



DÍOSPÓIREACHTAÍ PARLAIMINTE
PARLIAMENTARY DEBATES

DÁIL ÉIREANN

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

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DÁIL ÉIREANN

Déardaoin, 08 Samhain 2012

Thursday, 08 November 2012

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

Paidir.
Prayer.

Leaders' Questions

Deputy Micheál Martin: I wish to remind the Tánaiste of the statement: “I, Ruairí Quinn, Education Spokesperson for the Labour Party hereby pledge that if elected, we will oppose and campaign against any new form of third level fees including student loans, graduate taxes and any further increase in the Student Contribution.” Since then, we have had a shameless reneging on this promise to the students of Ireland and the Minister, Deputy Quinn, has decided to increase the student charge in the coming period.

Deputy Emmet Stagg: We got rid of Fianna Fáil in the meantime.

Deputy Micheál Martin: In addition, last June the Minister announced the implementation and operation of a central online system for the administration of student grants. That implementation has been disastrous under his watch. The system is failing abysmally, as third level students throughout Ireland are yet to receive decisions, let alone the grants themselves, on their applications. The Minister has confirmed that up to 40% of applications are being returned as incomplete, which flies in the face of the scheme’s *raison d'être*, that is, to be fail-safe. Many students must resubmit their applications and decisions have only been issued in respect of 22% of all applications. Up to 50,000 students are waiting. This is unacceptable.

These chronic delays have serious implications for students. Worryingly, there is anecdotal evidence of students dropping out of college because of a lack of certainty. We are also hearing that students cannot register properly and are being denied access to various campus services. Many students are suffering a great deal of stress and deep anxiety.

Approximately 65 staff are doing the work that up to 60 local authorities did previously. Will the Government intervene in this unprecedented crisis in the administration of student grants and get the Higher Education Authority, HEA, the City of Dublin Vocational Education Committee, CDVEC, which administers Student Universal Support Ireland, SUSI, which is the grants system, and the university authorities to ensure we have a student-centric approach to the crisis? Students are number one. Everyone else must work to that end, not towards their own institutional or territorial concerns. This is the critical issue. Will the Tánaiste confirm that the Minister will take charge of this fiasco? He has washed his hands of it to date.

Deputy John Browne: He might give a subvention.

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Deputy Billy Kelleher: He might pledge us.

The Tánaiste: Fianna Fáil's hard neck never ceases to amaze.

Deputy Barry Cowen: Press the button.

Deputy Michael Healy-Rae: That old song is well worn out.

Deputy Mattie McGrath: Change the tape.

A Deputy: Press replay.

Deputy Brendan Howlin: Deputy Mattie McGrath left Fianna Fáil. He does not need to defend it.

Deputy John Browne: What about the students?

The Tánaiste: The student registration fee was increased by Fianna Fáil by almost 1,000% between 1997 and when it left office in 2011.

Deputy Billy Kelleher: We did not promise to decrease it.

An Ceann Comhairle: Deputy, please.

The Tánaiste: Fianna Fáil is in no position to talk.

Deputy Dara Calleary: We never claimed that we would not do it.

Deputy Billy Kelleher: We did not deceive the electorate.

The Tánaiste: For years, Fianna Fáil referred to the necessity to rationalise the way in which the student grants system was being administered. Some 66 local authorities and VECs dealt with student grants.

Deputy Barry Cowen: Empowering local authorities.

The Tánaiste: The Minister for Education and Skills has given that role to one body, namely, SUSI, which is being run by the CDVEC and has responsibility for the processing-----

Deputy Charlie McConalogue: The Minister has responsibility.

The Tánaiste: -----of student grants for first-time applicants. Student grant applications for existing grant holders continue to be processed by local authorities and VECs.

Deputy Dara Calleary: They are getting paid.

The Tánaiste: The Minister for Education and Skills is on top of this issue.

Deputy Timmy Dooley: Sitting on top of it.

The Tánaiste: Regarding the impact on students, potential concerns among those whose grants have not yet come through and possibly being put at some disadvantage in terms of participating in college, doing exams and so on-----

Deputy Charlie McConalogue: Some 70%.

The Tánaiste: -----the Minister has directed the HEA to ensure the universities and institutes of technology, ITs, do not put any student whose grant has not yet come through at a disadvantage.

Deputy Billy Kelleher: The Tánaiste is too removed.

Deputy Timmy Dooley: Will the Government open a soup kitchen for them?

The Tánaiste: There were 66,000 completed applications for student grants this year, of which 18,000 have been completed and awarded, provisionally awarded or refused.

Deputy Barry Cowen: Some 20%.

Deputy Dara Calleary: This is November.

The Tánaiste: SUSI is awaiting documentation on 21,000 applications. The remain 27,000 applications are being processed. Additional staff have been provided to accelerate the processing, which is proceeding at a rate of 800 applications per day. CDVEC's chief executive officer, whose authority now has responsibility for this matter, is due to appear before the Joint Committee on Education and Social Protection in the near future to address Members' questions on this issue.

Deputy Charlie McConalogue: There is no chance that the Minister will address them.

Deputy Micheál Martin: The Tánaiste and the Minister, Deputy Quinn, shamelessly used the students of Ireland to help them get into power. Once they were in power, they discarded the students and broke every solemn pledge given to them. There is no point in the Minister nodding his head. He signed the pledge in ink. It was a scandalous, cynical election pledge that meant nothing. It meant nothing to him to make it and it meant nothing to him to break it. This is my fundamental point. There is no use in the Tánaiste trying to blame anyone else for the disastrous implementation of the online grant administration system. It is the Minister's baby. He announced it in June to the effect that it would be fail-safe. Up to 50,000 students are awaiting decisions. This is unprecedented and unacceptable. The snail's place progress to which the Tánaiste alluded in his reply-----

An Ceann Comhairle: A question, please.

Deputy Micheál Martin: -----is also unacceptable. It demands a far more urgent and critical response from Government and the Minister. The thousands of students concerned are not interested in the chief executive officer coming into an Oireachtas committee next week to answer questions from Deputies which-----

An Ceann Comhairle: Sorry, Deputy, we are over time. Could I have your question, please?

Deputy Micheál Martin: -----of course is a classic attempt by the Minister to try to deflect attention from his responsibility to come to terms with this issue in an urgent way. Additional staff, over and above the number allocated, need to be appointed to ensure a far faster operation so that students are dealt with far more quickly than currently and that the doubt, anxiety, stress and the potential risk of students pulling out of college is avoided. Will the Tánaiste agree to much more urgent intervention from the Minister than we have had to date? The bodies concerned should also be brought in because the universities are not applying themselves properly

here nor is the HEA or the CDVEC.

One student in County Donegal-----

An Ceann Comhairle: Thank you very much, Deputy. We are way over time.

Deputy Micheál Martin: -----was told not to re-apply by registered post because there was no one at the office to sign for it. That is the level of what we are dealing with it.

The Tánaiste: The Minister is dealing with this urgently. The problem of delays in the processing of student grants is not a 2012 problem.

Deputy Micheál Martin: This one is.

(Interruptions).

An Ceann Comhairle: Please allow the Tánaiste to reply.

The Tánaiste: The problem of student grants not being processed and delays at local authority and VEC levels in the processing of student grants has gone on for years. Some local authorities were far worse than others.

This is the first time the system of processing student grants has been rationalised into a single body. There have been delays in the processing of student grants. I do not think it is in anybody's interest that Deputy Martin should try to exaggerate and frighten people. There is no need for anybody to be talking in terms of withdrawing from college. The Minister for Education and Skills has already made it clear, through the Higher Education Authority-----

(Interruptions).

The Tánaiste: Deputy Martin should listen to the answer.

Deputy Brendan Howlin: He is not interested.

The Tánaiste: He keeps chattering and twittering instead of listening to the answer I am giving. If he is serious about the issue-----

Deputy Micheál Martin: I am very serious.

The Tánaiste: -----I am quite happy to give him the answer.

An Ceann Comhairle: We are way over time.

(Interruptions).

The Tánaiste: Deputy Martin should at least afford me the courtesy of listening to the answer I am giving him. The Minister for Education and Skills has already made it clear through the Higher Education Authority, to the universities and the institutes of technology that no student whose grant has not yet come through should be disadvantaged in terms of participating in

college, attending classes or lectures, doing exams and so on. Let us kill that issue of students having to leave college once and for all. That is not going to happen-----

Deputy Sandra McLellan: It is happening.

The Tánaiste: -----because the Minister for Education and Skills has already dealt with that.

Additional staff have been provided to speed up the processing of grant applications. They are now being processed at a rate of 800 a day. There is, however, an outstanding problem, and there is no point ignoring it. Some of the application forms are incomplete and information is still required.

Deputy Charlie McConalogue: Do not blame the students.

An Ceann Comhairle: We are over time. Sorry, Tánaiste, this matter can be dealt with by way of a parliamentary question.

The Tánaiste: If the application form has not been fully completed, it must be completed and the full information given to the City of Dublin VEC so it can complete the processing of the application.

Deputy Charlie McConalogue: Some 27,000 have not even been checked by SUSI.

Deputy Mary Lou McDonald: Yesterday we raised with the Taoiseach the issue of the very large pensions being paid to former bankers who brought the State to the brink of ruin. The Taoiseach ran for cover and hid behind the Constitution, property rights and the advice of the Attorney General which, of course, he will not publish. I want to raise a related issue with the Tánaiste. Six top executives in the former Anglo Irish Bank earn in excess of €0.5 million per annum which, of course, makes an absolute mockery of the so-called cap on bankers' salaries. This bank was bailed out by Fianna Fáil, is presided over by a former Fine Gael leader, thumbs its nose at the Irish people and all the while the Labour Party sings-----

Deputy Derek Nolan: And guaranteed by Sinn Féin.

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

Deputy Mary Lou McDonald: As the budget draws closer many people, including students, are raging that the very people who brought the State to its knees continue to enjoy exorbitant pay and pensions.

I understand from a response to a parliamentary question that the Minister for Finance, Deputy Noonan, asked Mr. Alan Dukes in April last to reduce the pay of these bankers and that Mr. Dukes told him to get lost. Does the Tánaiste think it is acceptable for a former Fine Gael leader who, by the way, continues to claim a large ministerial pension and who presides over this bankrupt toxic banks to tell the Government to get lost?

The Tánaiste: I do not think it is acceptable that former executives of Anglo Irish Bank or any of the other banks which had to be bailed out with Irish taxpayers' money should be on pensions of more than €0.5 million per year nor do I, the Taoiseach and the Minister for Finance think it is acceptable that executives of the current IBRC should be on salaries of that scale. That is why the Minister for Finance told the IBRC in April that those salaries should be

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reduced and why he has undertaken a full review of the salaries being paid. The Deputy knows that because the Minister wrote to the finance spokespersons of the political parties in this House in the summer informing them that review was underway. In recent weeks, he secured the assistance of financial advisers from Mercer to work through the various options as to how this will be dealt with. This is not acceptable to the Government and the people of this country who have had to suffer the consequences of what these banks did and the way in which they were managed. It is not acceptable that former executives of these banks are on these kinds of pensions nor is it acceptable that current executives of IBRC, in particular, are on these levels of salaries. It is being reviewed by the Minister for Finance and it is very much in hand by the Government.

Deputy Mary Lou McDonald: It is equally unacceptable that the Government continues to take a hands off approach in all of these matters. It is very quick to move in and make the cuts where it sees what it would possibly consider a soft target. However, I cannot help but be struck by the fact that it steps very gently around the senior banking executives. It is not acceptable for a former Minister and former Fine Gael leader, who is involved in this bank, to tell the Minister for Finance to get lost because that is what happened when that conversation took place in April. They will not take salary cuts voluntarily. The hands off and the gently, gently approach, which the Government reserves for the high flyers in banking, will not work. It is not acceptable either-----

An Ceann Comhairle: Could we have your question?

Deputy Mary Lou McDonald: -----that a former leader of the Tánaiste's party and now allegedly a public watchdog in AIB - I refer to Dick Spring-----

Deputy Arthur Spring: Are you looking at me?

An Ceann Comhairle: Would the Deputy put a supplementary question?

Deputy Mary Lou McDonald: I refer to Dick Spring. He was in place when all of these gold plated pension arrangements were put in place.

An Ceann Comhairle: Deputy, will you please adhere to the Chair? You are over time so please put your question.

Deputy Mary Lou McDonald: The Tánaiste says all of this is unacceptable and abhorrent. I will take him at his word.

An Ceann Comhairle: Will you put your question?

Deputy Mary Lou McDonald: A review and kicking the can down the road will not cut it. What will the Tánaiste do now, in advance of December's budget, to put these matters right and stop the practice of these executives being on salaries of over half a million euro? That must stop.

An Ceann Comhairle: I will not ask the Deputy again.

Deputy Mary Lou McDonald: The people of this State at least deserve that.

The Tánaiste: This Government did not have to wait for either Fianna Fáil, which is responsible for the bank bailout, or Sinn Féin, which supported the bailout, to raise this issue in

the House.

(Interruptions).

The Tánaiste: We are already dealing with this issue. It is not acceptable to the Government or the people of this country that these levels of either pensions or salaries should continue to be paid. That is why the Minister for Finance has already been in discussion with the IBRC about this. He has already undertaken the review. He wrote to both the Sinn Féin and Fianna Fáil spokespersons to inform them of the action-----

Deputy Mattie McGrath: He did not write to ours.

The Tánaiste: -----he was taking on that last summer. He is continuing with that work. I assure the Deputy that this issue is being, and will be, dealt with.

We inherited a problem here. The problem is that Fianna Fáil approved contracts for those people and we have to find a way of addressing that issue. It is not insignificant that although the parliamentary question was asked by the Fianna Fáil spokesperson on finance yesterday, the leader of Fianna Fáil did not run with it during Leaders' Questions today. He is embarrassed about it.

(Interruptions).

An Ceann Comhairle: I call Deputy Boyd Barrett.

(Interruptions).

An Ceann Comhairle: In case Members did not hear me, I called Deputy Boyd Barrett. Please allow him to ask his question.

Deputy Richard Boyd Barrett: The great German playwright Bertolt Brecht said that the crime of robbing a bank is nothing compared to the crime of owning one.

Deputy Eric Byrne: Are you apologising for Sinn Féin?

Deputy Richard Boyd Barrett: His words were written in the 1930s.

(Interruptions).

An Ceann Comhairle: The next person who causes trouble is going out of the Chamber. Please allow the Deputy to ask his question without interruption.

Deputy Emmet Stagg: He is provoking us.

An Ceann Comhairle: I am warning Members, and I do not care who they are, that they will be put out the door.

Deputy Richard Boyd Barrett: I put it to the Tánaiste that the situation with the pay and pensions of both current and former bankers and bank executives in this country gives new meaning to the words “bank robbery”. This is being done in the face of ordinary citizens who are raging about the fact that they have been battered with unemployment, health and education cuts, savage cuts to their incomes and cuts to vital services for vulnerable sectors of society. They find there is a golden circle of bankers who are super-paid. People who are responsible for getting us into this crisis are walking away with pensions of hundreds of thousands of euro while members of the political establishment that was responsible for presiding over the crisis are walking away with pensions of far more than €100,000 per year. Members of the existing Cabinet will also walk away with pensions of more than €100,000 per year in many cases at the end of this Dáil.

What will the Tánaiste do about this? Will he continue to hide behind legalistic talk about contractual obligations, which is just an excuse to cover the fact that there appears to be no political will to go after these people and to address this gross inequality? The Government could simply impose a super-levy on pensions over €100,000 per year and, in fact, on all incomes over €100,000 per year. Why does it not do that? A 10% levy on all incomes over €100,000 per year would yield €2 billion extra in taxes and do away with the need for all the attacks on working people, the poor and the vulnerable. Why does the Government not do that and address this injustice?

The Tánaiste: I agree with Deputy Boyd Barrett that people have suffered as a result of what has happened to this country, the way Fianna Fáil mismanaged our economy and the way the banking system was dealt with. People have suffered loss of employment, loss of businesses and the loss of services in education, health and elsewhere. They are justifiably angry when they see some of the people who were responsible for that, including people who worked in the banking system, walking away with huge pensions or retaining huge salaries within the banking system. There is political will to deal with this. That is the reason the Minister for Finance has undertaken the review of salaries in all of the banks covered by the bank bailout and by taxpayers’ money. He is looking at a range of options.

The Deputy asked why we do not impose a 10% levy on pensions of over €100,000 per year. It would be good if the Deputy paid attention to what happens in the House. In July this year, my colleague the Minister for Public Expenditure and Reform, brought a Bill before the House, which was passed, to impose a levy of not 10% but 20% on pensions over €100,000.

Deputy Kathleen Lynch: The Deputy did not even miss it.

Deputy Richard Boyd Barrett: The Tánaiste did not listen to me. I said it should be imposed on all incomes. Instead of further attacking working people, the poor and the vulnerable by imposing cuts in health and education and increasing student registration fees, why does the Government not impose a 10% super-levy on all incomes over €100,000 per year in the budget? That would yield a clawback not just from people who worked in the public service, politics or in the banks earning gross pensions but from all the people in the golden circle who are being insulated from the impact of austerity, rather than attacking the vulnerable and people who have been unjustly battered and hammered with the cost of the current financial crisis. If there is political will on this matter why does it prove to be very effective when it comes to attacking lone parents, making disability cuts and cuts in health, education and social welfare, but it appears to be far less effective when addressing the gross inequalities in wealth, income and pensions in this country? Where are the results of the political will if the Tánaiste says it exists?

The Tánaiste: This Government's political will is that the days of golden circles in this country are over. There will be no insulation of golden circles under this Government.

11 o'clock

We will see to that. The issues being considered for the budget will be announced on budget day. Given Deputy Boyd Barrett's past record, it does not matter what the Government will announce on budget day, Deputy Boyd Barrett will oppose it anyway. There is no tolerance by the Government for golden circles of past or present banks. There is no insulation of golden circles. We are dealing with pay and pensions in the banking system and we will produce a budget that is fair and balanced on budget day. I hope the Deputy will support it.

Order of Business

The Tánaiste: It is proposed to take No. 16c, Supplementary Estimates for Public Services [Vote 35] (back from committee); No. 5, Credit Union Bill 2012 - Order for Second Stage and Second Stage, to adjourn at 2.15 p.m. if not previously concluded; and No. 16d, motion re children's hospital. It is proposed, notwithstanding anything in Standing Orders, that No. 16c shall be decided without debate and any division demanded thereon shall be taken forthwith; and the proceedings with regard to No. 16d shall, if not previously concluded, be brought to a conclusion after 85 minutes and the following arrangements shall apply: speeches shall be made by a Minister or Minister of State and by the main spokespersons for Fianna Fáil, Sinn Féin and the Technical Group, who shall be called upon in that order and who may share their time, and shall not exceed 15 minutes in each case, a Minister or Minister of State shall take questions for a period not exceeding 20 minutes and a Minister or Minister of State shall be called upon to make a speech in reply which shall not exceed five minutes. With regard to the Tax Transparency Bill 2012, the Second Stage of which shall be considered tomorrow, the following arrangements shall apply: the opening speech of Deputy Eoghan Murphy and of the main spokespersons for Fianna Fáil, Sinn Féin, the Technical Group and of a Minister or Minister of State, who shall be called upon in that order, and who may share their time, shall not exceed 15 minutes in each case; the speech of each other Member called upon shall not exceed 15 minutes and such Members may share time; a Minister or Minister of State, who may speak twice, shall be called upon not later than 1 p.m. to make a speech which shall not exceed 15 minutes; and Deputy Eoghan Murphy shall be called upon to make a speech in reply which shall not exceed 15 minutes.

An Ceann Comhairle: Is the proposal for dealing with No. 16c, motion re Supplementary Estimate for public services – Vote 35, back from committee, agreed? Agreed. Is the proposal for dealing with No. 16d, motion re children's hospital, agreed to?

Deputy Mary Lou McDonald: The statements are welcome, as is a decision on the hospital, but there was no contact with the Whips in respect of the shape of this debate. I understand there will be 20 minutes of questions and answers. I do not oppose the arrangement but it would have been far better if we had allocated more time for questions and answers. There are considerable issues people want to tease out with the Minister.

The Tánaiste: In anticipation of Deputy McDonald requesting time for a debate on the decision on the children's hospital, the Government took the initiative to put it on the programme for today. We also tabled a motion, which we circulated to the Whips last night. If there are amendments, we can consider them. Some 85 minutes are provided and when spokespersons

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are in the Chamber, there is a degree of flexibility in exchanges. The arrangements are reasonable and can be flexibly applied by Members in the Chamber.

An Ceann Comhairle: Is that agreed? Agreed. Is the proposal for dealing with the Tax Transparency Bill 2012 tomorrow agreed?

Deputy Billy Kelleher: Is there a manifesto of transparency?

An Ceann Comhairle: Is that agreed? Agreed.

Deputy Micheál Martin: Last year, there was a significant raid on the pensions of workers in the private sector through the 0.6% pension levy to fund job creation, which has clearly failed in its application. Many pensioners are receiving letters from their trustees, saying pensions are being reduced because of the levy. In the context of the NewERA proposal, and particularly the National Pensions Reserve Fund and the forthcoming legislation regarding it, or by including it in the Financial Emergency Measures in the Public Interest Act 2010 and the Credit Institutions (Stabilisation) Act, has the Government considered including a mechanism similar to that used for public sector pensions to reduce those pensions significantly? I refer to bankers' pensions in particular. There is a precedent and a facility that has been used in respect of public sector pensions and it could be used in the context of the pensions of bankers, particularly at a bank that has received substantial State support and where transfers have taken place within the bank's balance sheet, as happened recently in the case of AIB. The Department of Finance officials did not object. In the context of such recapitalisation and utilisation of taxpayers' funds and company funds to bail out the pension fund up to 100%, the mechanism used for the public sector could be used here to redress the balance and to apply some justice and fair play. It is a constructive suggestion that could have an impact on bankers' pensions.

The Tánaiste: With the indulgence of the Ceann Comhairle, before replying to Deputy Martin's question, this is the last opportunity in the House to encourage people to vote on Saturday in the children's referendum. I am sure other party leaders will do the same. It is an important referendum and it is the first time we have run something like this on a Saturday. Deputy Martin was particularly exercised about students earlier but students, in particular, asked for this measure so that they can get home and vote.

Deputy Timmy Dooley: They have no money.

The Tánaiste: The pension levy is a temporary levy and has generated 10,000 jobs in the tourism industry. A report has been received by the Minister for Social Protection on charges on pensions. A consultation process has been initiated and will run for three months. The specific issue raised by Deputy Martin is whether something similar to the Financial Emergency Measures in the Public Interest Act can be applied to private pension schemes. Private pension schemes are established separately and are governed by separate legislation. The schemes have trustees and the scope of the State to intervene in such pension schemes is limited and must be done through the Pensions Board.

Deputy Micheál Martin: What about the recapitalisation of the bankers' pension fund?

The Tánaiste: Deputy Martin is referring to the money transferred to the pension fund in AIB. That was put in to ensure the voluntary redundancy scheme at AIB, leading to a significant reduction in the number of staff in AIB, was supported and to ensure the pension entitlements were protected.

Deputy Micheál Martin: I refer to the big ones.

