is reversed.

Deputy Simon Coveney: The decision to end the sugar industry was a political one.

Deputy Éamon Ó Cuív: It was made by Greencore.

Deputy Simon Coveney: No, it was made by the Government.

Deputy Éamon Ó Cuív: The decision was taken by Greencore, although the seeds were sown when we privatised the company.

Deputy Paul Kehoe: Deputy Ó Cuív was at the Cabinet table at the time.

Deputy Éamon Ó Cuív: I put it to the Minister that if his Government sells the forest crop, the same problem will arise.

Deputy Shane McEntee: We will not allow Bertie Ahern to get his hands on it.

Deputy Paudie Coffey: He is well positioned.

Acting Chairman (Deputy Thomas P. Broughan): Please allow Deputy Ó Cuív to continue, without interruption.

Deputy Éamon Ó Cuív: The 2010 budget for rural environment protection scheme payments was €329 million and the entire sum was spent. In 2011, the Government was left €337 million by its predecessor but spent only €276 million of it, leaving €61 million unspent. The budget for REPS this year is €243 million. Next year, it will be €165 million, a reduction of €172 million from the budget we left this Government for REP and agri-environment option scheme payments.

Deputy Derek Nolan: The Deputy's Government left the country bankrupt.

Deputy Éamon Ó Cuív: I also noted in all the discussions on the Common Agricultural Policy that the only one of the Commissioner's proposals the Minister never refers to is the recommendation that special assistance be given to areas of natural constraint.

We hear much euphemistic talk about productive farmers, the implication being that the farmers in receipt of large payments are responsible for all the production. In fact 70% of farmers receive single payments of less than €10,000 per annum and this group includes many productive farmers.

Deputy Simon Coveney: I agree.

Deputy Éamon Ó Cuív: In addition, 90% of farmers receive a single payment of less than €25,000 per annum. This group also includes many productive farmers. Payments of less than €50,000 per annum are made to 98% of farmers. Does the Minister believe this group includes a large number of unproductive farmers?

Deputy Simon Coveney: That is the reason we will have redistribution.

Deputy Éamon Ó Cuív: Two percent of farmers receive a payment of more than €50,000 per annum. The efforts of the Minister appear to be to protect the 2% at the expense of the 98%. There is a sleight of hand taking place in favour of the 2% at the top. We will fight him on that issue.

Amendment put:

The Dáil divided: Tá, 87; Níl, 45. Tá Bannon, James Barry, Tom Breen, Pat Broughan, Thomas P. Butler, Ray Buttimer, Jerry Byrne, Catherine Byrne, Eric Cannon, Ciarán Coffey, Paudie Collins, Áine Conaghan, Michael Conlan, Seán Connaughton, Paul J. Conway, Ciara Coonan, Noel Corcoran Kennedy, Marcella Coveney, Simon Creed, Michael Creighton, Lucinda Daly, Jim Deasy, John Deenihan, Jimmy Deering, Pat Doherty, Regina Donohoe, Paschal Dowds, Robert Doyle, Andrew English, Damien Farrell, Alan Feighan, Frank Ferris, Anne Fitzpatrick, Peter Flanagan, Terence Griffin, Brendan Hannigan, Dominic Harrington, Noel Harris, Simon Hayes, Brian Hayes, Tom Heydon, Martin Humphreys, Heather Humphreys, Kevin Keaveney, Colm Kehoe, Paul Kelly, Alan Kenny, Seán Kyne, Seán Lawlor, Anthony Lynch, Ciarán Lynch, Kathleen Lyons, John McCarthy, Michael McEntee, Shane McFadden, Nicky McGinley, Dinny McHugh, Joe McLoughlin, Tony McNamara, Michael Maloney, Eamonn Mathews, Peter Mitchell, Olivia Mitchell O'Connor, Mary Mulherin, Michelle Murphy, Dara Murphy, Eoghan Nash, Gerald Nolan, Derek Ó Ríordáin, Aodhán O'Donnell, Kieran O'Donovan, Patrick O'Dowd, Fergus O'Mahony, John O'Reilly, Joe O'Sullivan, Jan Phelan, Ann Phelan, John Paul Ryan, Brendan Shortall, Róisín Spring, Arthur Stagg, Emmet Stanton, David Timmins, Billy Varadkar, Leo Wall, Jack Walsh, Brian White, Alex Níl Browne, John Calleary, Dara Collins, Joan Collins, Niall Colreavy, Michael Cowen, Barry Crowe, Seán Daly, Clare Doherty, Pearse Dooley, Timmy Ellis, Dessie Ferris, Martin Flanagan, Luke 'Ming' Fleming, Sean Grealish, Noel Halligan, John Healy, Seamus Healy-Rae, Michael Higgins, Joe Kelleher, Billy Kirk, Seamus Lowry, Michael Mac Lochlainn, Pádraig McConalogue, Charlie McDonald, Mary Lou McGrath, Finian McGrath, Mattie McGrath, Michael McGuinness, John McLellan, Sandra Martin, Micheál Murphy, Catherine Ó Caoláin, Caoimhghín Ó Cuív, Éamon Ó Fearghaíl, Seán Ó Snodaigh, Aengus O'Brien, Jonathan O'Sullivan, Maureen Pringle, Thomas Ross, Shane Smith, Brendan Stanley, Brian Tóibín, Peadar Troy, Robert Wallace, Mick.

Tellers: Tá, Deputies Emmet Stagg and Paul Kehoe; Níl, Deputies Dara Calleary and Seán Ó Fearghaíl.

Amendment declared carried.

Motion, as amended, put and declared carried.

The Dáil adjourned at 9.20 p.m. until 10.30 a.m. on Thursday, 11 October 2012.