An Ceann Comhairle: We cannot have a debate on this.

The Tánaiste: We must be careful because it is complex. We all feel the same way about large pensions paid to the big guys who have left but we do not want to undermine the pension scheme for bank officials, who are not at fault for happened in the banking system. Many of them have lost their jobs and we must ensure their pensions are protected. We do not want to undermine their pension schemes while dealing with a different problem.

Deputy Micheál Martin: The Government may not have to.

Deputy Mary Lou McDonald: I disagree with all of the above, but I am not going to go there.

An Ceann Comhairle: Thank you.

Deputy Mary Lou McDonald: The Tánaiste is aware of the huge concern about the possible ending of 24 hour accident and emergency services in a number of hospitals. In the south east, and particularly in Waterford, there is huge concern among the public and clinicians-----

An Ceann Comhairle: This matter will be dealt with during Topical Issues today by a Member from the Deputy's own party.

Deputy Mary Lou McDonald: I want to ask about specific reports. Every other person is given the space to make introductory comments.

An Ceann Comhairle: No, they are not.

Deputy Mary Lou McDonald: That was a very lengthy exchange between the Tánaiste and Deputy Martin.

Deputy Emmet Stagg: Deputy McDonald is gazumping another Member.

Deputy Mary Lou McDonald: I am gazumping nobody.

An Ceann Comhairle: I am trying to be helpful. The issue you are speaking about is a topical issue for today and permission to raise it was granted to Deputy Caoimhghín Ó Caoláin, Sinn Féin spokesperson on health. I am just putting you on notice.

Deputy Mary Lou McDonald: That is fine. The matter will be dealt with then. Could you allow me to utter three paragraphs without constant-----

An Ceann Comhairle: Are you asking about legislation, Deputy?

Deputy Mary Lou McDonald: No, it is about reports.

An Ceann Comhairle: This is the Order of Business.

Deputy Mary Lou McDonald: There has to be a level of even-handedness in terms of how Members are dealt with.

An Ceann Comhairle: There is.

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Deputy Mary Lou McDonald: I will look at the transcripts and we will have a chat about it then.

Deputy Bernard J. Durkan: She is trying to steal Caoimhghín's thunder.

Deputy Derek Nolan: They are undermining Caoimhghín again.

Deputy Mary Lou McDonald: When will the report on the framework for the development of smaller hospitals be published and when will the report by Professor John R. Higgins on the composition and number of the new hospital groups be published? Those are my questions. Thank you, a Cheann Comhairle.

Deputy Paul Kehoe: Did Caoimhghín give her the script?

Deputy Mary Lou McDonald: Who gives Deputy Kehoe his script?

Deputy Pádraig Mac Lochlainn: The Minister of State gives it to him.

Deputy Mary Lou McDonald: Clearly not; there is no script.

The Tánaiste: The Higgins report has yet to be received by the Minister for Health. A consultation process was undertaken and various meetings took place in that regard. The report will go to the Minister for Health and will be considered by the Government when it is presented by the Minister for Health.

Work has been under way on the framework for smaller hospitals. All of this has to be seen in the context of the reform of the health system by the Government which is under way, and the move to universal health insurance and a single tier system of health service which is the reform the Government is pursuing.

Deputy Emmet Stagg: Can the Tánaiste confirm that no legislation is required for Sinn Féin Deputies to act in accordance with the wishes of Deputy McDonald, as expressed this morning, and cut their wages to €75,000 a year.

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

Deputy Emmet Stagg: A short letter to Deputy Howlin would suffice. If they do not think they are earning the money they can give it back.

Deputy Patrick O'Donovan: Or their Westminster salaries either.

Deputy Mattie McGrath: With regard to the Health Service Executive Governance Bill 2012 and in view of what was published recently in the *Irish Independent* about family planning centres giving advice that is medically harmful and in breach of legislation, has the Minister asked the Health Service Executive to investigate this? The HSE was written to five weeks ago.

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

Deputy Mattie McGrath: It is a serious issue and comes under the heading of the Health Service Executive Governance Bill 2012.

An Ceann Comhairle: It is an important issue but does not have to do with promised legislation.

The Tánaiste: The Bill has been through the Seanad and is awaiting Second Stage in the Dáil.

Deputy Michael Healy-Rae: With regard to the alignment of the 52 local development companies with the local authorities, we have been held up in the European Court of Auditors report of 2010 as a model of best practice in the delivery of local development, using the bottom-up approach. Unfortunately, we are now dismantling this system and setting ourselves back 20 years. The dissolution of county and city enterprise boards Bill will dissolve the existing county enterprise board structures and establish local enterprise offices.

We have seen what happened with regard to the centralising of the processing of medical cards and student grants. This is the same thing. We are centralising-----

An Ceann Comhairle: Deputy, you may put down a parliamentary question. The Tánaiste may give you information about the legislation.

The Tánaiste: That Bill is due to be published next year. This is all part of the reform of local government, which the Government is undertaking. It will be the first major reform of local government since the end of the 19 century.

Deputy Mattie McGrath: The Government is banishing local democracy.

The Tánaiste: Reform is always difficult but it is something we are committed to see through.

Deputy Micheál Martin: Their opinion of themselves is unreal.

Deputy Mattie McGrath: Big Phil is destroying it.

Deputy Micheál Martin: It is a gerrymander for the Labour Party. They will have eight seaters to protect their local electoral seats.

Deputy Pádraig Mac Lochlainn: The Minister for Public Expenditure and Reform indicated that the Legal Services Bill would be before the House by this time. When will it come back before the House? When will the National Vetting Bureau Bill be before the House?

The Tánaiste: The Legal Services Bill is awaiting Committee Stage. Report Stage of the National Vetting Bureau Bill will be taken in a couple of weeks.

Deputy Robert Dowds: I ask the Tánaiste about legislation to abolish the Health Service Executive with my latest frustration with that organisation in view. Questions I asked on 9 October have not been answered by it.

The Tánaiste: The Health Service Executive Governance Bill is awaiting Second Stage. The difficulty with awaiting answers to parliamentary questions is a legacy of the structures that were put in place by the previous Government. We are dismantling those now.

Deputy Anthony Lawlor: Have the heads of the regulation of the vehicle immobilisation Bill, which has to do with clamping, been approved by the Government and when will it be published?

The Tánaiste: The Bill is due to be published next year.

Deputy Bernard J. Durkan: Three items of promised legislation will be fundamental in the fight against organised crime. The criminal records information systems Bill will facilitate the exchange of information between European Union member states and states outside the EU with a view to combating crime; the inspection of places of detention Bill will bring into focus the recommendations of the Optional Protocol to the Convention against Torture, OPCAT; and the courts (consolidation and reform) Bill will also have an impact on the fight against crime. Have the heads of these Bills been discussed and when are they likely to be before the House?

The Tánaiste: The first Bill will be published in the middle of next year. A draft of the courts (consolidation and reform) Bill was included in the Law Reform Commission's report. That will form the basis of the Bill. At this stage it is not possible to give a date for its publication. The intention is to publish the inspection of places of detention Bill next year.

Deputy Arthur Spring: When will the workplace relations Bill will be brought before the House?

The Tánaiste: It is intended to bring that Bill before the House early next year.

Deputy Peadar Tóibín: Cathain a mbeidh an Mental Capacity Bill os comhair na Dála?

The Tánaiste: Beidh an Bille sin os comhair na Dála i rith an tseisiúin seo.

Deputy Charlie McConologue: It had been indicated that the House would hear statements on junior certificate reform today. That will not now happen. When will we have statements on junior certificate reform? We have heard an announcement and seen publicity about reform but we have seen very little detail about how it will be implemented. It is important that we have statements and discuss the matter in the House as soon as possible.

The Tánaiste: It is the intention of the Minister for Education and Skills to bring a motion to the House on that matter. It is currently being discussed by the Whips so it will be done soon.

Deputy Ann Phelan: I wanted to ask the same question as Deputy Tóibín. As he asked the question in Irish, I will ask it in English. What is the status of the mental capacity Bill? I am acutely aware of how concerned people are about the delay with the Bill, and the reference to lunatics in the current legislation is an affront to people. I urge the Tánaiste to have that Bill published as soon as possible.

The Tánaiste: It is intended that the mental capacity Bill will be brought forward during this session.

Estimates for Public Services 2012

Minister for Education and Skills(Deputy Ruairí Quinn): I move the following Supplementary Estimate:

Vote 35 — Army Pensions (Supplementary)

Dáil Éireann

That a supplementary sum not exceeding €30,000,000 be granted to defray the charge which will come in course of payment during the year ending on the 31st day of December, 2012, for retired pay, pensions, compensation, allowances and gratuities payable under sundry statutes to or in respect of members of the Defence Forces and certain other Military Organisations, etc., and for sundry contributions and expenses in connection therewith; for certain extra-statutory children's allowances and other payments and for sundry grants.

Vote put and agreed to.

Credit Union Bill 2012: Order for Second Stage

Bill entitled an Act to amend certain provisions of the Credit Union Acts 1997 and 2001, in particular, to amend the prudential requirements for credit unions, to change the governance requirements for credit unions by removing certain management functions from boards of directors of credit unions and providing for a separate management structure and to improve the oversight and general policy functions of such boards of directors; to provide for the restructuring of credit unions and for stabilisation support to credit unions, to provide for a fund to be known as the Credit Union Fund for the purposes of such restructuring and stabilisation and to provide for levies in respect of that fund; to amend certain provisions of the Central Bank Act 1942, to provide for miscellaneous matters relating to credit unions and to provide for related matters.

Minister for Finance (Deputy Michael Noonan): I move: "That Second Stage be taken now."

Question put and agreed to.

Credit Union Bill 2012: Second Stage

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

The Credit Union Bill 2012 is an important step towards placing the Irish credit union movement on a sustainable path for the longer term. From the outset, I want to set out clearly that the Bill implements the Commission on Credit Unions report, which was agreed and co-authored by key stakeholders, including credit union representatives. The commission worked intensively over a nine month period to address and deliver on ambitious terms of reference. The process was a participative one, with wide representation from the credit union movement. The commission was reconvened to examine the general scheme of the Bill and ensure its fidelity to the commission report. The agreed commission report sets out the blueprint for the viability of credit unions in Ireland into the future. Its constituent elements are interrelated and mutually reinforcing. It is a package, not a menu.

The report is tailored to the Irish credit union system and does not apply so-called banking

thinking, nor does it slavishly import models from other international credit union movements. Implementing the agreed reforms will require steadfastness, commitment and leadership from all concerned: the Government, the Central Bank and, importantly, the credit union movement itself. The Irish taxpayer has committed to €500 million for credit unions at a time when the country's resources are stretched. This significant financial commitment during a period of austerity must bring about a stable, well-governed credit union movement that can sustain itself into the future.

It is important we acknowledge the difficulties in the sector in a transparent way while at the same time explaining how we will address them. The commission highlights a number of vulnerabilities in the sector. Concerns remain in terms of the high level of arrears and the need to ensure loan losses are recognised and provided for. The low dividend rates across the sector are not sustainable in the longer term. The cost-to-income ratio for credit unions has increased considerably in recent years, going from about 50% in 2006 to almost 90% in 2011. The loan-to-asset ratio was at only 40% at the end of 2011, an historic low.

The Bill is an important part of the Government's response to these challenges and implements more than 60 of the commission's recommendations. It provides the platform for restructuring, improved systems, the provision of additional services and governance structures that are sound and forward-looking.

The first element deals with the prudential requirements that apply to credit unions across a range of areas, including reserves, liquidity, investments, lending and borrowing. In general, the Bill sets out the policies and principles, with provision for Central Bank regulations setting out standards and procedures. This will facilitate the development of a prudential rule book which will provide clarity to credit unions on the requirements that apply across their business.

The second main element relates to governance. The core focus of this part of the Bill is to bring clarity to, and distinguish between, the role of the board on the one hand and the role of the executive on the other. Boards will be the key decision-making organ of credit unions, focused on strategy and policy, with the management team handling the day-to-day operation of the credit union, subject to board oversight. Importantly, the Bill preserves and respects the volunteer ethos of credit unions and provides better opportunities for training and development of credit union volunteers.

The next element is the restructuring of credit unions on a voluntary, incentivised and time-bound basis, overseen by the credit union restructuring board, or "ReBo". The ReBo has been established on an administrative basis ahead of the legislation, with Mr. Bobby McVeigh as chairman, a hugely experienced and respected figure in the international credit union movement. The ReBo is working to the timetable in the commission report, which envisages the process being completed by the end of 2015.

The Bill also provides for statutory stabilisation of credit unions, which is to be fully funded by the credit union movement itself via a levy, as recommended by the commission report. Stabilisation will operate on a more limited basis during the restructuring period.

Part 1 includes the preliminary and general provisions, including the Short Title, interpretation and the commencement provisions. An issue has been raised about the application of the Central Bank Acts or other financial services legislation to credit unions. The Bill does not break significant new ground in this area beyond the extent that such legislation already applies

to credit unions or must apply to deliver the commission report. The perception is that there is a bulging corpus of banking law which the Bill unlocks and applies to credit unions. This is not so. The provisions of the Bill in several places refer - correctly so - to the fact that credit unions are subject to requirements beyond the Credit Union Acts and therefore have broader obligations, for example, in the areas of insurance mediation, payment services and the deposit guarantee scheme.

Part 2 deals with two main areas: regulatory requirements and governance. In terms of regulatory requirements, regulations must be effective and proportionate having regard to the nature, scale and complexity of the credit unions to which they apply. This will facilitate the development of a tiered regulatory approach as recommended by the commission. Section 29 provides that before introducing regulations, the Central Bank will be required to consult the Minister for Finance, the credit union advisory committee and other credit union bodies. Although not specifically required in legislation, this consultation is to be done in accordance with a consultation protocol being developed by the Central Bank in consultation with credit union stakeholders. Regulations will also be subject to regulatory impact analysis requirements.

Section 7 amends section 6 of the Credit Union Act 1997 to provide that the Central Bank may impose conditions on the registration of a credit union. These are appealable to the Irish Financial Services Appeals Tribunal.

Section 11 amends section 35 of the Credit Union Act 1997 regarding lending. It provides that the ability of the loan applicant to repay shall be the primary consideration in the underwriting process. There is also provision for Central Bank regulations on classes of lending in which a credit union may engage, large exposures and concentration limits.

Section 12 amends section 43 of the Credit Union Act 1997 on the investments that credit unions can undertake. Detailed matters on classes and quality of investments, maturities and limits are to be provided for in Central Bank regulations.

Section 13 amends section 45 of the Credit Union Act 1997 on the regulatory reserve requirement and operational risk reserves, with a further role for Central Bank regulations in setting out the minimum levels to apply. Section 30 sets out the liquidity requirements that apply, with provision for Central Bank regulations on minimum liquidity requirements, including maturity mismatches and stress testing. Section 14 of the Bill sets out the provisions which may be appealed to the Irish Financial Services Appeals Tribunal, including regulatory directions. I have asked my Department to consider any consequential changes needed to the Central Bank (Supervision and Enforcement) Bill to ensure that the principle avenue of appeal for regulatory directions issued to credit unions under that Bill is to IFSAT rather than the High Court.

The Governance provisions in the Bill clarify the roles and responsibilities of the chair, board and management of credit unions. In accordance with the agreed recommendations of the commission on credit unions, section 15 provides that the number of board members is to be between seven and 11, and term limits allow a director to serve nine years on a credit union board in any 15-year period. Exclusions from board membership are provided for in accordance with the commission's recommendations, including employees, voluntary assistants, directors of other credit unions and professional advisers. The section is also developmental in that it makes specific provision for the training of volunteer directors.

Section 17 amends section 55 of the Credit Union Act 1997 and sets out the functions of the

board including setting the strategy of the credit union, operating a comprehensive decision-making process and ensuring that there is an effective management team in place. The board is also responsible for approving, reviewing and updating all plans, policies and procedures of a credit union.

The governance provisions in sections 18 to 26 also deal with matters such as the role of the chair of the board; committees, including the nomination committee; conflicts of interest; risk management, including the risk management officers; compliance officers; business continuity planning; information systems; outsourcing; and the role of the manager. Section 26 also includes provision for the internal audit functions within a credit union to provide for independent internal oversight and to evaluate and improve the effectiveness of the credit union's risk management, internal controls and governance procedures.

Section 27 of the Bill provides for the board oversight committees, which are a crucial pillar of the new governance arrangements in that they provide members with an independent assessment of the board's performance. The board oversight committee is the next evolution of the supervisory committees which have been operating in credit unions for many years. As the role of the board changes towards a more strategic focus, it is important that the role of the supervisory committee changes with it. The Bill sets out a number of important provisions regarding the board oversight committee: it shall have access at all times to the books and documents of a credit union; its members have the right to attend board meetings; it may notify the Central Bank of any issues or concerns about non-compliance by the board with applicable requirements; and it shall report to the members at the AGM or SGM on whether the board has complied with its requirements.

Part 3 of the Bill deals with restructuring, which will be carried out on a voluntary, time-bound and incentivised basis and which will be overseen by the credit union restructuring board, ReBo. Restructuring will involve a process of amalgamations or transfers of engagement under Part 9 of the Credit Union Act 1997. The guiding aims of restructuring are the protection of credit union members' savings; the stability and viability of credit unions and the sector at large; and the preservation of the credit union identity and ethos. This Part provides for the establishment of ReBo on a time-bound basis. ReBo comprises a chair and board, supported by a CEO and an operational side. The board of ReBo was established on an administrative basis on 31 August 2012 and has already met twice to make progress on laying the groundwork for restructuring.

ReBo's role is to engage with credit unions on the ground to facilitate agreement on restructuring proposals; to assist credit unions in the preparation of restructuring plans, and to consider restructuring plans submitted to it, including any funding requirements, and approve or reject those plans. ReBo will also oversee the implementation of restructuring plans, including the provision of post-restructuring support. ReBo may also make a recommendation to the bank that an individual credit union should be considered for stabilisation. ReBo will be funded up-front and a levy on the sector by ReBo will recover 50% of its operational costs.

The Bill establishes a credit union fund to fund restructuring and stabilisation. Once the Bill is enacted, it is intended that €250 million would be contributed to the credit union fund from the Exchequer to cover restructuring costs. The costs of stabilisation will be met entirely by a levy on the credit union sector itself, as agreed by the commission on credit unions. Restructuring and stabilisation funding is recoupable from the benefiting credit unions, with provision for any shortfall in the recoupment of restructuring costs to be met by a levy on the sector.

Part 4 of the Bill provides for the possibility of stabilising of credit unions on a stand-alone basis where they are viable and hold reserves above 7.5%. The Central Bank must have regard to a number of key factors before approving the provision of stabilisation, including the extent of the credit union's compliance with regulatory requirements, and its ability to maintain reserves and fund the business for up to three years after the support has been provided.

To avoid any disconnect during the period of restructuring, a credit union will need a ReBo recommendation before it can be considered by the Central Bank for stabilisation during the restructuring period. This requirement will no longer apply once ReBo has been dissolved. This Part also provides for the establishment of a stabilisation committee to examine the implementation by the Central Bank of its own requirements and procedures under stabilisation.

The Schedule to the Bill deals with a range of miscellaneous amendments recommended by the commission on credit unions and those which arise as a consequence of amendments made in other parts of this Bill.

Before I conclude I would like to address some of the points raised by the Irish League of Credit Unions as part of its campaign on the Bill. The provisions of the Bill on term limits, exclusions from board membership and on treasurers reflect very specific recommendations in the commission report, which were agreed with credit union stakeholders.

I look forward to a constructive debate on the Bill. The Bill delivers on the agreed commission on credit unions report and provides the platform for credit unions to build a sustainable future for themselves and their communities. I am always happy to engage in a healthy debate on a Bill and if there are good ideas they should be listened to and supported. However, the agreed commission report represents a once-in-a-generation opportunity to place the movement on a sounder footing. Those arguing for a dilution of the commission package need to reflect on the risks of undermining its coherence and the hard-won consensus behind it. I commend the Bill to the House.

Deputy Michael McGrath: I am pleased to have an opportunity to contribute to the Second Stage debate on the Credit Union Bill, which we all agree is important legislation. There is broad acceptance within the credit union movement of the need for change in the area and of the need for the regulatory regime to be improved, and that should be the starting point of our debate on the Bill.

We have been advised by the Whips that there is some time pressure in respect of the passage of the Bill, which is regrettable. The reason given is that the budget for 2012 provides for a contribution of €250 million to the credit union fund and that needs to be established on a statutory basis in order for that contribution to proceed. However, I hope the debate will not be curtailed. It is important that all Members of the House are given an opportunity to contribute on Second Stage on the broad principles of the Bill. We should also give adequate time to Committee and Report Stages, when we will get down to the nitty gritty of the detail of the Bill and deal with the amendments that need to be considered.

Credit unions, like all other financial institutions in this State, have been affected by the recession and downturn in our economy since 2008. It must be acknowledged, however, that the scale of the problems in credit unions, while significant, is in no way comparable to those which have emerged in our banking system. The Minister has provided for €500 million in support for the credit union sector, all of which may or may not be required. More funding may be re-

quired but we will not know that until after all the detailed analysis of individual credit unions has been completed.

It is important during this debate that we put into perspective the level of regulation required for credit unions. Credit unions in this country are, by and large, well run. They operate on a model of volunteerism and have a community-based ethos. The last thing any of us want is for that model which has been so successful in Ireland for many years to be in any way undermined. Having met management of credit unions, the League of Credit Unions and other interested parties, I am aware that they accept the broad thrust of this Bill and that regulation will change. However, they want that regulation to be appropriate. The Minister stated in his speech that the perception is that there is a bulging corpus of banking law which the Bill unlocks and applies to credit unions. That is the perception of credit unions. They are concerned that they could be over-regulated.

While we need a response to the failure of the regulatory regime to deal in recent years with financial services, that response needs to be appropriate. That is the benchmark which I use in assessing all of this. The credit union movement has concerns in relation to this Bill which, it is hoped, we will have an opportunity to debate in more detail during the Committee Stage debate.

We recognise that credit unions fulfil a valuable function in Ireland. They have more than €15 billion in customer deposits and remain open for business. It is important this message is conveyed. It is important also to convey the message that deposits of individual credit union customers are secure in that the €100,000 deposit guarantee scheme applies also to credit unions. People need to be reassured that, despite some of the media coverage of difficulties in the sector, their savings are protected. Despite their difficulties, credit unions have shown a determination to retain the character and identity of the sector, taking account of its unique not-for-profit volunteer ethos. This must be preserved in the legislation.

There is no doubt that mistakes were made by some credit unions, in particular in terms of the advancement of loans which ultimately supported property development. What we have witnessed is the pervasive contamination of many parts of the economy as a result of an over-reliance on property and its impact when the market collapsed a number of years ago. The credit union sector is in pretty good shape. There are issues to be addressed in regard to a number of credit unions, some of which are in need of stabilisation, restructuring or amalgamation. It must be acknowledged that the merger of some credit unions is inevitable. I do not detect a fear of that type of change in the sector. Credit unions are of the view that if it is in the long-term interests of the movement and its customers that some of them be amalgamated or restructured, then that should be done. I believe there is a general acceptance in this regard. The credit union movement should not fear this change.

We believe the Central Bank should develop a protocol around what constitutes a viable credit union and should apply this in a manner that respects the community-based nature of the credit union movement. Professor Donal McKillop, chairman of the commission to which the Minister referred, has acknowledged this, saying that there is always a place for a credit union lending institution based on a co-operative ideal. It should be acknowledged that the credit union movement has and continues to meet the financial needs of many people with whom the banks will not deal. That is the reality. Virtually every family in this country has at some point relied on the services of their local credit union. People are grateful for the services provided by their local credit unions. The real success of the credit union model has been that it is community-based and its volunteers and staff know their customers personally, which allows them

make judgment calls based on their knowledge of the local community and their customers. I want to see this protected.

Some 51 credit unions have reserves of less than the required 10%, and 25 are classified as being seriously under-capitalised. The Central Bank projects a further deterioration in credit union solvency. There are a number of reasons underpinning these financial problems. Many credit unions invested assets in bonds and financial products which are now deeply under water. The economic climate has directly contributed to the level of impairment of which the credit union movement must now take account. Key financial indicators for the sector suggest far more challenging conditions in the future than in 2008. This is borne out in figures for loan arrears, which have increased from a little lower than 10% in 2009 to more than 15% in 2010 and 19% at the end of 2011. Provisions against bad debts increased from €204 million in 2006 to €738 million in 2011. The movement has been trying to get its financial house in order for some time. This Bill will broadly support the process in which credit unions are engaged.

Credit unions make their money from lending. In my view, they are currently not lending enough. There is scope for greater use of the sector. I believe it can make a greater contribution to economic activity in Ireland. If, through the provisions and restructuring provided for in this Bill, we get it right, the role of credit unions will be greatly enhanced, which I would welcome. The movement currently has an average loan to asset ratio of 40%. The average loan to asset ratio of most international credit unions is closer to 70%. This means they are not generating enough revenues to cover their bad debt provisions.

The Commission on Credit Unions noted that the declining fortunes of the economy have not only put an additional brake on credit union development, but have, arguably, contributed to a regression in some credit unions. The tradition of volunteerism, which has been a hallmark of the sector, needs to be preserved in any new regulatory environment. The Irish League of Credit Unions has concerns, some of which the Minister referred to in his speech, about the term limits that will apply to those who serve as directors. It is important to bear in mind that a number of small credit unions, in particular in rural areas, have only a limited pool of people from which to draw. There may not be many people in a particular area who are willing to commit to serving on a credit union board. The term limits will present a particular difficulty for such credit unions. While I welcome the general objective of trying to secure some level of turnover of people who serve at board level, account will have to be taken of the acute difficulties this provision will cause particular credit unions. I hope to tease this issue out further on Committee Stage.

While the credit union movement is long established in Ireland, it is relatively under-developed in terms of its international peers. The sector should aim to be in the premier league of international credit union movements and should proactively push that development with the Government and its agencies. The League of Credit Unions is concerned about the increasing funding burden associated with the proposed legislative changes. An issue that will need to be addressed in an upfront manner is the additional levies to be imposed on the sector, which will place a heavy financial burden on it. We need to bear in mind the impact of this on the services they are in a position to provide to their members.

The regulator argues the deposit guarantee scheme levy is good value for money, as without it there would be a flight of deposits from the sector. There will be ongoing costs for stricter internal audit and risk controls, upskilling, strategic planning and fitness and probity, which are all new requirements for credit unions under the legislation. I acknowledge there is a need for

credit unions to enhance their internal governance arrangements to implement a strict internal audit regime which would greatly assist them to face up to the challenges they have. Many credit unions are stepping up to the plate themselves and putting in place new procedures. Many of them have brought in external consultants to review their affairs and make recommendations, and these recommendations are being implemented. This should be borne in mind also.

The elements of the legislation criticised by the Irish League of Credit Unions, ILCU, are not only with regard to term limits, to which I have already referred, but also to membership restrictions, and it referred to these as anti-democratic and an attack on volunteerism. The Bill places certain prohibitions on membership of a board of directors on groups including employees, voluntary staff, employees in other credit unions and professional advisors. We need to go through the entire list of those proposed to be prohibited from membership of a board to assess whether it is overly onerous on credit unions. This would be important.

The ILCU has also conveyed its concerns regarding the creation of classes, types or tiers of credit unions based on asset size alone. It believes a model based on risk and complexity of business model would be considerably more appropriate. There is some merit in this argument and it should be reflected upon during the passage of the Bill. It has also raised issues concerning the abolition of the role of treasurer in credit unions and has sought a memorandum of understanding to be put in place between the regulator and individual credit unions.

The ILCU has highlighted certain issues featured in the final report of the Commission on Credit Unions but which were not specifically mentioned in the Bill, in particular the fact that credit unions should be leaders in assisting the Government to implement its financial inclusion agenda and the need for credit unions to be in a position to share services and offer electronically enabled payment accounts. The concern expressed to me is that credit unions feel they are being lumbered with the entire regulatory regime which applies to banks but are not being put on a level playing field in that they are not being allowed share services or administer electronic payment accounts. We would like to have a situation whereby a person can avail of credit union services in one credit union although he or she is a member of a different credit union. I would like to see credit unions being given the opportunity to offer electronic payment accounts and systems for their customers. This would be a very good step forward.

We strongly support amending the Credit Union Act 1997 so credit unions can provide funding to Government backed or guaranteed schemes or projects which have a social benefit. This would be very much consistent with the role that has been played by credit unions in the economy so far. The ILCU is engaged in two major projects, an ICT strategy and a payments credit union services organisation. Significant progress has been made in implementing the ICT strategy, which aims to enhance the movement's operational efficiency and effectiveness and expand the products and services available to credit unions and their members.

I acknowledge that the Bill generally seeks to implement the recommendations of the Commission on Credit Unions and I acknowledge the work of all of the members of the commission. The report should certainly form the basis of the Bill we are considering. However other issues, which are not in the commission's report, should also be considered. Certain issues raised in the commission's report have not been brought forward in the Bill. We need to go through all of these in considerable detail to try to get the Bill in as effective a form as possible and to form the basis for the development of the credit union sector for decades to come.

The Minister outlined what the Bill provides for in terms of prudential regulation, improve-

ments in the governance regime, the oversight committee, the role of the restructuring board and the stabilisation provisions which are set out. It is important to reassure credit unions that what will be required in terms of restructuring will be done on a voluntary basis. The Minister reaffirmed this in his opening statement on Second Stage. It is important to reassure credit unions they will not be forced by the regulator to undertake amalgamation if it is clearly not in the best interests of their members or of a credit union itself.

The first half of next year will feature widespread due diligence by the restructuring board to estimate the costs and benefits of merging credit unions operationally and geographically, with final proposals due in the second half of the year. We acknowledge the need for amalgamation and restructuring to take place. I do not believe there will be unnecessary resistance to this provided credit unions are dealt with on a partnership basis and that it is not a case of the regulator dictating what must happen to each credit union. They must be allowed have input into the development of a plan for their future.

The Minister has allocated €250 million this year and the same amount again next year. Some estimates have put potential losses on bad loans in the credit union sector at up to €1 billion, which suggests the final figure could well be twice the initial estimates, although officials have insisted the process will be tightly run and cost efficient. There is an international precedent for rationalisation. The number of credit unions in Britain fell by 70% when new regulations were introduced. There were previously 700 credit unions in Australia but after regulation, the number fell to a little over 100. A small number in both countries failed, but the majority were successfully absorbed into larger bodies. This is the lesson we can learn. Even credit unions in difficulty now need not go out of existence. They can come under the umbrella of a stronger credit union by way of an amalgamation and in some cases this may be the best way of secure the future of a credit union. It is important this is done.

The report highlighted the benefits of the restructuring approach, including that credit unions will receive funding to strengthen their balance sheet, thereby mitigating the risks that could otherwise be presented by an amalgamation. If credit unions become part of a larger entity they will have a stronger balance sheet and will become part of a viable business model. The credit unions would benefit from an expanded common bond and economies of scope and scale. They would also be better placed to achieve the scale necessary to expand their range of services and this point is important.

The Credit Union Development Association, CUDA, has also made known its views on the Bill. It favours a clear distinction between the executive and non-executive roles and regards this as a driving force behind new changes. In association with the development of a prudential rule book to assist the separate roles by providing much needed clarity. As a whole, CUDA believes the prudential part of the Bill is comprehensive. While the requirements will unquestionably prove challenging for credit unions, CUDA maintains that in the long term it will provide a complete framework for credit unions to grow prudentially and have the capacity to manage their business in a sound manner. Its views also need to be taken on board.

The provisions of the Personal Insolvency Bill and the new insolvency service when it is up and running will have an impact not only on banks but also on credit unions. Understandably there is some concern in credit unions about the impact of the debt relief notice provision in particular, where unsecured debts of up to €20,000 can be written off at the discretion of the personal insolvency service. This could have an impact on the level of provisions required by credit unions in dealing with impaired assets. They are concerned about the impact of the Bill.

8 November 2012

We recognise the Bill must be enacted and the new service must be up and running as soon as possible and each case will be dealt with on an individual basis. It is important to put this on the record.

I welcome the Bill.

12 o'clock

I will be engaging actively on Committee Stage and will be tabling amendments to determine whether we can improve the Bill. I would like to see as much buy-in from the movement as possible. It seems to accept the need for regulation and the principles in the Bill. While it accepts much of the detail of the Bill, it has issues with certain parts of it. We certainly do not want to have a regime that strangles the potential of credit unions. It would certainly be possible to overreact to the financial crisis by over-regulating a movement such as the credit union movement. We do not want this to happen. I want to see regulation that is proportionate, appropriate and not heavy-handed. If we enter this process in good faith, we can improve the Bill, make it fit for purpose and provide a proper basis on which the movement can develop in the coming years.

Deputy Pearse Doherty: Ní shílim go nglacfaidh mé an tríocha nóiméad ar fad ach fáiltítm go bhfuil an Bille seo os ár gcomhair sa Dáil inniu. Mar a dúirt an Teachta McGrath, tá glactha leis an ghá faoi choinne rialacha níos déine san earnáil seo ach tá imní ar dhaoine, go háirithe orthu siúd atá ag obair sa chomhar creidmheasa, daoine atá baint acu leis an chomhar creidmheasa agus ar dhaoine a bhunaigh an comhar creidmheasa faoi na rialacha seo. Is féidir linn an reachtaíocht atá os ár gcomhair a dhéanamh níos láidre agus níos daingne agus níos fearr do ghluaisteacht an chomhair chreidmheasa agus don tir.

A number of institutions embody the very best of what our country has to offer and they are based on values that should make every single Member of this House proud to be Irish. At a time when there is much justified public anger at institutions that have abused the people's trust, it is important to remind ourselves of the successes that endured even through the most reckless days of the boom. The Irish credit union movement is a movement of which we can be proud. It is not simply a financial institution, a lender or service provider; it is an integral part of every community in the country. It is important to remember where the credit union movement sits in society today. It is based on the values of community, volunteerism and solidarity. It was built and continues to be driven by people who are motivated by a desire to help their neighbours, communities and country. It is a grass-roots movement that is community led. It was founded by people such as Nora Herlihy, Sean Forde and Séamus MacEoin, who wanted to do something about the high unemployment, sickness, malnutrition, money-lending, hunger, poor clothing, poor housing and emigration that were so rampant in 1950s Ireland. It was a response by civic-minded people, true republicans, who were angry at the failure of the State to meet the needs of those sections of society that most needed support. The people who gave life to the credit union movement recognised that the root of many of these problems lay in the scarce availability and poor management of money. In response, they were determined to create an institution that would give people, particularly those with the least power and fewest resources, more control over their finances.

What started off as a very small initiative by people who had the national interest at heart turned into a national movement with more than 3 million members and branches in every county and parish. It is a phenomenal movement and we must recognise how important it is not

only in the State, but throughout the island as a whole. The movement is motivated by an innate sense of justice and fair play that used to feature so strongly in Irish public life. This innate sense of justice is one that has been so battered and abused, particularly by senior politicians, bankers and developers in recent decades, as discussed last night.

This morning, as the Minister well knows, our newspapers and radio programmes are filled with stories of former bankers, civil servants and Ministers, many of whom were directly responsible for the social and economic crisis that has engulfed the country since 2008 and who are living lavish lifestyles on pensions of up to €500,000 per year. Meanwhile, as we know, ordinary people are struggling to make ends meet, pay bills, repay mortgages and, in a growing number of cases, put food on the table. They are frightened that December's budget will make their lives even harder, increase their tax burden, reduce their household income and withdraw their vital services. People are falling into even greater debt while the Government is standing idly by and breaking so many of its election promises and commitments in the programme for Government. As in the 1950s, it is institutions such as the credit union movement that are ready, willing and able to pick up the pieces to fill the gap left by a Government refusing to do what is right by ordinary people.

Of course credit unions are not perfect; we understand that. Individuals can and did make mistakes and it would be naive to suggest the movement was unaffected by the boom. The credit union movement would be the first to admit that the regulatory context in which it operates is in need of real reform, as I said in my opening remarks. It is actually the credit union movement that has been the leading advocate of that reform.

This is the context in which we debate today's Bill. The Bill is the latest in a considerable process of engagement between credit unions, their members, other interested parties and the Department of Finance. The commission on credit unions convened by the last Government made its detailed recommendations in March of this year, after a very long and detailed discussion involving all the sectors. The Oireachtas finance committee and the Department of Finance have continued to engage with all stakeholders since then to ensure that the subsequent legislation would be sufficiently robust and meet aspirations set out in the commission's report. Sinn Féin broadly supports the Bill. We commend the work of both the commission and Department in translating those recommendations into the legislation. I commend the Minister on his efforts and sincerity in this regard.

Our core position is very clear: we support strong, effective and appropriate regulation for the credit union sector. We want credit unions, their members and the communities in which they are rooted to have the highest levels of protection, probity and governance. It is important that we have the best legislation to achieve that. We believe that this can be achieved in a manner that is consistent with the distinctive ethos of the sector. I refer to its community-based, volunteer-based and not-for-profit ethos.

We need to remember time and again that credit unions are not banks. They are different and, therefore, regulation deemed appropriate for one type of financial institution may not be appropriate for another. However, let us nail the myth being peddled by some in this debate that calls for regulation that fits the distinctive ethos of the credit union movement and somehow calls for lighter regulation. These calls posit a view that could not be further from the truth. Sinn Féin wants strong regulation of the movement, high standards of probity and better governance. So, too, does the credit union movement and we commend it on taking the lead in promoting this.

There is no doubt but that the vast majority of the provisions in the Bill meet the aforesaid objectives. The substantive detail of the legislation, dealing with probity, restructuring and stabilisation, has my party's support. These provisions represent sensible compromises as between the different views expressed around the table at the Commission on Credit Unions. The relevant sections represent the substance of the legislation and, in Sinn Féin's view, the officials in the Department of Finance have got them right. We have significant concerns, however, regarding other aspects of the Bill which are not consistent with the spirit or even the letter of the commission's report and which will, therefore, require amendment. I hope the Minister will deal with these matters in an open and fair way. In addition, there are issues of crucial importance to the future development of credit unions which will be determined by the regulations arising from the Bill. These matters must also be examined during the course of this debate.

Our first key concern relates to the proposal to apply historic Central Bank legislation from 1942 to 2011 to credit unions. This was not considered by the Commission on Credit Unions and could have far-reaching consequences for the sector. Part 2 of the Bill, which includes the definition of financial services contained in section 6, gives rise to real concerns. In our briefings with the Department of Finance, the officials stressed that only those portions of this considerable body of legislation and accompanying statutory instruments which already apply to credit unions will come into effect from this new definition. However, this is not made explicit in the Bill.

We are also concerned at the impact of the application of the Central Bank (Supervision and Enforcement) Bill 2011 to credit unions. There was no discussion of this at the commission and no recommendations in this regard were made. The implications for credit unions are far reaching and must be considered separately from the legislation we are discussing today. There is also the important issue of shared services, one of the central recommendations of the commission's report and an issue that is of vital importance to the future development of credit unions. It is also an important element of the full implementation of the Government's own financial inclusion strategy. Again, in our discussions with departmental officials on this matter, they insisted that there is no need for additional provision on this matter, as existing legislation does not preclude credit unions from sharing back-end services such as administration. That misses the point. The key shared services the sector is seeking are those at the level of the member, particularly those relating to electronic payment accounts. If credit unions are to continue to grow and service their members and communities, they must be able to offer a wider range of services, including the facility for members to undertake transactions and access services from branches other than their own. If the Government has an objection in this regard, it should be put on the record. Otherwise, the Bill should be amended to allow for the development of these types of member-level shared services.

Another omission from the Bill relates to the enormous current and future potential of credit unions to invest in socially valuable schemes and projects. This is an important issue, which the credit union representatives addressed at the finance committee. Given the level of unemployment and emigration and the continued lack of private sector investment in the local economy, credit union funds, appropriately backed by Government guarantees, could and should be invested in sensible schemes and projects to create employment, develop local infrastructure and services and assist in local social and economic development. An explicit reference in this regard in the Bill would be of enormous assistance in the unlocking of what could be a significant source of investment, particularly in communities experiencing high levels of social and economic disadvantage. The credit union sector is to be commended on this initiative, which is

perfectly in keeping with the ethos under which the movement was founded. We must always bear in mind that credit unions are not simply financial institutions but have a broader social remit.

An issue that has especially exercised credit unions at local level in both rural and urban communities is the proposed governance changes, particularly in regard to term limits on directors of credit unions and the prohibitions on membership of boards. Sinn Féin strongly shares the view of the credit union sector that portions of these sections of the Bill are unnecessary, anti-democratic and could, in some cases, undermine the volunteerism on which individual credit unions are based. As I said, Sinn Féin broadly supports the Bill, but this is one of the areas that requires adjustment. These proposals show a lack of understanding of the volunteerism that exists within the credit union movement, the democratic nature of the sector and its particular ethos. Small urban and rural credit unions, which operate from a very small pool of potential volunteers, may not be able to meet the very strict exclusions set down in the Bill. I do not mean to cast aspersions on any departmental official in terms of the drafting of the Bill, but anybody who lives in a small community, such as my own home town of Gweedore, understands the difficulties in this regard. The responsibilities and roles set down in the Bill are very strict, and this move towards stronger regulation is welcome. However, the constraints under which small credit unions are operating mean that these provisions could undermine them in a significant way. The sector has presented very coherent arguments in support of the amendment of the relevant sections of the Bill, to which we hope the Government will respond positively. I appeal to the Minister to have an open mind to the amendments we intend to bring forward on Committee Stage, in the absence of amendments from the Minister himself. We must recognise the unique role and structure of the sector.

Credit unions are also concerned at the proposed removal of the office of treasurer as outlined in the Bill. We accept the argument underlying this section, namely, that the current role of treasurer requires reform. We are in agreement with the sector, however, that the position could be retained for the purpose of ensuring the presentation of timely accounts and other matters to members at annual general meetings.

Two other issues I wish to highlight do not require amendments but do require discussion so that when the Bill is enacted, these specific aspects of its implementation are done in the right way. There is clearly a need from a regulatory point of view to group credit unions into bands or tiers for the purposes of applying different levels of regulation. Everybody is agreed on that principle. However, Sinn Féin shares the view of the sector that the scheme as suggested by the Commission on Credit Unions could be improved upon. We were heartened in our discussions with departmental officials to see an apparent recognition of this. I hope that when the Minister comes to deal with this issue, he will outline a scheme that is not based on size alone, but which also incorporates the level of risk and complexity involved concerning credit unions. If there is any lesson to be learned from the collapse of the banking sector and the trouble the bankers have got us into, it is not just about the size of the institution but also about the risk involved. It is about the type of investments or products that are being offered.

In addition, there is the thorny issue of the relationship between credit unions and the register of credit unions. The Minister will be well aware that I have raised this issue in the House before now. We have spoken many times in the Chamber about the negative impact of ongoing lending restrictions imposed by the register on individual credit unions, their members and communities generally. Our party has also articulated the strong feeling among many credit unions that the Central Bank and the Financial Regulator are not on the same page when it

comes to the future development of credit unions. It is crucial that while we will deal with legislation strengthening areas within the credit union sector, we must also have a vision for the credit union movement in future. We must have an idea of where the credit union sector can go, how it can develop and what role it will play.

The request by the movement for a formal, written memorandum of understanding between the regulatory authorities and credit unions could, if got right, go some way to repairing what can be described as a strained relationship. We can all agree that it is a very strained relationship. The details of such a memorandum could be developed at a later stage by the Central Bank in consultation with the implementation group. Clearly, however, the legislation should not deal with the detail of this matter. A commitment from the Minister during the passage of this Bill that a memorandum of understanding should be developed would be a welcome development. That is the key point. I invite the Minister to signal such a commitment in his contribution. It would go some way to help repair that strained relationship to which I referred to.

These are the key points that Sinn Féin wanted to raise during this debate. This is a good Bill, but with amendments to a small number of sections it could be a very good Bill. I hope, and am sure, the Minister will engage with the Opposition on Committee Stage to strengthen the legislation in order that all parties in this House believe it is the best legislation. It is not only timely but also necessary.

Some weeks ago, I was genuinely disappointed when I read in the newspapers about former Members of the Oireachtas deliberately misrepresenting legitimate concerns of the credit union movement on specific aspects of this Bill. I shared time with some of them in the previous Seanad. That misrepresentation in the media was regrettable to say the least. The suggestion that those of us who want to improve this Bill are somehow opponents of reform or, worse still, opponents of strong regulation is simply false. It is untrue and does not help the debate and the democratic process in which we are involved.

Like the credit union movement, Sinn Féin wants strong, effective and appropriate regulation. It is necessary for credit unions, their members and communities at large. There is much in this Bill to commend to the House, but let us ensure the final Act is fit for purpose. We must make the necessary improvements on Committee Stage to ensure that when enacted, the Bill has the approval of every single Deputy.

The credit union movement and those who keep it alive make me proud to be Irish. They represent the very best of what it means to be Irish today. I share their values and vision. Given their commitment and contribution to society over the past 50 years, we owe it to them to pass the best possible legislation the Oireachtas can deliver to safeguard the future of the credit union movement and all those who benefit from it. I encourage the Minister to engage constructively with the issues that I and credit union members across the State have raised with him and his departmental officials in a public and personal capacity.

Deputy Clare Daly: I wish to share time with Deputies Joan Collins, Seamus Healy and Finian McGrath.

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

Deputy Clare Daly: The first point that has to be made is that credit unions are not banks. As other Deputies have said, this is something we should celebrate against the background of bankruptcy in which many of our banks' rogue practices have put the country and many of its

citizens. It is a good thing we have a viable financial alternative to our banking system in the form of credit unions. The credit union movement was built from the grassroots upwards and provides access to finance and credit to many citizens who would otherwise be excluded from such services. These organisations made the difference, enabling people to avoid poverty and live with dignity.

While the banks that lent recklessly have cost this State and the taxpayer so much money, our credit unions, operated by more than 10,000 volunteers along with 5,000 staff, have succeeded in building up a financial giant. Less than 50% of their reserves are out on loan. In addition, they have a facility of billions of euro which they have offered in solidarity and are offering to this State for job creation programmes and so on. That must be our starting point.

Credit unions have a different history and ethos based on involvement and participation and are designed to serve their members rather than existing just for profit. Given some of the provisions in this Bill, one would wonder whether it is an ideological assault on them as a viable alternative to banking. To be quite honest, some of the measures do not make any sense if we want to preserve credit unions as they are.

Nobody is opposed to regulation. Many of the measures in the Bill are fine and there is no doubt it is the product of a huge body of work that went on behind the scenes with the commission and other parties involved in the process. That is to be welcomed. While accepting that, however, the Bill needs to be changed. I recognise the role of the Irish League of Credit Unions which has done a tremendous job in its input into the legislation, in addition to the job the league does daily. Credit unions interact with their members and provide much of the research data on poverty rates, income figures and citizens' economic status. Credit unions have a good role to play. In their submissions to all of us, they have articulated the reasons some aspects of the Bill need to be changed.

Former Senators had some neck to come in a slag them off in a disingenuous way. They implied that the credit unions falsely engaged with the commission, when it is quite obvious that they agree with much of the input. However, according to the feedback from credit union members, some proposals have clearly been rejected. That is healthy and shows how democratic these organisations are. That point is backed up by the level of correspondence that we, as legislators, have had from ordinary credit union members who voiced their concerns in this regard. That is progressive and something one would never see with a bank.

The credit unions have also said that some measures that were discussed have been omitted, while some new provisions are included which were never discussed. Consequently, having participated in a process, they have a legitimate right to be disappointed with some of the outcomes, while also recognising the good contained in a lot of them.

Members' starting point in this regard must be the different historic and current roles being played by credit unions. Trying to transfer banking regulation, in an effort to in some way batter credit unions into being similar to banks, will not work. Therefore, some of the measures are regrettable. Other Members have made the point about the considerable concern regarding the Central Bank legislation being foisted on credit unions, including all the statutory instruments. I am aware the Department has indicated there is nothing to worry about, as only approximately six such instruments actually apply to credit unions. If only six instruments apply to credit unions, the Department should specify them. Why should they all collectively be mushroomed into a big mass of decades of Central Bank legislation that potentially could be used later on to

undermine some of the good work these organisations do or to hamstring them in some way?

The credit unions effectively made the point about how they need to share services and how perhaps this has been put forward in the Bill in a somewhat unbalanced fashion. The sharing of services is provided for in respect of activities such as employing an accountant, bidding for collective services or whatever. However, the credit unions are concerned about the lack of input at membership level. In other words, for example, I cannot go on holidays to County Donegal and use the credit union there. It is not good enough to state there is nothing in the legislation that prevents this and that it will be okay. If Members think this is a good thing, as do I, they should provide for it in the most comprehensive body of legislation yet to be envisaged in respect of credit unions. Why would Members not do this? One might almost suspect the only reason it is not provided for is the banking institutions are afraid that credit unions will become even more of an alternative to banks, as well as being a new way of looking at and dealing with things, and that credit unions pose a threat in that sense. If this is not the reason, Members should specify this in this legislation anyway.

There is a similar argument to be made in respect of the credit unions' highlighting and offer of billions of euro in moneys on which they sit that are not lent out and which, to help the Government in a gesture of solidarity, could be invested in the State in a public works programme to put people back to work and stimulate the economy. Members on this side of the House have a bit of a pain in the neck from listening to Members opposite going on about where we will get the money. Here is a citizens' organisation pointing out it has billions of euro and stating it is prepared to do business to invest in this country with its members' resources in an effective way that will benefit the entire economy. It simply is not good enough to say this could be done in any event. This should be provided for in this legislation and it would make an enormous contribution to the turnaround in economic policy. It would provide a stimulus and a beginning of a change in direction that is badly needed as an alternative to the austerity which clearly is not working and is bleeding the domestic economy dry. Members must consider this offer and should provide for it in this legislation, and it is welcome that the credit unions did provide for it. Consequently, if these issues and the points that have been highlighted on the need for democratic participation, boards of directors and so on are dealt with on Committee Stage, I believe the legislation can be progressed.

Debate adjourned.

Topical Issue Matters

Acting Chairman (Deputy Joanna Tuffy): 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 Catherine Murphy - the need to make amendments to the rent supplement system; (2) Deputy Brendan Ryan - the need to assess coastal erosion at the Burrow, Portrane, County Dublin; (3) Deputy Paschal Donohoe - the steps that can be taken to ensure banks pass on additional mortgage interest relief; (4) Deputy Seamus Healy - the need to approve the cancer drug, zytiga, for inclusion under the medical card scheme; (5) Deputy Heather Humphreys - the need to introduce measures to support the pig and poultry industry;

(6) Deputy Regina Doherty - the need to relax the liability whereby businesses letting premises are liable for the rates arrears of the previous tenant; (7) Deputy Michael McNamara -the need to introduce measures to contain ash die-back; (8) Deputy Dan Neville -the report of the Ombudsman for Children on bullying; (9) Deputy Paul J. Connaughton - the urgent need to retain an English as an additional language, EAL, support teaching post at Carrick national school, Ballinlough, County Roscommon; (10) Deputy Alan Farrell - the impact of rising rental prices on future rent supplement rates in Dublin; (11) Deputy Colm Keaveney - the need for the Minister for Communications, Energy and Communications to examine the way in which the Commission for Communications Regulation, ComReg, deals with An Post; (12) Deputy Eamonn Maloney - the possibility of inviting President Obama to The Gathering 2013; (13) Deputies Mattie McGrath and Caoimhghín Ó Caoláin - the reconfiguration of hospital services in the south east; (14) Deputy Aodhán Ó Ríordáin - the need to halt a proposed 28% HSE cut to Marino Home Help Services, Dublin; (15) Deputy Robert Troy - the omission of the midlands from the advertising of tourism in the American market; (16) Deputy Kevin Humphreys - the need to co-locate the National Maternity Hospital, Holles Street with St. Vincent's Hospital, on the Elm Park site; and (17) Deputy Mick Wallace - the need for Bord Pleanála to engage in the early stages of design of the new children's hospital.

The matters raised by Deputies Heather Humphreys, Robert Troy, Brendan Ryan, and Mattie McGrath and Caoimhghín Ó Caoláin have been selected for discussion.

Credit Union Bill 2012: Second Stage (Resumed)

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

Deputy Joan Collins: To follow on from the contributions of my colleagues, as the Minister noted in his introduction, all Members recognise the importance of the role of the credit union movement in respect of its volunteerism, its not-for-profit aspect and so on. I must declare my interest because I am a member of a credit union and have attended its annual general meetings in most years. Even in comparison with the annual general meetings of my union, such meetings are very robust. Everything is checked and questioned and such annual general meetings are open, democratic events that play a crucial role within credit unions nationwide, as each year they go to their members with their accounts, proposals, the dividend and so forth.

The role played by credit unions has been crucial. I refer to the small loans that play a crucial role in the community, such as €500 to pay for a communion day, €1,000 for a holiday, €1,500 to get some work done on the house and so on. Moreover, practically everyone is involved in the credit unions, which form a three million member movement. In my constituency of Dublin South-Central, on the basis of this legislation and the movement’s concerns, a meeting recently was called in Sundrive Credit Union, at which ten credit unions, representing 65,000 people, were represented. It is a huge body of people who absolutely need that contact with credit unions and that access to money with which the movement facilitates them. I refer to the recognition by the loan boards of the credit unions of those people they know in the community and with whom they deal, year in and year out. They know that Anne, who borrows €1,000 every Christmas, will pay it back over time with a stash of money she has and who will then return the following year to borrow the same amount. It will now be questionable whether such people will be able to access that money because of the restrictions that are being intro-

duced to regulate loans to people.

The concerns expressed by the Irish League of Credit Unions have been generally raised. The league's concerns are viable and should be taken seriously because they would not have been raised unless the league considered them in that light and it was a positive contributor to the commission. I believe it constituted one of the main groups to urge that this commission be set up, and throughout the nine month period, the league engaged constructively with the Government, the Department of Finance and other groups within that.

As for the nature of the credit union, as Deputy Daly has set out clearly, although some matters were agreed, the credit union representatives then went back to their membership and at the annual general meeting, the 1,500 members present disagreed with aspects of it. Consequently, that disagreement must be reflected in the Dáil and the concerns communicated to the Minister. Points have been made in respect of the Central Bank Acts from 1942 to 2011, and the credit unions are also concerned that they will be covered by future statutory instruments, the consequences of which are unknown. This is an important issue and, consequently, my group will table amendments to support the Irish League of Credit Unions to the effect that the six or so instruments specifically relating to them should be included. If, in the future, regulations or statutory instruments must be brought in with regard to aspects of the credit union movement, that can be done at a later stage. It would be an important and positive response on the part of the Minister to consider and accept such a proposal and to confer again about it with the Irish League of Credit Unions.

As for the Irish Financial Services Appeals Tribunal, IFSAT, I acknowledge it has been mentioned that credit unions would have the right to go before the High Court in the case of an emergency if they needed to deal with something urgently. However, a facility allowing this to happen also should be recognised and included in the Bill in order that they are not merely under the remit of the IFSAT. Other areas that were not covered by my colleague due to time constraints include those proposals that were agreed by the commission but with which many individual credit union members have issues, such as the imposition of the term limits. People within the credit union movement have developed vast experience over the years and I have seen this in my own credit union. People have participated in the credit union throughout their lives, having started as 20 or 25 year olds who went to the annual general meeting and learned how credit unions work. In retirement they would be actively involved, and great wisdom and experience comes from these people, making the credit unions and the league what it is. There should not be any imposition in that regard. No harm has come to our credit union to date and I cannot see it doing any harm in future. That is reflected in many of the credit unions across the country. There is much experience and by pushing out to the voluntary sector, there will be a significant impact on the league's ethos and the role of the credit union in communities.

There are restrictions regarding who can be on the boards, which are also questionable. Many people, including employees, volunteers and family members, can play a crucial role, and there is accountability in the credit unions. Every year they are checked rigorously by the membership, and this has played an important role in the past number of years and lifetime of credit unions. We will be putting down amendments to reflect the league's concerns in that regard.

The Irish League of Credit Unions and everybody else agrees that there should be regulation but there are areas that must be tweaked to ensure the ethos of volunteerism in credit unions can be retained.

Deputy Seamus Healy: I welcome the opportunity to speak to the Bill, which is very important legislation. I am sure most Members in the House would have practical knowledge of this area and many are likely to be members of their local credit union like I am. Many families have been long-standing supporters and members of credit unions and in my own case, my late father was a founding member of Clonmel Credit Union; I am sure that history is mirrored across the House.

Members of credit unions can be justifiably proud of the very successful, democratic and community-based organisation that has been put in place over the years. It is a major national organisation led by volunteers providing social finance for members and communities right across the country. In today's world, where we have recession and serious financial crisis, the movement has played and continues to play a very important role in supporting members and communities. It has been very innovative over the years in providing that service. For example, the current Money Advice and Budgeting Service, MABS, is effectively derived from the credit union movement and an innovation started by the Lough Credit Union in Cork some years ago. The credit union movement deals on a daily if not hourly basis with the MABS organisation and others such as the Society of St. Vincent de Paul in dealing with member and community difficulties across the country.

I broadly welcome the Bill, as does the credit union movement and the Irish League of Credit Unions. There must be regulation, which everybody accepts, but those in the movement believe a number of amendments are necessary. There is a very serious concern among credit unions and members that they are being treated, effectively, as commercial banks and being lumbered with years of commercial banking legislation that is not really relevant. It is important to say that credit unions are well operated, managed and capitalised, they are not banks, which is an important distinction. Banks have created the financial crisis we are in and bank workers continue to receive large salaries and pensions. Credit unions have supported members and local communities through the recession on a voluntary and not-for-profit basis. The saying goes that they are "Not for profit, not for charity but for service".

It is important to recall the history and ethos of the credit union movement and where it came from. It is very important to recognise that they are not banks, and the movement was started in 1958, with the first branch in Dún Laoghaire founded by public-spirited people like Nora Herlihy from Ballydesmond, a teacher based in Dublin. Mr. Séan Forde was a baker in Dublin and Séamus McEoin, from Kilkenny, was a civil servant based in Dublin. In the late 1950s these people recognised the difficulties which are mirrored to a large extent in our current position, where we can see unemployment, poverty, poor housing, emigration, etc. Those people started a movement that has blossomed and been very successful over the years.

The movement now has 2.9 million members, with a high percentage of credit union members economically active throughout the country. Savings amount to approximately €11.9 billion and there are 9,200 active volunteers, with 3,500 staff in approximately 500 credit unions nationally. It is a very important, successful and highly motivated volunteer-led organisation. It is supporting members, ordinary people and local communities right around the country. To some extent the movement is based on the old Irish meitheal, or co-operative self-help among a group of people gathered through a common bond. That common bond is there for support, ensuring there is social finance through the likes of small education, home improvement or special event loans. They help people through severe economic difficulties.

There are 500 member unions, and we should compare that to the number of banks. Credit

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unions are expanding and cover significant areas around the country, not just in cities but in big towns, villages and local rural areas. We can contrast that with the banks, where we have seen a contraction of the services provided; only recently, 44 branches of AIB were closed, along with various other services. The credit union movement is filling the void that has arisen, particularly in smaller villages and towns throughout the country.

The credit union movement is the leading provider of social finance in Ireland, with €750 million provided. Banks are businesses that look to make money but credit unions exist to support members and communities, ensuring members can see their way through financial difficulties.

The credit union movement has a number of concerns with this legislation. For example, the movement's ethos is not effectively recognised and it is being lumbered with commercial banking legislation that is irrelevant to credit unions. It is important to put on record the amendments that the movement wishes to see to the legislation. I support these amendments and hope that the passage of the Bill through the House will see their acceptance.

The credit unions are concerned about the proposal to apply to them Central Bank legislation dating from 1942 to 2011. In their opinion, this is unfair and should not form part of the Bill. They are also concerned about the Central Bank (Supervision and Enforcement) Bill 2011 being applied to them. At a minimum, any regulatory direction must be appealable to the Irish Financial Services Appeals Tribunal.

The Bill should support the sharing of services among credit unions so that members can avail of a wider range of services throughout the country. This would be a practical amendment. The movement also believes that credit unions should lead the way in assisting the Government with its financial inclusion agenda and that the new Bill should enable them to offer electronic payment accounts.

In the opinion of the movement, the Bill should enable credit unions to provide funding to Government-guaranteed schemes and projects with a social benefit. The movement's emphasis has been and continues to be on the provision of social finance.

Acting Chairman (Deputy Joanna Tuffy): The Deputy's time has concluded.

Deputy Seamus Healy: The movement is concerned about the term limits on directors of credit unions and the prohibitions on the membership of their boards. In its opinion, these are unnecessary and are an attack on its volunteer ethos.

I wish to raise three other issues briefly. A memorandum of understanding must be agreed between the unions and the Central Bank and the office of treasurer must be retained. In addition, the tiering of credit unions is too wide. The movement believes that tiers should not be based on size alone, but also on risk and complexity of business.

I welcome the Bill and hope that the amendments suggested by the credit union movement will be included in the final legislation.

Deputy Finian McGrath: I thank the Acting Chairman for the opportunity to contribute on this legislation. I welcome the debate and pay tribute to the excellent and valuable work carried out by credit unions. I was a founding member of the Irish National Teachers' Organisation, INTO, credit union and many of my extended family have been involved in the credit union

movement for more than 50 years. My experience has been positive, as I have seen at first hand the dedication, commitment and compassion shown by those actively involved towards weaker members of society. This is particularly relevant, given the fact that more than 400,000 people are unemployed and many are finding the current environment difficult. It is essential that we commend and pay tribute to the credit union movement's valuable work of many years.

This Bill provides for a strengthened regulatory framework for credit unions and deals with four broad areas, those being, prudential regulation, governance, restructuring and stabilisation. The Bill amends the principal legislation governing credit unions, namely, the Credit Union Act 1997. Some of the main features of the Bill include providing a statutory basis for the sector's voluntary restructuring; changes to governance; requirements on credit unions, such as clarifying various roles and responsibilities; and the provision of stabilisation support to viable but undercapitalised credit unions. These are the key elements of the Bill and represent the core issues that must be addressed, including the regulatory framework. I welcome their inclusion and the fact that the Bill has many positive aspects, as they are relevant to the broader economic debate.

We must also consider the causes of some of the shenanigans that occurred for ten years. Two opposites were evident. On one side were rampant greed and incompetence, and on the other were people in the credit union movement who did their best to help everyone, including society's weaker members. This is the type of debate that our country needs. It is relevant to the Bill. It is important.

For the life of me, I cannot understand how people who were involved in financial services and banking could get bonuses after and destroying the State's financial circumstances. I worked in a disadvantaged school in the inner city for many years. If I was £3 over in my statements to the Department of Education, an inspector would have been on my back checking out my figures. I was required to account for every single penny of a disadvantaged grant of £5,800. However, the people in the financial services and banking sectors who destroyed this country were not accountable, yet they were still given bonuses and pensions.

I do not like to be critical in this instance, as I am broadly in favour of the Bill, but I watched Government Deputies jumping up and down last night regarding pensions and perks. They had an opportunity to vote for our motion, which would have put an end to many of the shenanigans in question. Why did they not vote with us on our Private Members' motion?

Acting Chairman (Deputy Joanna Tuffy): That issue does not relate to the Bill.

Deputy Finian McGrath: I am referring to finances and the broader economic issues.

Deputy Frank Feighan: The Deputy should mention the €42,000.

Deputy Finian McGrath: If Deputy Feighan wants me to respond, I will tell him about the staff I employ with that money.

Acting Chairman (Deputy Joanna Tuffy): No. We are going off topic.

Deputy Finian McGrath: I will tell Deputy Feighan about the extra people and how I pay VAT and taxes.

Deputy Frank Feighan: The €42,000 is tax free.

Deputy Finian McGrath: We do research and development. I put the information on my

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website. The Deputy should look at it this evening after he leaves the House.

Deputy Frank Feighan: I am looking forward to it.

Deputy Finian McGrath: I believe in accountability and transparency. I will not take any guff from Deputy Feighan.

Deputy Frank Feighan: I do not want to excite the Deputy.

Acting Chairman (Deputy Joanna Tuffy): Deputy Finian McGrath must keep to the subject matter.

Deputy Finian McGrath: May I move on to the legislation?

Deputy Frank Feighan: Only the Independents can excite the Deputy.

Deputy Finian McGrath: If I were Deputy Feighan, I would watch Roscommon hospital. Will the Acting Chairman protect me from the heckler on the Government side? He is upsetting me.

Acting Chairman (Deputy Joanna Tuffy): Yes.

Deputy Paul J. Connaughton: Tell him to stay on topic.

Deputy Finian McGrath: Another one is starting.

Acting Chairman (Deputy Joanna Tuffy): Deputy Finian McGrath should be allowed to speak, but he must keep to the Bill.

Deputy Finian McGrath: I was dealing with the regulatory framework and governance issues before I was rudely interrupted by Deputy Feighan.

That the Irish League of Credit Unions, ILCU, had two representatives on the commission does not mean that everything decided by the commission is set in stone. How many recommendations were made to which everyone did not agree? The ILCU has the future of the credit union at heart. The credit union movement has campaigned for many years for radical reform of the regulatory structure of credit unions and advocated the establishment of the Commission on Credit Unions, which I strongly supported. Let us address these points in our debate on credit unions.

The ILCU participated in the commission and has actively supported the recommendations for reform produced by same. It has taken issue with some matters that are either not reflected in this Bill or exceed the conclusions in the commission's final report.

1 o'clock

It has taken issue with certain things, and I support it. Will the Minister look at this?

The Irish League of Credit Unions is a membership based organisation and it represents the views of the 3 million members of credit unions. That is some organisation and some group in society. We have a responsibility in terms of inclusiveness and a democratic responsibility to listen to its views. It is entirely appropriate that views of the membership of the Irish League of Credit Union, as expressed in open forums and discussions, are reflected even if those views are contrary to, and at variance with, the recommendations of the Commission on Credit Unions.

As the representative group, the ILCU reflects the views of its members as expressed in meetings throughout the country.

This Bill, which represents the most fundamental reform of legislation for the credit union movement in a generation, should be fully debated in the House and all Members' views should be listened to. Many of the stakeholders and many Members of different political parties have a major contribution to make to this debate. The perspective of the members I represent should be reflected in the position advanced in this debate. Nobody's interest is served by stymying the debate on this issue or by seeking to present some form of social partnership around the issue when there are different views and concerns which should be considered. We should listen to the different angles put forward, and there were some excellent contributions to this debate today.

The debate on the Bill will set out the parameters for the future development and operation of the credit union movement. There is widespread agreement on the way forward for the credit union movement. There are still issues of disagreement on how reform proposals will be implemented and I hope these issues will be dealt with by amendments. No one should attempt to foreclose on the debate and, in that vein, I am happy to put on record my views and concerns in regard to this legislation. The Minister should listen to the views of the people involved in the credit union movement, who have made a massive contribution to this society and who represent 3 million people, and take on board the points and concerns I have raised. This Bill is progressive but it could be tightened up and reflect the views and concern expressed by the Irish League of Credit Unions.

Deputy Noel Harrington: Political amnesia is an awful thing. Deputy Finian McGrath was one of the main crutches holding up the last crippled Government which signed off on those pensions and contracts.

Deputy Finian McGrath: I do not know from where Deputy Harrington got that.

An Leas-Cheann Comhairle: Please, Deputy McGrath

Deputy Finian McGrath: I voted against the last Government. I stood up to it.

Deputy Noel Harrington: It is sad to see such amnesia.

I welcome the Bill and congratulate the Minister on bringing it forward. The credit union movement has the largest membership of any organisation in the State, with more than 3 million members out of a population of 4.5 million and with approximately 400 individual credit unions. It has an extraordinary number of members, with 72% of the population being members of a credit union. The European average is 3.5% and the average in the UK, with which we are often compared, is 2.4%. There must be a message there in that the citizens of this country recognised the value of the credit unions and became members. It would be fair to assume that with such a large membership, they are not just membership clubs where members would have a forensic knowledge of the rules, regulations and responsibilities of that club. It has such a large number of members that it is, effectively, a financial institution and millions of members probably do not differentiate between the credit union and other financial institutions in terms of where they lodge their cash or where they go to access small loans and loans for house improvements etc. It is worth noting the not-for-profit ethos of credit unions and their role in attaining the economic and social goals of members, which make the movement unique.

The credit union movement in Ireland is relatively new and was founded in 1958. Credit unions are hugely important social and economic institutions with unique characteristics. The characteristics of credit unions in urban areas may be very different from those in more rural areas. Even in rural areas, one might get credit unions offering different types of expertise or supports. Credit unions have extended their appeal beyond their historical role of serving the financial needs of disadvantaged communities and individuals. Many members are likely to be members of other financial institutions and, indeed, some members of credit unions are members of more than one, such as the INTO credit union, which Deputy Finian McGrath mentioned, or the Garda credit union.

The legislation is a balancing act designed to protect the interests not only of the 3 million plus members of the credit unions but the unions themselves which, incidentally, manage approximately €15 billion in assets. Credit unions are a viable and attractive alternative to exorbitant rates charged by moneylenders, albeit licensed ones, operating throughout the country.

The vast majority of those involved in running credit unions do so on a voluntary basis. Without that valuable voluntary contribution, they could not operate and provide such valuable services to their members. We recognise that all our financial institutions have come under intense scrutiny in recent times because of the behaviour of some, so it is timely and appropriate that legislation is introduced which imposes new rules in the governance and operation of credit unions.

I am aware that the Irish League of Credit Unions has reservations about certain sections of this Bill but one must strike a balance. The Minister carefully considered this in order to strike a balance between all the various interests to create a proper code of prudential regulation in the best interests of everyone involved, which also takes into account that credit unions do not, and will not, cause any liability for the State unlike the financial institutions which have raked in approximately €120 billion in funds just to be recapitalised.

While credit unions are considered the small fish or the minnows of the finance world, it should be noted that almost half of these unions manage assets of more than €20 million and it is, therefore, only right that these assets should be placed under a proper regulatory regime. The four main pillars, which have been outlined, to improve and bring best practice to the operation of credit unions include prudential regulation, something with which we have only recently become familiar - it was as distant to some institutions as doing the right thing; governance; restructuring; and stabilisation. Some of these pillars, in particular governance and restructuring, will cause some difficulties for many credit unions.

The credit union of which I am a member is a smaller one. It has approximately 4,800 members, of which 1,200 or so are active. Under the new governance regime, it will be almost impossible to get people to become involved in committees or to get people who have the financial experience or expertise required under the legislation to carry out duties. I predict that as a result of this legislation, many areas will see mergers of maybe five, six or seven credit unions with one CEO or manager, the relevant committees and officers. That is not a bad thing if it protects the members of the credit union, the citizens and the State and results in a more efficient service. However, it will remove some of the community-based ethos and democracy from credit unions, and that needs to be noted. I expect it to be teased out further on Committee Stage.

Credit unions in other countries such as Australia have gone through a similar process of

creating a proper regulatory regime. This led, in the short term, to the closure of some credit unions. I hope that will not happen here and that they will become associated unions or that they merge or amalgamate. In the long term the process worked in Australia through mergers and amalgamations, and it made it a stronger, albeit leaner, movement which is going from strength to strength. Most of the sections in this Bill are based on the report of the Commission on Credit Unions which was published in April this year. The Minister stated that the Bill includes 60 recommendations from the report.

As I said in my opening remarks, I welcome the Bill. It reflects what we are doing in this House, which is trying to create an environment, in a balanced and delicate way, for the credit union movement to operate and to go on to greater things while protecting the interests of the 3 million members and, indeed, the interests of all citizens. This means providing €250 million initially and ultimately up to €1 billion in State funding to support the credit union movement. Clearly, we cannot do that and allow things to continue the way they have been continuing. The credit union movement obviously cannot be blamed in any way for the mess in which we find ourselves, but operational difficulties have been highlighted and these are being addressed in the legislation.

I look forward to the issues we have discussed and others dealt with in the Bill being teased out further on Committee Stage in order that we can produce legislation with which all of those involved in credit unions can work. I hope when the Bill is passed that we can say we have improved the operation and running of the credit union movement, not just for the members of the unions but for all our citizens.

Deputy Frank Feighan: I welcome the opportunity to speak on this important Bill and I thank the Minister for bringing it to the House. I recognise and pay tribute to the contribution of the credit union movement and its members over the years and the valuable work they have done in this country.

The credit union in my home town started operating in a small room 30 or 35 years ago. It received the support of the community of which it is now a part. It is an organisation of people who saved together and loaned money to each other. It is owned by the members and was run by volunteers. That brings challenges but the community knows it is one of their own. I come from a business background and over the years I have seen many credit unions helping out businesses when access to funding from banks was not forthcoming. I do not think that has been recognised. Certainly, when the crash and the downturn occurred five years ago and the banks effectively closed up shop, the credit unions were available to give a helping hand to many businesses. Those businesses would not have survived without that capital injection, albeit small, from the credit unions. I appreciate that many credit unions got caught when the banks were under pressure, but they have played a role in assisting the banks.

This legislation amends the 1997 Act and provides a framework for the governance of credit unions. As Deputy Harrington mentioned, this might negate the role of the volunteer because the credit unions must move into a system of governance that is different from the somewhat voluntary system of the past. I saw this happen many years ago with a football club in my home town. In the 1980s we were fund-raising to buy a pitch and provide dressing rooms. We had a very loose arrangement whereby the secretary talked to the chairman and he talked to the treasurer. There was no huge accounting system. There was nothing wrong and everybody was honest and upfront, but we were advised by the league body that we had to put governance in place. We did that but it was a great deal more difficult because one was obliged to provide

minutes of meetings and various other things. That governance deterred the voluntary aspect because it meant one was responsible for the funds and people's money. If somebody wishes to get involved in a voluntary organisation now, as a result of events that have occurred in recent years they must certainly be able to - I will not say cover their backs - live up to the expectations set down by the Central Bank.

There will be mergers of many of the smaller credit unions, and that will bring its own difficulty. I have no doubt that dialogue and consultation are ongoing within the credit unions and I expect all the views from the smaller unions will be taken on board. The protection scheme of €100,000 is quite reasonable. The credit unions have done a great deal to deter the prevalence of loan sharks in areas of poverty and deprivation because they are of the people and have worked extremely hard to represent the people. I believe many of the views of credit unions have been taken on board, although one cannot take every view on board. I commend the Bill.

Deputy Paul J. Connaughton: I welcome the opportunity to speak on this Bill. The economic crash of recent years was the perfect storm in financial terms, with repercussions that were felt at global, national and local levels. While many families in urban and rural areas of Ireland might not have felt what they were doing would have been impacted upon by the collapse of Lehman Brothers in the United States, the chain of events set in train by the collapse of that bank has had an effect that is being felt by thousands of hard-pressed families throughout the State who are juggling huge household debts, high household bills, unemployment or under-employment and reduced access to credit.

The banking collapse of recent years has caused huge uncertainty in banking circles which has necessitated conducting stress tests on banks across Europe. This has produced quite disastrous results for Irish banks and has highlighted the need for greater regulation of lending. The increased financial regulation has required that financial institutions hold greater reserves. The necessity to increase reserves has created a situation in east Galway whereby many families who regularly get over particularly difficult financial times, such as a child starting college or the expense of Christmas, with the help of a loan from their credit union now find that the loan is not forthcoming and there are no other options available to them.

This Bill arose from the final report of the Commission on Credit Unions. The report was agreed over a nine month period between June 2011 and March 2012 by all members of the commission, including the Irish League of Credit Unions. The Bill covers 60 of the recommendations in the commission's report. I am pleased to note that as part of this process, submissions were sought from members of the public and interested parties. Despite facing huge budgetary difficulties, the extent to which this Government is committed to supporting credit unions was demonstrated by the fact it put aside €500 million to deal with the problems in that sector. This is a very significant injection of funding into the sector at a time when the nation's coffers are empty. It underlines the fact the Government understands the crucial role credit unions play in every community in the country.

The success of the credit union movement in Ireland to date is based on the fact that local volunteers have been willing to give their time to a worthy local cause. The Bill recognises the voluntary nature of the movement but provides greater clarity about the roles of all involved, as well as enhanced training for volunteers and especially for directors. There are four main provisions in the Bill and these deal with prudential regulation in terms of reserves, liquidity and risk management; governance and the roles and responsibilities of various figures; restructuring via transfers, mergers and amalgamations; and stabilisation through the provision of the

aforementioned support to credit unions that are under-capitalised.

I am glad to note the Irish League of Credit Unions has given a broad welcome to the Bill although it has outstanding concerns in the number of areas. In recent weeks, I have had contact with many credit unions in Tuam, Ballinasloe, Athenry and Mountbellew in the Galway East constituency to discuss issues raised by the Bill and its possible ramifications. I met the managers of a number of credit unions to hear their concerns. A concern raised on a number of occasions is that although electronic payments were included in the recommendations of the commission, they have not been provided for in the Bill. Many credit union members believe this is as a result of the banks trying to stymie the credit union movement. The imposition of term limits on board members is another element of the Bill that worries many credit union members. They feel smaller credit unions will find it particularly difficult to find the necessary number of volunteers in a small local area to ensure the regular turnover of board members.

With hundreds of thousands of members, the credit union movement is embedded in communities throughout the country. The credit union often provides the economic lifeblood for families in communities and it is imperative that the Government continues to support the movement and the ideals it represents. Credit unions did not make the lending mistakes of many banks. The voluntary co-operative movement should not suffer for the sins of the banks. The distinction between banks and the credit union movement should be to the forefront of everyone's mind as the debate continues. As the Bill is enacted, we must ensure credit union members and volunteers do not find themselves in a more difficult position because of the irresponsible lending of bankers operating in a loosely regulated and solely commercial venture. Rather than placing obstacles in the way of local credit unions, we must continue to support the movement so that families continue to have access to funds to tide them over difficult periods. We should also continue to support the ideals of the movement, namely, local communities helping themselves.

Deputy John Browne: I welcome the opportunity to speak on the Bill. Over the past number of days, we have received many e-mails from the Irish League of Credit Unions questioning some aspects of the Bill. There is a wide debate outside of the House in the credit union movement, which is a good thing. We all recognise the importance of the credit union sector, which has provided a valuable social and economic service to the people of the country for many years. The credit union is very prominent in Ireland, with approximately 3,000,000 members. For some unknown reason, I had to vacate my position as director of a credit union in Enniscorthy when I became a politician. Seemingly, politicians are not entitled to be on boards of credit unions. I recognise the importance of credit unions and the valuable service they provide to people.

In recent years, they have taken on a different role. In the past, they were seen as the poor man's bank. Credit unions provided a valuable source for people who could not get a loan in the banking sector, such as people on low incomes, those who were unemployed and those in receipt of social welfare income, who found difficult to comply with loan requirements in banking institutions. It is not just now that people cannot get loans from banks. On many occasions, I contacted credit unions to seek support for people in financial difficulty, who needed moneys for different situations. I always found the credit union management to be supportive of, and helpful to, less well-off people.

In recent years, credit unions have broadened their bases substantially. GAA clubs and

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sporting organisations acquired loans for development. Sporting organisations in receipt of lottery funding received loans from the credit union based on ability to repay the loan. My GAA club is involved in that aspect of the credit union. The credit union was very helpful in the development, which was valued at €1.5 million and employed many people in the provision of new dressing rooms and a sports hall and in developing playing pitches. The credit union provides a service for small businesses and organisations seeking to create and hold onto jobs and expand business. At a time when banks were not very helpful, the credit unions stepped into the breach and offered their services.

We must also recognise the 10,000 volunteers who operate credit unions across our country. These people give up their time for meetings, including board meetings and credit committee meetings. Some 5,000 members of staff are employed by the credit union sector, providing a valuable source of employment.

Regulation is very important and is a buzzword nowadays but it is equally important that the credit union should not be over-regulated. It is important the Bill is fit for purpose for credit unions because people have very little faith in the banking system. We do not want to have over-regulation or to destroy the ethos and concept of credit unions and their manner of operation. It is also important to recognise the social aspect of the credit unions and their services so that credit unions are not tied to severe regulations being laid down for banks. In such a scenario, credit unions might find themselves unable to operate.

The Central Bank was mentioned in the Minister's speech and in the Bill. I am concerned about the heavy hand of the Central Bank. Perhaps it was not heavy enough in the past but now it will be very heavy, which will impinge on how credit unions operate in the future. The credit union movement is popular with ordinary people. Credit unions exist in every town and major centre of population. In my county, there are smaller communities where people give their all on a voluntary basis. Where they are no longer able to survive, smaller credit unions will be amalgamated into larger ones. That may be a good thing because then we can have more regulation and accountability on the amount of money collected, held in reserve and allocated. The only way credit unions can survive in the future is on the basis of loans and income from loans. In any amalgamation, it is important to take into account all elements.

The credit union movement is a voluntary movement. The credit union sector has concern about some regulations and aspects of the Bill concerning the restructuring of boards and the length of time people can remain as directors. Some credit union people believe there is too much interference in how this Bill has been framed. Those who have given a lifetime of service to credit union boards should be allowed to remain rather than turfed out because people want to do things differently according to the Bill. Perhaps the Minister can re-examine this when he is replying on Second Stage and when it comes to amending the Bill. Public representatives have received literature, e-mails and statements from the Irish League of Credit Unions. This surprises me because the Commission on Credit Unions has reported and the Oireachtas committees have been in dialogue with the Irish League of Credit Unions and others involved in the credit union movement. I felt that agreement had been reached, but new issues have been raised in e-mails to Deputies.

I received an e-mail today from Mr. Kieran Brennan, chief executive of the Irish League of Credit Unions. He said:

We broadly welcome the Bill and the reform provisions it advances. There are some spe-

cific areas that we believe should be addressed in the Bill. First, items that were not agreed by the commission are now being proposed for implementation in the Bill, for example, the application of Central Banks Acts and the Central Bank (Supervision and Enforcement) Bill to credit unions. Second, matters agreed by the commission have not been included in the Bill, for example, facilitation of shared services, electronic payment accounts and basic payment accounts. Third, there are some proposals agreed by the commission which many individual credit union members have issues with, such as the imposition of term limits and prohibitions on membership of boards and board oversight committees.

The league, as a representative body, is duty bound to represent the views of its members, even if some of these views may be at variance with the commission's recommendations in a number of small aspects.

When the Minister is replying to the debate, he might respond to some of the issues raised by the Irish League of Credit Unions in its communiqués to Members.

We all want the Credit Union Bill to be relevant to the day-to-day needs of credit unions in the future and, most important, that ordinary people who want to avail of loans or invest in credit unions will be able to do so freely, easily and without the excessively bureaucratic systems that now seem to be operating within banking circles.

Deputy Dara Calleary: I welcome the publication of the Bill and the work done by the Commission on Credit Unions earlier this year, which led to the Bill. It is important that we recognise and acknowledge the importance of the credit union movement in Ireland. We have more credit union members per head of population than any country in the world. On a relatively small island, 2.9 million people have accounts in 403 credit unions. At a time when banks are alienating local communities by closing branches and restricting services, the credit union movement is uniquely placed, with a footprint as deep and wide as it has, to fulfil some basic savings needs. While most of our discussion has focused on lending, the credit union traditionally was also a place for savings. It was a trusted broker and we felt we were saving our money locally. The organisation has done outstanding work.

I acknowledge and support what Deputy Browne said about those who serve on boards of directors and give significant time in assessing loans and running an institution. At a time when we criticise directors of financial institutions, it is important that local people are willing to step up and do this in the full glare of their communities. Some of the proposed rules and restrictions on directorships may have the opposite effect from what is intended. In any organisation, whether the GAA or a credit union, it is difficult to get people to volunteer. If we place restrictions, for the sake of doing so, on people serving as directors we may restrict credit unions from growing and we may throw the baby out with the bath water.

I agree with Central Bank supervision. Clearly, this is needed. The fact that 51 credit unions have reserves of less than the required 10% and another 25 are classified as seriously under-capitalised illustrates the need for supervision. This, however, is not the supervision needed for the pillar banks or the big lending institutions. It must be fit for the type of organisation a credit union is, and getting rid of experienced directors while introducing this new element of supervision is not the way to go. I ask the Minister to look at this issue on Committee Stage and also to address it in his concluding remarks.

The credit union movement has issues regarding its ability to facilitate shared services and

electronic payments. The Department is investing considerable State resources in assisting the league in this regard. That is to be welcomed. The more services credit unions can provide, within their remit, the better. In the last number of years, however, some credit unions have gone beyond their remit and ended up in situations such as we saw in Newbridge and in other unions that did not maintain the 10% reserve. The Central Bank acted properly and very quickly. I commend the Minister on the way the Newbridge situation was dealt with so efficiently. Had it been allowed to develop, it would have affected the entire movement and therein lies the problem. A few bad eggs cannot be allowed to ruin the entire movement. Many directors kept their heads, maintained respect for their institution and did not go down the same road as those few. In framing this legislation, which will be on the Statute Book for many years, we must respect the institution and allow for some element of flexibility.

Deputies received a note from the Whips office this morning reminding us that the legislation must be finalised quickly in order to allow the €250 million to proceed. While we need to see the money going into credit unions, I hope the Minister will give time, as we debate the Bill, to consider some of the concerns regarding directorships.

The Personal Insolvency Bill will be a threat to the credit union movement. While that Bill is welcome and needed, credit unions will be in the vanguard of many of the small settlements covered by the Personal Insolvency Bill. As well as lobbying on the Credit Union Bill, the Irish League of Credit Unions needs to focus its energies on readying its unions and briefing them on what is coming with the Personal Insolvency Bill. It would be interesting for the league to provide members of the Oireachtas with a briefing on the projected impact of settlements under personal insolvency legislation, so that we can understand its impact on the credit union sector when it is enacted and begins to take hold. When anyone with a personal loan of less than €20,000 from a credit union avails of the new arrangements, it is the credit union that will take the biggest hit.

As banks withdraw from more and more areas, the credit union will be the only financial institution left in many communities. Deputy Browne mentioned the growing role of credit unions in supporting social projects. We need to work with credit unions and give them some space to do that. Many businesses cannot get funding for small projects that would generate employment. That is what each of the 166 Members of this Chamber should be about. We should give credit unions some element of business lending capability. We do not want to see credit unions having huge business divisions, but a small retailer or a SME owner who wants to buy a piece of machinery and previously might have been able to get a grant from an enterprise board of Leader company should now have the capacity to deal with a credit union. Again, this keeps the business local and there are restrictions on what can be done. The Bill gives us a chance to promote credit unions in doing this.

The role of treasurer is to be abolished and responsibility for accounts and their preparation moved to the manager. This is to be welcomed. Someone will be fully legally responsible for the preparation of accounts. However, the Bill piles new responsibilities on volunteer directors. I would like to think some of the money being pumped into credit unions will be ring-fenced for briefing directors and staff of credit unions on their new responsibilities. This is happening very quickly. The legislation will be enforced in the next few weeks and people's attention will be diverted to the budget. I hope a couple of hundred thousand euro from that €250 million will be spent on ensuring directors cannot say they were not fully aware of their new responsibilities. Work must be done with the Irish League of Credit Unions and the credit union development group around that funding.

Overall, much of this Bill is welcome but a little fine-tuning could be done to make it more flexible so that it will make a real difference. Let us not get rid of the good experienced people who have done their jobs properly to tick boxes and turn over boards. We must allow some element of flexibility because if we do not, at a time when it is impossible to get people to volunteer, we might get rid of experienced people who have a lot to bring to the table.

Deputy Joe O'Reilly: At the outset, I congratulate the Minister for Finance on bringing forward this legislation. It allows for fundamental reform of the credit union sector, reform the sector campaigned for itself over a number of years. It is a radical reform and is part of an overall reforming agenda the Minister has embarked upon in the financial services, banking and credit union sectors.

As the Minister pointed out, this Bill arises from the deliberations of the commission that sat for nine months and included representation from the Irish League of Credit Unions. From the representations I have received on this Bill, however, there must have been a communications difficulty somewhere. Many of the people coming to our clinics to discuss this are not *ad idem* with the commission's report and do not see it as reflecting their views. That is not the Minister's fault but there is a divergence there based on the representations.

One could not overstate the impact of the credit union movement on this country over the years. There are 494 credit unions with 3 million members. We are top of the European league for credit union participation. That is a good place to be. Credit unions have had an impact on people's lives, particularly poorer people, but everyone latterly in every village and town has felt the positive impact of the credit unions. The credit union is a self-help organisation based on the co-operative model and I congratulate the volunteers involved in them. They can be proud of what they have done and we should applaud them today, affirming their good work.

It is worth noting the Government is putting aside €500 million to address liquidity issues in the sector. At a difficult time for the economy, that is an enormous input by the Government in the sector and an affirmation of its good work. It merits mention that this is the case. It is endemic of the malaise that affected the country that this is necessary and we must do it. Someone mentioned to me on my way to speak on the Bill today that the figure going into the credit unions is the same as the money that will be needed to build the children's hospital.

There will be restructuring under ReBo but in my conversations with people from the sector I have noted that we should not always see big as beautiful. Many of the problems in the banking sector down the years suggest that big is not always beautiful; it was big banks that brought us to our knees. It is not necessarily always the right thing. While the facility to restructure might exist, I am glad to report that in Cavan, in my part of the county - Bailieborough, Shercock, Cootehill, Kingscourt, Ballyjamesduff, Virginia and Cavan town - we have very good, functioning credit unions. They are all doing their business very well and responding to local needs. Amalgamations are not always appropriate and while the potential should be there for such amalgamations, it should not necessarily be the default policy position.

It is right to draw a distinction in the legislation between the role of the management team in a credit union and the voluntary directors, with the latter drawing up broad policy while the management execute that policy. Concerns have, however, been relayed to me by voluntary personnel. They are concerned they will have to engage in 15 to 20 hours per year of continual professional development in the financial services field. Professional development and lifelong education is meritorious, but only when we buy into it on a voluntary basis and it suits our

personal circumstances. For a number of volunteers, however, it will not always be possible. Flexibility and common sense must be applied in this area, so volunteers would not be under too much sanction.

Furthermore, I appeal to the Minister on Committee Stage to look at sections dealing with the turnover of directors and the three year movement of officers. In the towns I mentioned, which caught Deputy Tóibín's attention, and the successful credit unions in them, I could cite individual directors for whom the credit union has been a passion and lifelong commitment. I appeal to the Minister to look at this on Committee Stage to see if he can moderate that. I know the objective and theory behind it is excellent but it might not be possible in a small town to have sufficient volunteers for that level of rotation. That should be reconsidered and I ask the Minister to revisit that. It would be inappropriate to go through names but I can think of directors who have been in some of the credit unions for a lifetime. They are needed because they have a corpus of knowledge that is beyond reproach and they are recognised for their probity. The objective is to get rid of the opposite but we do not want to throw the baby out with the bath water so this should be revisited.

The prudential requirements and Central Bank regulations are fair enough. It is wrong to describe the credit union as the poor man's bank but it did provide that service, in addition to a multitude of others. In recent years, it was everyone's bank. I would not want the credit unions' capacity to make small loans based on local judgment removed. I am concerned the Bill will regulate the degree to which that role at local level might be removed. All of us know and can identify people in our community who would rather starve than leave a bill unpaid, people of the highest integrity, but they might not have a good script through no fault of their own with the dislocation of traditional industry and the construction sector. They might not have a script to match their character but the local directors and management would know their calibre. I welcome the regulation in the legislation that the Central Bank must consult with the Minister and the credit union movement when drawing up regulations, but I appeal to the Minister in dealing with the Central Bank on this element not to lose the capacity of the credit union to respond to a local need and local person of quality who should be supported at different stages. That is worthy. It is also correct and a good thing that the Central Bank will modulate or supervise investment by the credit unions. The fact that many credit unions may have had an involvement with Anglo Irish Bank in the past cannot be avoided. We need regulation of credit union investments and I welcome that.

I welcome the legislation in its totality, in particular its reforming nature. I appeal to the Minister to consider three areas. First, the Minister should act to modulate the volunteer sector in order to achieve his objectives but also to deal with the situation whereby excellent personnel of high calibre are necessary in a small town for the purposes of continuity. Second, I ask him to consider restructuring as an option rather than as an imperative, where a good local credit union is operating. Third, I ask him to ensure, through his Department, that the ethos and the traditional function of the credit union, namely, helping out families in need at critical times in their lives, is not lost in the midst of new regulation.

Deputy Regina Doherty: We have very good reason to be proud of our community based co-operative savings institutions. There are over 500 credit unions across the country and they have helped to promote the values of thrift in neglected communities, saving many from penury in the process. In the current crisis, banks are withdrawing from poorer areas and they are leaving credit unions as the main linchpin for ordinary people. Credit unions offer finance at competitive rates to members who have a history of saving with the credit unions in question.

However, as with so many of our financial institutions, they were hit hard by the recession and I do not consider it an exaggeration to suggest our credit union movement is at a crossroads.

At the end of last year, 51 of our 404 credit unions were under-capitalised, 25 of them seriously under-capitalised. The publication of the Credit Union Bill strengthens the regulatory framework for credit unions and provides the basis for a restructuring of the sector over time in a way that is stable and that protects the credit union members. The Minister, Deputy Michael Noonan, said recently that credit unions are essential to our society and, while they had been hit by the financial crisis, he felt they had fared much better than some of our household banking names.

The Bill will bring about radical restructuring and closer Central Bank supervision. The process will be overseen by a restructuring board, ReBo, ensuring that the timetable for restructuring is delivered upon. Restructuring will not apply to all credit unions, however. Some will continue to operate successfully on a stand-alone basis provided they have a viable business model and meet regulatory requirements.

The Government is putting €500 million into this process to make sure it is effective. Crucially, the Bill affirms the power of the Central Bank to calibrate its regulation of the sector according to the nature, scale and complexity of the register of credit unions as the supreme word on questions of solvency, systems and controls. Effectively, the regulator now has unambiguous backing to treat credit unions as it treats banks, as Newbridge Credit Union learned in January when the Central Bank appointed an administrator to run it. The idea behind the new legislation is to create an incentive structure that persuades credit unions to merge into bigger, stronger entities, develop new expertise, sophistication and products, and overcome the systemic difficulties posed by the accumulated loan losses and asset write-downs that have ravaged their balance sheets in at least one of every eight institutions.

With at least 50 of our 404 credit unions holding less than the minimum amount of capital, reform is an urgent issue for their survival. This is a once-off opportunity for the credit union system to take steps that should probably have been taken 20 years or more ago. The process will develop structures and a business model that will make it sustainable for future generations.

The Irish League of Credit Unions, ILCU, has criticised elements of the legislation, particularly term limits on directors and other membership restrictions, as anti-democratic and an attack on volunteerism. I do not believe there is anything volunteers should be afraid of. The Credit Union Development Association, CUDA, has not objected to any of the new governance standards and has actually been lobbying for similar changes for many years. The Bill is about how we can have the maximum number of sustainable credit unions with the maximum presence possible. There are two main drivers for consolidation. On the one hand, it is a way of addressing the current weaknesses in the sector while, on the other hand, it is a business strategy for credit unions that want to achieve the scale necessary to move to a more efficient and sophisticated business model.

The credit unions are especially worried, as unsecured creditors, that they might be at a disadvantage to mortgage lenders with regard to the new Personal Insolvency Bill, where secured and unsecured debt are both at play. They are bracing themselves for heavy losses that could threaten their viability and thus perhaps force them into marriages of convenience with larger institutions. If ReBo begins its work this quarter as planned, the process should be well under way before the losses begin to mount.

The new rules are necessary. The local credit union is part of the financial mainstream these days and looks after millions of euro of members' cash up and down the country. However, greater sophistication and oversight will be better for savers and credit unions alike. It is imperative that the valuable work of credit unions continues at a time when ordinary people have rarely been more bereft of financial support and guidance.

Deputy James Bannon: I welcome this Bill, focused as it is on amending and updating the Credit Union Act 1997. It is, of course, self-evident that the economic landscape in 2012 is vastly different to that of 15 years ago, not that this is, or should be, the prime motivator for such amendment. Natural shifts within the financial sector would be indicator enough that change must be ongoing. In a struggling economy, with confidence in banks at an all-time low, credit unions have a very important role to play throughout the country, particularly in rural areas.

The credit union movement has a place in all of Irish life, so much so that it is considered by many to be very much a national institution. This, however, is to limit the scope as credit unions operate in 96 countries worldwide. I believe the inclusion of the element of volunteerism in the running of these unions creates a valuable social as well as economic ethos, with a unique character. It is this element that increases trust and brings the credit unions into an important position in the communities they serve. This is not in any way to reduce the professionalism of the sector and the diversity of the members.

In many ways, it could be considered that the credit union movement has come full circle. While initially set up to serve the financial needs of disadvantaged individuals and groups, credit unions are now in pole position to update their focus, while retaining their initial *modus operandi* and incorporating an important lending element to what one could refer to as disadvantaged small and medium sized business. By this, I mean "disadvantaged" in the financial sense, given the securing of essential start-up and operational funding has been virtually closed to this sector.

While the current economic downturn ensures that disadvantaged individuals are still well served by credit unions, the credit unions also have a strong role to play in the funding of small and medium businesses. It is my strong contention that the credit guarantee scheme, which facilitates €450 million of additional bank lending, should be operated through the credit union network. This scheme empowers the Minister for Jobs, Enterprise and Innovation to give loan guarantees to a designated lending institution, and the obvious candidate in terms of facilitating local small and medium size businesses would be the credit unions. As enterprise boards and the Minister's own Department oversees the progress of the scheme, this should be more than possible.

The credit guarantee scheme is targeted at providing temporary funding to projects to address specific market failures that prevent banks from lending to some commercial enterprises or businesses by providing a level of guarantee to credit unions against losses on qualifying loans. Likewise, the microfinance fund, which is aimed at start-up, new or growing enterprises with no more than ten employees, provides loans of up to €25,000 for those who do not meet the risk criteria of commercial lending institutions. This fund is an exciting development as it will generate €90 million in lending to 5,500 micro-enterprises and support 7,700 new jobs. Again, this service should be provided through the credit unions.

It is essential, however, that any changes proposed under this Bill will create a blueprint for the sector that will ensure a structure that is planned and coherent.

2 o'clock

Under these criteria, any potential merging of credit unions should be driven by pre-emptive action by weak or failing entities, which should not be allowed to jeopardise the interests of members in the future. In other words, while this Bill delivers on over 60 of the recommendations of the commission report, it is up to the credit union movement to maintain a sustainable credit union sector.

I was interested to hear of an initiative that very much illustrates the power of credit unions to impact in a positive way on communities. I understand that Mercy secondary school in my constituency of Longford-Westmeath, which I previously attended, will from next September offer first year students the option of replacing heavy textbooks with iPads. While, as reported prior to the start of the school year the cost of this initiative was a concern for parents they are now hopeful of purchasing the iPads by way of loan from the local credit union to be repaid in instalments of €5 per week. The elimination of heavy schoolbags will be a huge benefit to the well-being of students. Such community activity is a demonstration of the small but powerful benefit of a credit union presence in local areas.

I welcome the Government's commitment to the credit union sector in terms of the €500 million set aside to address problems therein, despite difficult budgetary constraints and competing needs for scarce resources. This puts the onus on the credit unions to undertake the necessary changes to honour their commitment to the taxpayer, whose funding they have accepted, to deliver a viable sector.

Deputy Peadar Tóibín: Cuirim fáilte roimh an deis labhairt ar an ábhar tabhachtach seo.

I welcome many of the Government's proposals with regard to the credit unions, which have been discussed by the Commission for Credit Unions. This legislation offers an opportunity for further support for the credit union movement throughout this State. It also offers us an opportunity to create a world-class movement here, one which will be an example not alone for Northern Ireland but for the international credit union movement. The success of the credit union movement has been a particularly Irish story. Credit unions are part and parcel of every community in Ireland, North and South. Whether one lives in Dunboyne, Derry, Ballivor or Belfast one has access to a credit union. The credit union movement is an all-Ireland body developing and delivering for people.

Financial institutions across the globe have collapsed around a business model that created elites that were bound together by greed and financial gain. During the past couple of days there have been many discussions about the pensions awarded to board members of banks. The amounts paid to these individuals is shocking, in particular at a time when the Government is enforcing cuts on the poorest in society. Contrast the pay that is received by people such as former Deputies Dick Spring and Alan Dukes and the damage done by Allied Irish Bank and Anglo Irish Bank to the community of Ireland with the voluntary and unremunerated effort by the boards of credit unions in places such as Navan and Clonmellon and their contributions to families and communities. Credit unions are a central part of Irish life.

The Irish League of Credit Unions represents the interests of almost 500 credit unions, 103 of which are based in the North of Ireland. The movement has 3 million members, savings of €11 billion and assets worth more than €13 billion. Credit Unions are available to the people of Ireland during periods of hardship, including in September when children are returning to

school, at Christmas time or when small businesses need a loan to keep them afloat for a short period or to start up a new business. In these times of increased unemployment, increased costs and reduced earning power, credit unions are needed more than ever. Where the banks failed, the credit unions stepped in. They are critically vital in sections of our rural and disadvantaged areas which the banks refuse to service.

In addition to the impact of credit unions on the communities they serve they also provide a different business model, one which is not held together by greed and financial gain. It is a business model that is held together by a common bond of mutual support and trust. It is often forgotten, when we speak of financial institutions or businesses in this State that there are many successful models that include the not-for-profit model, the main objective of which is the common good of society. We must ensure we help such organisations to grow.

The core values of the credit union movement represent the way forward for a sustainability in financial institutions that has been heretofore unseen. I accept that the credit unions are operating in a difficult and challenging environment and that the economic downturn has increased unemployment, leading to difficulties in respect of the repayment of loans. Sinn Féin and the Irish League of Credit Unions fully support the need for enhanced regulation for the benefit of credit unions, their members and society. We believe that the majority of the proposals in this legislation, as developed by the Commission on Credit Unions, are good and sensible. However, I am concerned about the inclusion in this Bill of provisions which were not discussed by the commission, in particular the application of Central Bank legislation from 1942 to 2011 to credit unions and the consequences for them in this regard. These proposals and their impact were not discussed, developed or agreed by the commission. The Department maintains that they will have no real impact on the operation of credit unions. However, this is not the view of the credit union movement. It is not clear from the legislation what aspects of this considerable body of law will be applied to credit unions.

I am also concerned about the application of the Central Bank (Supervision and Enforcement) Bill 2011 to credit unions, which also was not discussed or recommended by the commission. The application of this legislation needs to be clarified by the Government or removed from credit unions until a reconvened commission can discuss these issues, following which subsequent legislation can be drafted. I believe a number of other issues need to be addressed in this legislation, which would ensure a strengthening of it. The credit union movement is looking to the future. The people need progressive and forward facing modern financial services. Essential to this is the provision of shared services across the credit union movement, in particular the development of electronic payment systems. The legislation as drafted is silent on this matter. It is hoped the Minister will reflect on this matter and will at a future date include a provision which enables and promotes the development of such shared services. It has been suggested that the Government is opposed to this out of concern for other financial institutions. I hope this is not the case and that the Government simply omitted to include such a provision.

The Bill is also silent on enabling credit unions to use their resources to invest in socially progressive schemes that would provide a return for their members and deliver for their communities. As I stated earlier, the credit union movement currently has assets worth approximately €13 billion. A fraction of this money could be invested in local communities, thus creating jobs and delivering real change at a time when real change is sorely needed. Surely it is better to borrow from the credit unions than it is to pay exorbitant rates to banks and bondholders. It is hoped the Minister will include a provision in legislation to enable this process.

As I stated, the credit unions embody how a financial institution should operate. They hold true to the core values of working on behalf of members and the wider community. Credit unions reward savers, support members in their needs and invest in business. We need to ensure this legislation does all that is required to progress these core values. Tá súil agam go ndéan-faith an Rialtas macnamh géar ar na pointí a luaign mé agus go gcuirfidh sé leasaithe isteach chun déileáil leo.

An Leas-Cheann Comhairle: I call Deputy Michael McNamara who is sharing time with Deputies Ann Phelan and Dominic Hannigan. I advise the Deputy that the debate will adjourn at 2.15 p.m., and he can continue his contribution when the debate resumes.

Deputy Michael McNamara: I am glad to have an opportunity to contribute on this very important matter which affects rural and urban communities throughout the country. Earlier today I read parts of the judgment in the N. & anor. v. Health Service Executive & ors. case in light of the upcoming referendum. I was struck by the reference to the Book of Kings and the exercise of wisdom required by decision makers in certain circumstances. Wisdom of this nature is required of the Minister for Finance as we come towards the conclusion of Second Stage and move to Committee Stage.

The credit union movement is of tremendous value to all sectors of society but there are problems because, like almost every other sector of society, credit unions got carried away during the boom. Clearly, there is a requirement to regulate credit unions to ensure at a fundamental level that members whose moneys are saved with credit unions are able to receive interest, their moneys are safe, and those who volunteer and participate in credit unions can do so safe in the knowledge that what they are participating in is properly regulated and above board.

There is an expression that one can see what everybody is wearing when the tide goes out. The tide went out in 2009 and many financial institutions appeared increasingly naked. It became evident the investments made by many financial institutions were insufficient and that in many instances there was not enough money to meet the needs of these institutions. To a large extent this is why the State is in the position it is. Unfortunately, credit unions were not immune from this. The Irish League of Credit Unions report of 2009 made clear that problems existed in some credit unions. Nevertheless I would not like to see all credit unions banded with those which were overly flathúlach with the money of others during the good times.

In these more difficult times the need for credit unions is greater than ever. In 2002, during the boom, 240 new people experienced financial difficulty and 200 existing clients received assistance from Clare money advice and budgeting service. These numbers jumped dramatically to 640 new and 600 current dependants last year. Along with the Minister for Social Protection, Deputy Joan Burton, two weeks ago I had the honour to attend in Ennis the launch of a new information leaflet on saying no to doorstep credit. It is part of a joint initiative between MABS, the Citizens Information Board, the Society of St. Vincent de Paul and the credit union to assist people in financial difficulties. The leaflet points out that borrowing €500 from doorstep credit can cost approximately €650 six months later. It is exactly to prevent this type of practice that credit unions were set up, and to enable people who, before the advent of credit unions and before they became widespread, were reliant upon loan sharks and moneylenders to finance their day-to-day activities. While acknowledging the need to regulate credit unions, we should not lose sight of the very important social function which they carry out in society. Ironically, as we realise in these difficult times the necessity to regulate credit unions, the function they carry out is becoming more important than it ever was when they were not regulated.

Debate adjourned.

National Children's Hospital: Motion

Minister for Health (Deputy James Reilly): I move:

That Dail Eireann:

endorses the decision of Government to proceed with the construction of the new children's hospital on the St James's campus on the recommendation of the Minister for Health;

expresses its desire to see this project now proceed as soon as possible, commensurate with the best possible design for optimal quality and safety in the provision of paediatric hospital services for children, with maximum efficiency and value for money and, in this context, supports the Minister's work for the establishment of the appropriate structures to ensure quality assurance, advice and guidance of the project;

welcomes the Minister's decision to bring the three existing hospitals together to form a single Hospital Group as soon as possible, with a single cohesive governance structure, a single budget and a single voice for children's healthcare, to help ensure the most effective development and future running of the hospital;

urges all the key stakeholders to cooperate and collaborate fully, to enable this project to be delivered in the quickest possible time, and in doing so, to produce a world class hospital which will serve as a beacon and an example of effectiveness and best practice of which the entire nation can be proud;

welcomes the publication of the report of the Review Group on the National Children's Hospital (the Dolphin Report) and expresses gratitude for the work of the Dolphin Group in supplying the firm evidence base for this key decision;

expresses gratitude to all those who made submissions to the Dolphin Group; and

supports the Government's determination to ensure that this hospital, which is urgently required, will now be delivered.

I will share time with the two Ministers of State and other speakers.

On Tuesday I was delighted to announce that the Cabinet had accepted my recommendation to develop the new children's hospital at the campus of St. James's Hospital in Dublin. The rejection by An Bord Pleanála earlier this year of the proposal to develop a children's hospital on the Mater hospital site was very disappointing, especially given the many real strengths of that location. In response, I established a review group chaired by Dr. Frank Dolphin to advise me on the best way forward, and the group presented its report to me in June. Unfortunately, after careful consideration and further detailed analysis, the Government decided it could not proceed with a site with such a significant planning risk.

In identifying the new site, we have carefully considered the report of the Dolphin group along with detailed supplementary information on cost, time and planning issues. I must again express my praise to Dr. Dolphin and his group for the key role they played in helping us reach our conclusion. The report of the Dolphin group reiterates what all previous reports on the children's hospital have stated: any decision must be based first and foremost on clinical considerations. Both the Mater hospital and Saint James's Hospital have the necessary clinical mass. Both are at the cutting edge of Irish health care. However, the Dolphin report and subsequent work undertaken by members of that group have made it very clear that the planning risks associated with the Mater hospital site are still significant.

The decision about where the new children's hospital should be situated was not an easy one. Over the summer the Department and I looked closely at all the proposals submitted, each of which had its own particular strengths. I thank all the hospitals which took part in the review process for their hard work and dedicated enthusiasm. In the end, however, a decision had to be made. There can never be a perfect site but, as has been said before, we must not let perfection be the enemy of excellence.

This decision has been made in the best interests of children, with clinical considerations being paramount. It is essential the new children's hospital can deliver best clinical outcomes for children. Co-location with an adult hospital has been deemed essential by the Dolphin report, and by all previous reports on this issue, while tri-location with a maternity hospital is optimal. Co-location, and ultimately tri-location with a maternity hospital, on the St. James's Hospital campus will support the provision of excellence in clinical care that children deserve.

I intend to move quickly to put in place all the necessary arrangements to enable the delivery of this project as quickly as possible and to the highest quality. This Government regards the building of the new children's hospital as a key priority and no effort will be spared in expediting its completion. We must now get on and build this hospital to the highest quality with best value for money as quickly as possible to ensure children receive the best possible treatment in the best possible environment.

Minister of State at the Department of Health (Deputy Alex White): I, too, welcome warmly the decision of the Government on the location of a new national children's hospital. Notwithstanding our critical economic and financial circumstances, the challenges associated with which we are still addressing, the Government has remained faithful to a commitment in the programme for Government to construct a new national children's hospital. This is an important landmark in our building of an excellent health service for the people, particularly children, and it is a vital element of the Government's health strategy. The decision is one in respect of which there was considerable deliberation, weighing of the options and analysis.

I join the Minister in congratulating and complimenting all the professionals involved in this important work, including those who might have preferred a different decision on the location. The work, while technical and very professional, was public spirited. All those concerned were dedicated to the same objective, namely, to reach a quick decision allowing us to build a hospital after the disappointing Mater developments.

As the Minister stated, there is no perfect site and no perfect solution to the question asked. However, this House and the people can be satisfied. In the Dolphin report, the merits, demerits and risks associated with the various proposals were all carefully considered. Subsequent to its publication, the Department of Health and the Minister examined this very clear and helpful re-

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port and carried out a further planning assessment. As the Minister rightly stated, while clinical considerations are paramount, we must have regard to the planning issues and site issues. The Minister arranged for Mr. John Martin and Mr. Simon Clear to re-examine the planning context of the proposals, and they came down very persuasively in favour of the site on the grounds of St. James's Hospital, notwithstanding that it presents some risk. The risk is referred to as "moderate" but, when one weighs it against the planning risks associated with the Mater site, which are significant, one realises the correct decision has been made.

Nobody can say there is a perfect site but it is ultimately up to the Government to make a decision on the basis of the best evidence and analysis available to it. That is what has occurred. I congratulate all concerned and look forward to the building of the new hospital, which will be carried out as quickly as is humanly and financially possible, as the Minister indicated.

Minister of State at the Department of Health (Deputy Kathleen Lynch): I am sharing my time with Deputies Catherine Byrne, Eric Byrne and Michael Conaghan.

Given my constituency, I am probably the only speaker present who does not have a vested interest in the location of the hospital. The old saying, "Prevarication is the thief of time", always springs to mind when dealing with the issue of the children's hospital. The children who are in need of such a service are not particularly interested in the location. While access, planning conditions and the facility are important, the delivery of an excellent, first class service for the children in need of it is of central importance. We really need to keep this in mind.

In the areas for which I am responsible, I am constantly trying to remind people it is not a question of the jobs associated with service delivery but of the individuals who need the service. We must continue to tell ourselves that.

We will have a first class service. I have direct experience, through a family member, of service delivery in Our Lady's Children's Hospital, Crumlin, and I noted the service was excellent, with incredible outcomes. However, the building was inappropriate and it is becoming increasingly inappropriate. We need to bring the type of medicine and service we deliver to our children into the 21st century. We need to do so in an environment in which the children feel comfortable, and we must ensure parents will be glad when the new hospital is built.

I congratulate the Government once again. The decision has been a long time coming. As the Minister said, let us get on with it.

Deputy Catherine Byrne: I welcome the decision to locate the new national children's hospital on the site of St James's Hospital. I respect the decision of the Dolphin review group, which considered the options and chose carefully. Ultimately, the choice of site has been made purely for the benefit of sick children and their families. It is a question of health and well-being and not of political point scoring. It is also a question of ensuring sick children are looked after in the environment most important to them.

The site of St James's Hospital will work very well. The decision to locate the new hospital there has been welcomed warmly. I am sure my colleagues in the Chamber, on both Government and Opposition sides, will do their utmost to ensure we can proceed as quickly as possible despite all the difficulties that may arise.

The site fulfils all the relevant criteria, including having adult and paediatric hospitals side by side. The site enjoys great services, including the Luas and a good bus service. I live very

close to it. I do not envisage too many significant barriers to building a hospital that has been so long awaited. The sooner we have the green light to go, the better. The hospital will be most welcome for everybody in the country, not just those in the James's Street area.

Deputy Eric Byrne: This is a great day for the children of the State and their mothers, fathers and families who have been campaigning for so long for a national paediatric tertiary hospital. I had the pleasure of serving on the board of Our Lady's Children's Hospital in Crumlin for many years. Before that, I was on the board of St James's Hospital. The people will be blessed in that they will have two of the most professional hospitals deliver badly needed services to children.

I remember the horrible days of children having to be flown to the United States for operations because we did not have the appropriate facilities in Ireland. Many children are still flown to London in England for various operations that the medical profession tells me could be carried out in Ireland if proper facilities were available. I am thankful they are now coming on stream. The biggest victory is for the parents and the children, who are so often in need of life-enhancing operations.

The proposed location is of great reassurance to the very many medical professionals, including nurses, be they Irish or Filipino, and other members of staff in Our Lady's Children's Hospital, Crumlin, who have invested in their communities in Crumlin, Drimnagh and Walkinstown, where they have bought property, are rearing families and sending children to school. They are happy to know that, since the new hospital will be within walking distance, they will be able to remain in their communities.

I remember the early days in which the medical professionals in Crumlin had to engage with those in the Mater hospital. There was much tension as there was a different ethos in each institution, one of which was Catholic. Eventually, the doctors and other medical professionals prepared a plan for the Mater site. Although the plan was ultimately abandoned, all the work is not lost and can be incorporated into the new development.

I thank the Dolphin review group for having identified the site at St. James's Hospital and for having been bold enough to suggest to the authorities there that the maternity hospital site was not big enough for a paediatric unit and that a larger one was required that would allow for the construction of a building that would be sufficiently low to prevent major planning problems.

Deputy Michael Conaghan: In choosing St. James's Hospital as the location for the national children's hospital, the Government has opted for the right site for the right reasons. This decision was never about green fields or proximity to the M50; it was about children's medicine. St. James's Hospital was the choice of all the experts, both national and international. It was supported by the existing children's hospital in Crumlin and by such distinguished commentators as John Cooper, the leading architect of hospitals in Europe. Above all, it was the location recommended by Frank Dolphin and his expert group. The scaremongering that took place in recent days, since it became clear that St. James's Hospital was the front-runner, is disgraceful. I am particularly disgusted at the suggestion by the clinical director of Connolly Hospital that an inner-city location would scare children.

Located on the St. James's campus, the new facility will be connected to Ireland's leading hospital. It will have access to an unrivalled level of medical expertise and a range of clinical

specialties that is second to none. This decision is clearly in the best interests of our children. The new facility will bring great prestige to the south-west inner city. It is the equivalent of a major multinational company setting up in an area and will give a huge boost to the local economy. It will create jobs, both in construction and in the operation of the hospitals, and support local businesses. Furthermore, it will encourage a generation of young local people to consider a career in health science.

At the press conference on Tuesday, the Minister, Deputy James Reilly, referred to the potential for creating a medical quarter in the south-west inner city. The new children's hospital will join St. James's, the Coombe, the Trinity Centre for Health Sciences at St. James's and many other services and facilities in the district. It has the potential to be a world-class health campus. Will the Minister expand on the measures he proposes to take to develop and capitalise on this concept? I thank him and his ministerial colleagues for their efforts on this issue.

Deputy Billy Kelleher: I welcome the opportunity to contribute to this debate. Although the Government's motion is somewhat self-congratulatory in its wording, the decision on the development of a national paediatric hospital is welcome. There is a broad consensus that this development is required urgently in the context of a debate that been ongoing for a long time. The McKinsey report in 2006 recommended that construction of a national paediatric tertiary hospital should commence as quickly as possible. Since then, public discourse has featured a range of competing views on the precise location of the facility. This debate was sometimes divisive not only at a political level, but also within the medical professions and among the various hospitals in the city which already provide excellent care under very difficult circumstances. Given that tri-location is a feature of international best practice, the different hospitals were bound to have a view on which would offer the best location.

My party welcomes the fact that a decision has now been made on foot of the Dolphin report. The focus now must be on ensuring there is strong co-operation between all of those involved, most particularly the amalgamating hospitals at Temple Street, Tallaght and Crumlin, in the further development of paediatric services. In tandem with the construction of the facility, it is crucial that there be sufficient preparation in terms of the provision of paediatric specialties and the structures of governance in order to ensure a smooth transition to the operation of the new facility. That is the challenge to individual hospitals and those with the expertise in paediatric care. The focus of the process from now on must be to expedite the construction, support it through the Estimates and ensure there is an upgrading of specialties in paediatric care.

The question does arise as to what will happen in the interim. We are all aware of the strained circumstances in which the Government is operating. My concern in this context is that there might be a natural inclination to reduce funding for the existing hospitals that are providing paediatric care. I am not saying it will happen, but there might be a tendency to downgrade those facilities in anticipation of the opening of the new hospital in 2017 or 2018. If such a downgrade is permitted, it will be very difficult to enhance the provision of the sub-specialties that are required in the area of paediatric care. Some specialties remain dependent on the expertise of the adult teaching hospitals. There must be a clear focus on building up capacity between the three existing hospitals to ensure there is sufficient expertise and specialisation to operate the new facility effectively. I am not seeking to inject negativity into the discourse in raising this issue, but it is a concern that has been expressed to me by management at the various hospitals. The danger is that officials in the Department of Finance who are looking at the budgetary position might conclude that in advance of the provision of the new hospital in 2018, they can scalp a little here and there in the three existing paediatric hospitals. This, however, could

have a detrimental impact on the increased capacity and specialty-building that is required for a national paediatric hospital.

Many people had views on the suitability of the Mater site, which was independently assessed by medical peers internationally. Of the two reports on the Mater option, one was commissioned by the previous Government and the second by the Minister, Deputy James Reilly. The latter stated that all things being equal in terms of medical care, the provision of an adult teaching hospital, maternity and paediatric hospital in a tri-located site was the best option from a medical point of view. The authors of the report acknowledged the difficulty of identifying any site which would fit all of the criteria. The bottom line is that if An Bord Pleanála had made a different decision, we would now be proceeding with the Mater site. The decision An Bord Pleanála actually did make led to a delay in the process and that uncertainty is now concluded with the identification of the St. James's site as a suitable alternative. The latter does not fit the best international practice requirement of a tri-located facility with maternity, paediatrics and an adult teaching hospital located on the one site, but that is something we simply must accept. The report states that there is potential to develop a maternity hospital on the St. James's site. If planning permission is granted for the proposed facility and construction proceeds as envisaged, the next obvious step would be to develop maternity facilities on the campus in order to comply with best international standards not only in terms of paediatrics, but also in the treatment of women who experience complications during pregnancy and after childbirth. All of the international reports suggest this is the optimum type of facility.

As we are all aware, children in this State sometimes have to be transferred to Great Ormond Street Hospital and elsewhere for highly specialised treatment. While our objective should clearly be to provide as broad a range of specialties as possible in our own national paediatric hospital, we should nevertheless seek to enhance co-operation in this area on an all-island basis and between Britain and Ireland. In the case of very high-level specialties, no single hospital might have an absolute capability in delivering a particular service simply because it does not have the capacity or throughput. As well as focusing on the governance structures required to operate the new hospital at optimum capability, we should also consider how the services provided there can be complemented through co-operation with children's hospitals in the North and in Britain, including Great Ormond Street and Newcastle. Is it possible that with close co-operation, children from Britain and Northern Ireland could equally be coming to our national paediatric hospital for high end, specialist interventions? Rather than having a duplication that may not provide the highest level of specialties, we would have co-operation. The Department officials might examine that in discussions with their colleagues in the UK. It is something most people would welcome.

We have an uncanny knack of spending more on construction than we have budgeted for. Due to the downturn in construction costs, there is now a key opportunity to be imaginative concerning the national children's hospital we aim to create. I know there are financial constraints, but €200 million has been set aside from the sale of the national lottery and a capital envelope will be available in addition to philanthropic support. I do not know how much funding support there is from the business sector and the broader community. Some form of tax relief could be made available through the Finance Act to people who make a donation towards the construction of the national children's hospital. I do not know whether that idea has been considered or discussed. If people wished to make such a contribution, that tax relief might encourage those with resources to assist this iconic flagship development for the children of Ireland.

The timeline has slipped somewhat and reference has been made to 2016, which will mark

the 100th anniversary of the 1916 Rising. The 1916 Proclamation referred to “cherishing all the children of the nation equally”. In this context therefore, the Government should at least bring forward some proposal in the Finance Act whereby people who wish to provide any amount of money for the development of the national children’s hospital could offset it against tax. It would be an inducement to encourage people to contribute. I ask the Minister of State to examine this idea, although there may be a downside to it. None the less it might stimulate a bit more interest if people were encouraged in this way.

As regards the Dolphin report, I wish to put on record my party’s appreciation of the efforts of Mr. Dolphin and that group in assessing the sites. We welcome the report’s findings and broad recommendations. Overall there has been strong political support for the St. James’s site but I acknowledge the contrary views. I wish to raise one point, however, that I raised the other day on the Order of Business. The Cabinet made a decision, yet within minutes we were informed by the media that there had been a massive row at Cabinet. We were told that two Ministers, Deputy Leo Varadkar and Deputy Joan Burton, were adamant that the Blanchardstown Connolly Hospital site should have been the location. I have no difficulty with views being expressed around the Cabinet table. I assume that is how Cabinets work, although I was never there. There is meant to be Cabinet confidentiality, however, and a collegial decision. Despite this, we had the unsightly scene of Ministers falling over themselves to get out of the Cabinet meeting as quickly as possible to tell the media locally that they fought tooth and nail for Blanchardstown or other areas. That undermines what we all are trying to achieve here, which is to have this project embraced nationally in order that it will be seen as a flagship project without dissent or division. What happened was unsightly and inappropriate to say the very least. I know that everyone plays to their constituencies, but obviously commitments were made that they would raise this issue. None the less it was grubby.

We now need to see a strong commitment from the Government to ensure a financial stream is available for the development, involving the planning process and including drafting and drawings. There should be no delay in getting approval from the Department of Finance. The sale of the national lottery licence has been mentioned with €200 million being provided. The national children’s hospital project will cost €500 million, which is a capital stimulus in itself. It will provide a lot of employment in the short and medium term, both in drafting and construction, which will benefit the locality as well. This national hospital will be for all the children of Ireland. Proper facilities must be put in place outside the capital city for the transfer of children who may need specialist treatment in the national paediatric hospital. Helipads, ambulance and other transportation services must be available as part of the overall package so that this is seen as a national children’s hospital for the island of Ireland.

I wish the project, and those who are overseeing it, well. The Department should put expertise to the fore to observe the continual development of the project, to ensure it is on time and within budget and that any complications that could arise will be ironed out in advance. Funding is critical. Once the drafting, design and planning is out of the way, a stream of funding must be made available for the continual development of the building until such time as it is completed. In tandem with that, there must be a smooth transfer to the new location of the three hospitals currently providing paediatric services. On behalf of the latter hospitals, I will be watching to see that there is no downgrading or penny-pinching in the new facilities, or any lack of support for the development of the sub-specialties that are urgently needed. As we develop the national children’s hospital, those sub-specialties must be in place in order that a smooth transition can take place from the existing hospitals to the new one.

This is an opportunity for all those providing paediatric services, including consultants and medical teams, to embrace this project and ensure we have an excellent facility for the children of this country in the years ahead.

Deputy Caoimhghín Ó Caoláin: The way this matter has been approached by the Government is very unsatisfactory. We have been presented with a unilateral Government motion when the Minister should have sought consensus now that the location of the children's hospital has been decided. I welcome the fact a site has, one hopes, been chosen finally, but no approach was made to me, as the Sinn Féin spokesperson on health, regarding this motion. There has been no consultation with any of the Opposition health spokespersons, which is the Minister, Deputy Reilly's hallmark, both within his Department and beyond. It is inappropriate for such a self-congratulatory motion to be proposed by the Minister himself and then to be taken in the context of statements. We had all understood that we were here to participate in statements.

I welcome that a site has been chosen finally for the new national children's hospital. This process has gone on for far too long. The immediate priority now must be to move quickly to the planning and development stage. Every effort should be made to expedite the delivery of this vital facility as near to the target date of 2016 as possible, despite the disappointing view from the Minister, Deputy Reilly, that the target can not now be reached.

The story so far of the, as yet unbuilt, national children's hospital has been a sorry saga, not least for the children and parents of Ireland. It is nearly seven years since the McKinsey report recommended a single tertiary hospital for children located in Dublin. The Mater hospital site was chosen early on by a HSE task force but immediately there was controversy about the suitability of the site and competing bids from other existing hospital sites in the city, as well as other bids from potential developers of greenfield sites, became available.

We then had the establishment of the National Paediatric Hospital Development Board by the former Minister, Mary Harney, in May 2007. After further controversy, two successive chairs of the board resigned in October 2010 and March 2011, respectively. The review of the site location commissioned by the Minister, Deputy Reilly, then followed, with the Mater site confirmed in July 2011. At that time, it appeared as though the final chapter had been reached but this hope was dashed with the refusal of planning permission by An Bord Pleanála in February 2012.

I earnestly hope the decision announced by the Government this week is the final word on the issue of location. The focus now must be on delivering this vital and long overdue health care facility for the children of Ireland. However, lessons also must be learned from this overly protracted, complex and highly controversial process and key questions arise in this regard, which I ask the Minister of State to note. Why did it take five years from the initial choice of the Mater site to the submission of a planning application? Why was the negative decision of An Bord Pleanála on the scale of the proposed hospital on the Mater site not foreseen, especially given the years it took to get the planning stage? Alternatively, could such an outcome have been foreseen at all? Perhaps that is the case. Does this decision raise further questions about the consistency and judgment of An Bord Pleanála? After all, this is the same board that approved the monster shopping centre for the nearby Carlton site on O'Connell Street with total disregard for the impact this would have on and the threat it would represent to the Moore Street national monument. What role did medical politics and competition between different hospitals, including key professionals therein, play in this saga? I note there is plentiful evidence of this again, even after the announcement was made this week.

What does all this say about the manner in which the health care system is run in respect of both policy and strategy and the manner in which services are delivered? The State is funding a hospital system in which major hospitals are, to all intents and purposes, independent entities, often acting in a competitive manner and sometimes in a hostile manner, as the location controversy once again has shown, rather than co-operating as integral parts of a coherent network. Certainly, the latter description is what must be achieved and that point must be reached. This saga shows that coherence is still lacking in the system and as such, it is not serving patients well. It is certainly not providing the best value for public money.

One thing is certain, which is the children of Ireland have been badly let down. They have depended for too many years on three existing children's hospitals that are inadequate when it comes to providing the requisite care. Having made that point, I salute the great dedication of staff and the high standard of care provided at Crumlin, Temple Street and Tallaght hospitals. However, these hospitals all agree their premises and facilities are not sufficient and that a new national hospital has been needed and is necessary. While the saga over the location of the new hospital has continued, the aforementioned three hospitals have struggled on. I join with other voices in emphasising it is critically important that they be properly resourced while we await completion of the new hospital. I add my appeal to those made earlier in that regard.

The Government must ensure full support for the existing children's hospitals, which are struggling to cope and to that end, it should halt the vicious regime of health care cuts of the Minister for Health, Deputy Reilly, which affect the children's hospitals as much as other hospitals in the public system. I note the chairs of the medical boards of the three existing children's hospitals have urged the Minister to proceed without delay with the plan to build a maternity hospital at St. James's Hospital. While welcoming the Government decision to build a children's hospital on the St. James's site, they stated that the facility needed to be tri-located with an adult hospital and a maternity hospital. The letter to that effect was signed by Dr. Ciara Martin of the National Children's Hospital, Tallaght, Dr. Stephanie Ryan of Temple Street Children's University Hospital and Dr. Sean Walsh of our Lady's Children's Hospital, Crumlin. It also was co-signed by Dr. Colm Costigan, clinical director of the three Dublin children's hospitals, as well as by Professor Alf Nicholson, clinical lead of the HSE's national paediatric programme, who I knew in an earlier life when we both were serving members of the North-Eastern Health Board, God bless us both.

Deputy Eric Byrne: I thought the Deputy was going to mention some other organisation.

Deputy Caoimhghín Ó Caoláin: Regarding tri-location, the Minister's announcement on Tuesday was most unclear on the development of a new maternity hospital and the relationship between the St. James's Hospital site and the Coombe hospital site. It was difficult at first even to confirm from the Minister's presentation, which I watched on my monitor via the Internet link with the Government press conference centre, that the children's hospital would be on the St. James's site and not on the Coombe site, as the Dolphin report appeared to indicate as a live option. The Minister of State might be more clear in this regard, particularly on future plans regarding a new maternity facility. As has been said many times, no site was ever going to be ideal or perfect and whatever site was chosen would always pose challenges, including the St. James's Hospital site. The disappointment of those who had made the case for other sites is understandable, particularly the Mater Hospital site, which had reached such an advanced stage. It is understandable that some will feel greatly disappointed by this decision.

That said, other matters must also be addressed now and my Sinn Féin colleague represent-

ing Dublin South-Central, Deputy Aengus Ó Snodaigh, has stated the St. James's location is good news for one of the most disadvantaged communities in Europe, not merely on this island, and it is to be hoped the Minister will ensure there will be a social dividend to the local host community, over and above the jobs the hospital will bring to the area. There should be a local labour clause and the construction team and the hospital management should work with the nearby local regeneration projects to ensure they also benefit. There is ample evidence of how this can work on the island of Ireland and it is of huge importance to have a social clause in all of this as the project proceeds. The adjacent Fatima Mansions and partially derelict James's Street should be borne in mind while building work is occurring on-site, with many empty apartments and retail units available for ancillary services and for homes for nursing and other hospital staff. A much wider view should be taken of the potential of this new development within its host community. It is to be hoped this will lead to the regeneration of local business in the vicinity and in the medium term will further encourage the long-awaited regeneration of the largest social housing complexes in Dublin, namely, Dolphin House and St. Teresa's Gardens.

I echo the call on the Minister by my colleague to clarify for what future uses the existing children's hospital buildings will be used. In particular, I am very interested in Our Lady's Children's Hospital, Crumlin which has had recent building works carried out, including operating theatres, wards and other facilities. In the limited opportunity available at the end of this debate, I ask that a reply be given to these questions, as there is considerable concern as to the Government's intentions regarding those facilities, particularly those in Temple Street and Crumlin, with a particular focus on the latter in my case. I wish to place on record my support and that of my party for the proposal that the new hospital be named after Dr. Kathleen Lynn, founder of St. Ultan's Hospital, medical doctor and participant almost 100 years ago in the 1916 Rising. She was one of the most courageous and dedicated of Irish republican women and indeed of Irish women generally. She laboured for decades in her hospital in the service of the children of the poor, which was both progressive and pioneering. As for her vision for its expansion, anyone who takes the time to explore the full story will note her efforts were thwarted by the then all-controlling hand of one John Charles McQuaid. We need the inspiration of women such as Kathleen Lynn today. She is a fine person to be so considered and for her memory to be respected into the future.

In conclusion, I urge that this national project be expedited and delivered as soon as possible. Every possible support and encouragement certainly will come from this quarter in that regard. I refer to what I hope is my understandable annoyance about a motion that literally was simply flown in.

3 o'clock

It was landed on our tables without so much as a telephone call or a by your leave. That was utterly inappropriate.

We must now shift the focus entirely from where the national children's hospital will be located, as we hope to be absolutely certain it will proceed at the St. James's campus, which I fully support. We must now consider what the hospital can do for the children of Ireland. There is the matter of displacement, as mentioned by the Minister of State's colleagues earlier, and we still see young people in need of particular specialties being flown from here to Great Ormond Street Hospital. I have been directly involved in a number of cases from my own constituency and elsewhere in that regard, and it will be truly wonderful when the people of Ireland will be able to access all of its respective specialty and wider care needs at this new facility for the

children of this country.

Deputy Joan Collins: I move amendment No. 1:

After the final paragraph, to insert the following new paragraphs:

“calls on the Government to ensure:

- that, pending the opening of the national children’s hospital on the St James’s campus, the existing children’s hospitals be properly funded for much needed facilities and investment;
- that workers in the present hospitals will be guaranteed jobs in the new hospital, and that they will not have to reapply for their positions; and
- that a public health facility should be maintained on the Crumlin children’s hospital site.”

I welcome the Government’s decision to locate the national children’s hospital at the St. James’s campus, which is relatively near the Coombe. There was no perfect site for the hospital but it is a welcome relief for the many parents of children who have been waiting for a decision to be made after the fiasco of the past seven years. With other local politicians I was part of a campaign to save Our Lady’s Children’s Hospital. Many people felt the Mater site was not practical for parents to access with regard to traffic in the city centre, taking in location, size and density. It did not seem practical for children who are very sick and need help and support.

It is a welcome decision for parents nationally and the workers involved. Many people who rented accommodation in the area will not have to travel across the city to look for somewhere else, and people who have roots in the community will not have far to go, including those from Tallaght, Temple Street hospital or the Crumlin and Drimnagh area. Community organisations would also welcome the decision.

The decision emanated from the report of the Dolphin review group, which had among its number four paediatric professionals; in itself that was good because those people would indicate if a site was not agreeable for a national children’s hospital. I also note the three boards at Crumlin, Tallaght and Temple Street hospitals welcomed the decision. We should move speedily to planning applications, although it has already been indicated that the new national children’s hospital will not be open for at least six years. There is a concern because doctors have described facilities in Crumlin and Temple Street hospitals as obsolete and not fit for purpose. Children require proper facilities now in the three hospitals that are providing care. For example, the cancer ward in Crumlin has no private rooms for terminally ill children, and parents of critically ill children are sleeping in corridors and wards. Similar problems are to be found in Temple Street, which has cramped and outdated facilities as well. There was a recent report, for example, that children with wheelchairs cannot access wards. Facilities must be maintained and resourced, and the first part of the amendment calls on the Government to ensure that existing children’s hospitals would be properly funded in order to procure much-needed facilities and investment.

Workers, particularly those in the cleaning area, are concerned because they may have to reapply for their jobs in any new children’s hospital. These people’s jobs should be guaranteed by the hospital and over time these people should not feel any discrimination.

A public health facility should be maintained on the Crumlin site. Deputy Ó Caoláin asked what use would be made of the site and the campaign with which I was involved wanted to see a public health facility in and around the hospital. I hope the Government will take on board the aspects of the amendment I have put down. It is important to workers in the area and the community. Moreover, the three current children's hospitals must be properly funded and facilitated.

Deputy Finian McGrath: I thank the Ceann Comhairle for the opportunity to speak to this urgent and important debate on the proposed new national children's hospital. I am very disappointed by the Government's decision on this major national issue. I have always wanted the hospital location based on the best medical opinion, and that should have always been the priority. This is not about parking cars or visitors to hospitals but rather best international practice and saving children's lives. During the debate in the past couple of months, we have seen many distractions, which I will address later.

My support from the outset has always been for the Mater Hospital proposal. I listened to all sides of the debate, involving many international experts who made cold and practical medical decisions, and all of them came down on the side of the Mater Hospital's proposal. I did so too, having listened to the different views. It is not a popular position but it is important that this view is represented. It is not trendy and I have received a fair amount of criticism over a number of weeks from people I term "the traffic brigade". We are talking about a children's hospital and not worries about parking or clamping. We should be concerned about having the best medical people in the same complex and area, working together to save children's lives.

This is not about traffic or space but the very best international medical practice and providing the best expertise for sick children. I was saddened by some of the misinformation doing the rounds in this debate over the past few weeks, particularly as it related to the Mater site. Professor Brendan Kinsley has indicated that the hospital's new bid deals with any planning concerns from the first proposal, as it has fewer floors and more land than previous plans. He also indicated that the hospital was chosen by an independent international team of medical experts as the best place to house the new children's hospital.

The original proposal for the Mater site was rejected by An Bord Pleanála, which prompted for the process to be opened again. Listening to experts and people with medical experience, the issues become clear. Professor Kinsley has indicated that the Mater is the only location that can deliver an adult, maternity and children's hospital in one place. The Minister knows this. Professor Kinsley argues that the planning problems in the Mater site bid have been addressed. He points out that the hospital board was not involved in the original plan, which was put together by the national children's hospital development board; we have not heard that point doing the rounds over the past nine or ten weeks. Professor Kinsley states: "Tri-location is the principle. We have addressed the planning issue. We have brought down the height of the proposed new development and increased the footprint by a third". He also said that the decision must be based on what is best for children and not the lowest common denominator of planning, which is a fair and reasonable comment. He also stated that the Mater adult hospital was a brand new facility and had been delivered on time and on budget. These are major pluses in this debate. Professor Kinsley stated the Mater hospital was picked by experts in a process that involved all the major hospitals, including St. James's Hospital. This fact has not been doing the rounds, but it should have been heeded.

For these sensible reasons I proposed and supported the Mater hospital plan. It is not a lo-

cal political issue. The hospital is in Dublin Central whereas I represent Dublin North-Central. The key issue is that many people were excited by the plan and have been bitterly disappointed. However, the reality is that we must consider the issues of child health, child care and children's services.

I hope that nothing goes wrong with the new planning proposal, given all the discussion and money that has been spent. The €26 million spent on the Mater hospital proposal has gone down the drain. Government Members should consider what they could do with €26 million in terms of services for people with disabilities or, for example, carers, where there is a shortfall of between €10 million and €12 million. A group of people visited me yesterday on that matter. How many minutes do I have remaining?

An Ceann Comhairle: The Deputy's time has concluded.

Deputy Finian McGrath: My apologies. I was disappointed about the Mater hospital site, as I believed it to be the best option. However, the decision has been made and I hope we can build a hospital that will serve the children of the State.

Deputy Seamus Healy: I welcome the opportunity to contribute on this debate on the national children's hospital. I also welcome the decision that has been made. Regardless of what our opinions on sites were, we must move with all haste to build a children's hospital as soon as possible. It must be a priority.

For a number of years, there has been unanimity regarding the need for a hospital that would provide primary services for children from the Dublin area and tertiary services for children from the rest of the country. It was also the view that, while existing services were supported excellently by staff and parents, they were not up to standard and needed to be replaced by a new children's hospital.

I wish to ask about the timescale for the new development. It took approximately five years to establish that the project could not continue on the Mater hospital site. I hope that something similar will not recur. Will the Minister indicate the timelines for the development stages? He stated it could be 2018 before children would be cared for in the new hospital, but that is too far down the road. I hope and expect it will be done more quickly.

I wish to raise the issue of a maternity hospital. Priority was given to co-location with an adult hospital, but everyone accepts that tri-location should have been the real criterion. I was surprised and disappointed by the Minister's statement to the effect that a new national maternity hospital had been put on the backburner. Will he address this issue in his response? What is the timescale for the building of such a hospital and when will the preliminary work begin? Some people have suggested the maternity hospital aspect is so important that the new children's hospital should be built on the Coombe site. This indicates how concerned people are about a lack of tri-location.

A number of Deputies have raised another concern, namely, the Minister's opinions on Crumlin, Tallaght and Temple Street hospitals and how they will be upgraded, their services will be maintained and their standards will be improved so they can provide excellent services pending the construction of the new national children's hospital. I hope the Minister will assure the House that resources will be made available and that there will be no question of reducing resources to the existing hospitals prior to the new hospital opening.

An Ceann Comhairle: That completes the initial statements. We now move to questions and answers. I ask Deputies to be considerate, as we only have 20 minutes. Deputies should be snappy with their questions. I will take two questions, call on the Minister and allow two further questions, if that is agreed.

Deputy Billy Kelleher: I will be brief. In the context of the transition from the three existing pediatric hospitals, what commitments can the Minister give to the effect that their facilities will not be downgraded? We are trying to ensure that strong pediatric specialties develop prior to the move to the national children's hospital. Will the Minister commit to providing sufficient financial support for the continued development of pediatric services in the three existing hospitals? They could be covered by a single governance and budgetary structure without any downgrading. This is the key issue.

What funding streams will be put in place for the new hospital? The sale of the national lottery will provide €200 million, but will the rest come from the capital programme, philanthropy or somewhere else?

I raised an issue in the Minister's absence. Will he speak with his colleague, the Minister for Finance, concerning the potential to encourage philanthropy by way of tax relief on donations to the development of the national children's hospital?

Deputy Caoimhghín Ó Caoláin: Will the Minister assure the House that the new hospital will increase overall bed capacity and reduce waiting times for children? In other words, will the sum of the beds in the new hospital exceed the total number of beds at the three existing sites? Waiting time, not location, is the primary concern for parents. They need to see significant improvements in waiting times. What of the future with regard to the hospital facility at Crumlin? Will the Minister outline for the House exactly what is intended there?

I would like to share my opportunity with my colleague, if that is fine.

An Ceann Comhairle: That will not be a problem. I will call Deputy Crowe separately.

Deputy Caoimhghín Ó Caoláin: I thank the Ceann Comhairle.

Deputy James Reilly: To address Deputy Kelleher's question, of course funding will remain available for the development of new treatments within pediatrics. However, the further development of the hospitals at those sites would not make any economic sense when we are building a new hospital. None the less, Crumlin has received funds that it is using to develop new surgery facilities etc. on its site. Clearly, to continue developing new facilities as opposed to new treatments at that site would not make as much financial sense as focusing on and expediting the provision of the new hospital in so far as we can.

I take on board Deputy Kelleher's suggestion *vis-à-vis* the Minister for Finance and the tax treatment of philanthropic donations to the new hospital. I will raise it with the Minister.

Some €200 million from the national lottery and €360 million of capital funding will be used to complete the hospital's development. We are satisfied that we have the money required to complete construction. We are looking to philanthropy for investment in research, research facilities and education. We think that would be a hugely important aspect of what this new hospital affords us the opportunity to explore, so that we can develop new treatments not just for the children of this country, but for children around the globe.

In response to Deputy Ó Caoláin's first question, the new hospital will have more beds than the current complement but I do not think that is what is important. The Deputy's second question is the important one which continually consumes me. For far too long, there has been too much focus on inputs - how many doctors and nurses there are, how much money there is and how many beds there are - and not enough focus on outcomes for patients and, in this case, outcomes for children. How many children are treated and how quickly are they treated? That is the key here and I am absolutely convinced that this new hospital will afford us the opportunity to treat many more children much more quickly and to reduce waiting times considerably.

Deputy Eamonn Maloney: I have two specific questions and I will be brief. My first question relates to the development board which will oversee the construction of the hospital and the delivery of the services. Will it remain as is? There is a view among some sections of the media and politicians that we should just build this and get it over with. That was the attitude adopted towards the Mater site. The Minister, others and I do not want to be back here in a short space of time covering the same territory. All those people are doing us a disservice and that is why I am concerned about the delivery of the hospital, although I do not think the Minister will be pushed into a situation. As others have said, it is about children's health care for perhaps two generations or more. It is important we get it right.

I refer to the ambulatory and urgent care centre to be located at Tallaght hospital, where I would have preferred the children's hospital to have been built. Will the Minister comment on the scope and the role in regard to its delivery?

I know it is far too early but I heard Deputy Ó Caoláin refer to Kathleen Lynn in regard to naming the hospital and I am with him 100%. She was probably the bravest woman, or most courageous person, to become a Member of the Dáil. She did not stay very long but that is for another day.

Deputy Seán Crowe: I refer to the decision itself. Many hospitals applied to have their sites selected. People are concerned about how the decision was made and I have trawled the media and listened to the Minister in this regard. In the interest of transparency, how did we come to the decision? Many hospitals believed they fulfilled many of the criteria, including the one in my area.

Deputy Maloney asked about the ambulatory and urgent care centre. There was also talk of a maternity element in Tallaght but I presume that will now be knocked on the head. Questions have already been asked about the future of Crumlin children's hospital. What will happen to Temple Street children's hospital, which was linked to the development of the Mater site?

The Minister said he had no concerns in regard to possible planning difficulties but there are difficulties in respect of this site. There are buildings on it which will cause major problems in regard to planning. Access, which people raised in regard to the Mater site, will be a problem. Any fool who travels through that area in the morning and tries to get in and out of that hospital will know there are major difficulties there. I detect that there will be problems. I know there Minister is confident there will not be the same problems as with the Mater site but there is concern locally in regard to many of these matters and how they will impact on people.

Deputy James Reilly: In response to Deputy Maloney, the development board remains in place. The terms of office of many of the people on that board will expire on 5 December. I have stated publicly that I wish to engage with them to see what role they see for themselves

in the future. I said on radio yesterday that some people have interpreted this in some sort of negative way but I see it as a very positive thing. The people who served on the board served very well. I regret, as I am sure they do, that it was not possible to build on the Mater site but the planning risk was too high. I have absolutely no doubt that many of those people can have a role in the future and I hope they will avail of the opportunity to do so, in particular in the area of philanthropy.

I would be concerned, as Deputy Maloney is, about any sense of let us just get it over with quickly. This is not a case where that approach is suitable. There is much complexity. I suppose I am answering Deputy Crowe's question too in that there is still much difficult work to be done and difficult decisions to be made in regard to this hospital and I do not underestimate the planning difficulties. At no point did I say I had no concern about planning. I still have concerns and I acknowledged that in the report by saying that the risk is moderate and has been mitigated significantly by the fact that the original site which was 2.44 ha has now been expanded to 6.2 ha. We have a much greater site on which to operate.

The issue of tri-location is very much on the cards. We have ample room on this site to build not only the national paediatric hospital, but to build a maternity hospital in due course. As we all acknowledge, this country faces a very serious financial challenge and the funding is simply not available to do a tri-location at the moment but I hope we will be able to achieve that goal. There is sufficient land left for that and for other developments in the future.

I have no doubt the nomenclature of the hospital will attract much attention and all sorts of discussions on how we might decide that and, indeed, whether there should be a competition involving the children of the country. That question remains open.

In regard to the ambulatory and urgent care centre and the scope around that, there were three areas on which we could not make a final decision until the site was agreed. One of them was the ambulatory and urgency care centres because until we knew where the hospital was going, we could not determine how many of these centres we would need. The original plan was for one in Tallaght but perhaps we will need two or three and we need to examine that now. We will do so very quickly. The other areas were governance and information technology. Those areas are being aggressively addressed as I speak.

In regard to the Coombe hospital going to Tallaght and that whole issue, nothing has been decided yet. The process is important, and it will be important to all those people involved in the bids. I said in my opening remarks that I wanted to thank all of them for the efforts they put in. Each of the bidders, in regard to the hospital groups, made very genuine and well-intentioned bids for what they felt was the best option for the future treatment of children in this country. I acknowledge and thank them for that.

The process was very fair and open and the reports will be made available and published so there can be no question of doubt that something as major as this, which will have to serve our children for a number of generations, as Deputy Maloney said, was done in the best interest of children and of affording them in the shortest time possible the best environment in which to receive what they often already receive, the best treatment.

Deputy Eric Byrne: The Dolphin report, in looking at the proposal from St. James's Hospital, recommended that the site be larger than that proposed, thereby eliminating the proposal by St. James's Hospital for the maternity hospital at the Rialto end. The whole site will be devel-

oped as the national paediatric hospital. The Minister would be very conscious that the Coombe hospital is very old. We were both there recently and to my horror, I was brought from where the Minister spoke to Cork Street through very narrow ancient corridors. It was very strange, so we must urgently address the need for the maternity hospital. I was delighted to hear the Minister say there is still a possibility of it on St. James's Hospital site. Will the Minister now encourage the board of St. James's Hospital to look afresh at its site with a view to relocating the planned maternity hospital there?

I will conclude with a question that has already been posed. Bishop Martin is the chairman of the board of Our Lady's Hospital for Sick Children, Crumlin. That hospital will continue to function as a paediatric hospital until the new hospital is opened. Will the Minister engage with the Roman Catholic Church, which owns the site, with a view to seeing how we can accommodate the bishop in the delivery of other services such as senior health care, primary health care, care of the disabled and so forth on the site? It would be a shame to lose that site to developers or others in the future.

Deputy Mick Wallace: I understand the approximate timetable for the project is six months to pick a design team, one year to design it and another year to go through the planning process. I am aware that under the strategic infrastructure Act passed some years ago this project will not go through the local authority but directly to An Bord Pleanála. I developed the Italian Quarter in conjunction with Dublin City Council. We sat down with the council and while we designed it the council officials advised us at the same time so there was no row at the end of the process, as was the case with the Mater hospital proposal. An Bord Pleanála is not structured to work in this way; that was not the initial thinking behind it. However, this is not an appeal. Perhaps a structure could be set up in which An Bord Pleanála could be proactive with the designers, unravelling difficulties at an early stage rather than running into problems further along the process. An adjustment of An Bord Pleanála would probably be required to make this work, but it is something the Government should consider. It would be time well spent as it could save time and money and ultimately result in a happier arrangement.

Deputy Joan Collins: There are three aspects to the amendment I tabled. Pending the opening of the national children's hospital, will the Government ensure the existing children's hospitals will be properly funded for much needed facilities and investment? The Minister visited Crumlin hospital a number of years ago in respect of ward closures due to funding. There are problems with the cardiac unit and there are problems in Temple Street Children's University Hospital as well, where the doctors have said the facilities are obsolete and not fit for purpose. We really need a fantastic national children's hospital at St. James's Hospital but there is concern that while we wait for that the services elsewhere should not be allowed to go downhill or fall behind. There is also concern that workers in the existing hospitals would be guaranteed jobs in the new hospital. This means that if there are 50 cleaning jobs in the new hospital, the workers from the three other hospitals should be given first access to them and not have to re-apply for their jobs. In addition, a public health facility should be maintained on the Crumlin children's hospital site. What is the future for that site? The church gave those grounds to the HSE to develop the site and it is part of the board. It would be a useful public health facility in the future.

Deputy James Reilly: In response to Deputy Eric Byrne, I have serious concern about the three maternity hospitals in Dublin. All of them are under pressure. Thankfully, there are more births in this country than ever before. Previously, there was an average of 60,000 births per year, but it is now 72,000 or more and the maternity hospitals in Dublin are creaking at the

seams. They all require upgrading. It is a serious matter and as soon as we have this problem resolved we will have to deal with that problem. It is an acute problem, so I am examining it very aggressively and trying to explore ways in which we can secure capital that would allow us to address the issues that these hospitals raise for new mothers and newborn babies.

I apologise to Deputy Crowe. I forgot to reply to his question, which Deputy Collins and Deputy Byrne also raised, about the future of the Crumlin site. Of course we will engage with the proprietors of the site to explore its future and to see what contribution they are prepared to make to the overall movement to the new paediatric hospital.

The well known difficulty we all must live with when building a new structure, be it a home or hospital, is that one must maintain the existing structure and continue to give people a safe service with dignity. The issue of tri-location is very much alive. There is no question that just because we have not made a decision today, it will not be something we see as the optimum thing to have at the end of the day.

Deputy Wallace raised the issue of the timeline of six months to get a design team, a year for design and a year for planning. We will do everything in our power to telescope and minimise that. I agree with what the Deputy said, as I had the same experience. Wearing one of the many hats I wore before becoming a Member of this House, I developed a town centre. I know how the planning process works and about the to-ing and fro-ing about the design to ensure everybody is happy and that it gets a positive decision. That is more difficult to achieve with An Bord Pleanála, which has historically been the port of last call. It does not consult. In fact, what I hope to do, without changing any legislation, is to use the good offices of Dublin City Council. I will ask it to become an interlocutor between the design team and An Bord Pleanála so a conversation can take place without involving any lack of probity or proper behaviour. That would give the team a clear steer on where it is going so we can avoid a refusal or minimise and mitigate that risk. We do not want that to happen a second time. We can shorten many of these timelines too by doing certain things in parallel and we are considering that. One thing we are doing is retaining the existing design team for the initial phase so we can expedite things very quickly.

Deputy Collins and others raised the funding issue. The funding of the paediatric services will continue as it is. As I mentioned to Deputy Ó Caoláin earlier, I am very focused on outcomes, not inputs. I am happy to inform the House that there are 800 fewer children waiting for inpatient treatment this year than last year. Our focus will continue to be on getting more children treated more quickly. That is what this new hospital is about, as well as creating new treatments from which not only our children but children around the world will benefit.

An Ceann Comhairle: The Minister is now entitled to a few minutes to reply to the debate.

Minister for Health(Deputy James Reilly): I will be brief. I thank all Members for their contributions. We all want to see this hospital built as quickly as possible and we all want what is best for our children. I do not doubt any Member's bona fides in that regard.

It is an important time for the children of Ireland. At a time of immense financial challenges for our country, the Government is determined to follow through on its commitment to build a world class children's hospital. Ultimately, a nation can be judged on how it treats its children, particularly its sick children. On the St. James's Hospital campus we can achieve, over time, the ideal of a fully integrated tri-location of children, adult and maternity hospitals. The build-

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ing can and must become the iconic symbol of our resolve to provide the best model of care for all the children of Ireland. It is also important to point out that it is often at times of greatest difficulty that we bring out the best in ourselves and can produce the best results. This is another opportunity to do that. Ultimately, it is about putting children first and even in these difficult times the new children's hospital can and will become a beacon for all of us. This decision will also advance the social and economic development of our city.

It is our duty and that of all the people involved - the hospitals, clinicians, all the staff in the hospitals, the general practitioners, GPs, all involved in primary care and those who will be tasked with building and delivering the hospital - to pull together as one. I have no doubt this project will cause inconvenience in terms of traffic during its construction. I hope we remember the great prize we are looking to at the end of the process and that we show forbearance and good humour and help those who have this difficult job to do it as quickly as possible. Those in existing paediatric hospitals must, in effect, become one and be the new national children's hospital immediately, long before the facility is opened as the new national paediatric hospital. A wholehearted, co-operative effort is essential to the success of the project. I hope we will not hear about people representing the hospitals they previously represented as opposed to being interested in making the new hospital work on behalf of all children.

I intend to move quickly to set up the necessary structures and governance arrangements to enable the delivery of the project as quickly as possible and to the highest quality. The Government, the Department, the HSE, the partnership hospitals and I are determined to see the project happen. It can be a beacon for us in these difficult times. Let us make this, for all our children, a world-leading hospital of which we can be proud.

I thank all those involved for the hard work that has gone into the project. I am committed to providing the best possible health service for our children and their families. I look forward to progressing the building of the hospital as soon as possible, giving the children of Ireland a world-class hospital, which they deserve.

While I accept the spirit of amendment No. 1, I cannot accept the amendment as it would tie the hands of the Government in a manner that could be counter-productive and could place an additional burden on the Exchequer.

Deputy Caoimhghín Ó Caoláin: The Minister was not here when other Opposition spokespersons had their opportunity to make statements. It is regrettable and counter-productive that the Minister thought it necessary to table a self-congratulatory motion in the first instance. We had signalled that it should be statements and there has been no engagement with Opposition spokespersons regarding the motion launched into the pit at the last minute.

An Ceann Comhairle: Amendment No. 2 cannot be tabled until amendment No. 1 is disposed of.

Amendment put and declared lost.

Deputy Mick Wallace: I move amendment No. 2:

After the final paragraph, to insert the following new paragraph:

"calls for a structure to be put in place to facilitate engagement between An Bord Pleanála and the design team at all stages in order to fast-track this project."

The Minister was hoping to use local authority planners as a liaison with An Bord Pleanála. This morning I spoke to planners in the local authority. While it may not be legally possible, the Minister should pursue working in a different way with An Bord Pleanála. Perhaps the Minister can speak to An Bord Pleanála to see if it is possible to meet at an early stage. An Bord Pleanála is the decision maker at the very end but this will be a drawn-out process unless we seek to change the structure.

Deputy James Reilly: I accept the Deputy is trying to expedite the process but the proposal may have the effect of delaying it if we must put in place a structure and introduce legislation. I take on board the sentiment expressed by Deputy Wallace. We are anticipating his suggestion in terms of using the existing planning structures to have an interlocutor, a planning authority, to deal with An Bord Pleanála. Having spoken to senior officials in one or two of the local authorities, I believe we can do so. I hope Deputy Wallace will withdraw the amendment on that basis and I will happily talk to him afterwards about how we can expedite the process.

Deputy Mick Wallace: Out of the goodness of my heart, I will not press the amendment.

Amendment, by leave, withdrawn.

Question put and agreed to.

Topical Issue Debate

Pigmeat Sector and Poultry Industry

Deputy Heather Humphreys: I thank the Ceann Comhairle for the opportunity to raise this important issue, which is particularly relevant to my constituency in view of the loss of 90 jobs following the closure of Co-operative Poultry Products Limited, Cootehill, two weeks ago. This was a major blow to Cootehill and the surrounding areas. Unfortunately, the increased price of feedstuff and the difficulty in obtaining a fair price from the supermarket chains were major contributing factors in the difficulties facing the company. One of the main problems facing the pig and poultry industries is the increasing cost of feedstuff and their inability to secure an increased market price for their product from supermarkets to reflect the increased cost of production.

The issue of primary producers getting a fair price for their product is a long-running matter. The programme for Government contains a specific commitment to enact legislation to regulate certain practices in the grocery goods sector. The Minister for Jobs, Enterprise and Innovation, Deputy Richard Bruton, intends to give effect to this commitment through legislation, which will allow for the introduction of a statutory code of practice in the grocery goods sector to provide some protection to primary producers. While I appreciate work is under way, it is vital it is treated as a matter of urgency since the entire poultry and pig industries are at risk. I ask the Minister of State for any assistance she can give to progress the matter as quickly as possible.

It is clear that, over recent years, the retail industry has been controlled by a very small number of multinationals. They are creaming off an unjust percentage of the retail price and using

cheap poultry and pigmeat as loss leaders. Other issues of great concern are the level of cheap imports, which is killing the Irish trade, and the amount of loose chicken being imported from countries such as Brazil and Thailand which is available on butcher and supermarket counters. I put down a parliamentary question some months ago and it was alarming to discover that poultry meat imports into Ireland have increased from 49,133 tonnes in 2002 to 85,361 tonnes in 2011. This is an increase of 74% in the amount of poultry meat imported into Ireland. Imports from Brazil have increased from 1,165 tonnes in 2002 to 4,022 tonnes in 2011, an increase of 245%. Imports from Thailand show an increase of 472% from 1,227 tonnes to 7,029 tonnes in 2011.

Speaking as a housewife who does look at the country of origin when doing my weekly shopping, I never see any labels that say produced in either Brazil or Thailand. We need to address this issue so Irish consumers know exactly what they are eating and where the food is coming from. Can the Minister guarantee that the chickens produced in Brazil or Thailand are produced under the same strict guidelines as those produced in Ireland, and is the slaughter line manned by veterinary staff as happens in Ireland?

There is huge amount of imported chicken going into the catering industry, and the Irish consumer is unaware of this fact. Unless it clearly states it is Irish produce most of the chicken we are consuming in restaurants, in fast food outlets, and sourcing from butchers is not Irish, and consumers are not aware of this.

The issue of labelling needs to be urgently addressed and the following information should be provided on all chicken and pork products that appear on Irish supermarket shelves: the name of the country where the animal or chicken is born; the name of country where it is reared or fattened; and the name of country where it is slaughtered. We need urgently to pass legislation on country of origin labelling that will allow the consumer to make an informed choice when purchasing meats. We also need to ensure the catering industry provides information to customers on where the meat they are consuming is being sourced.

Minister of State at the Department of the Environment, Community and Local Government (Deputy Jan O'Sullivan): I thank Deputy Humphreys for raising this issue. I am taking this matter on behalf of the Minister for Agriculture, Food and the Marine, Deputy Simon Coveney. I will convey to him the issues raised by the Deputy. The issue of labelling is of particular concern to her.

The Minister is aware of the importance of the pigmeat and poultry sectors to the Irish economy. Together, these sectors have a farm gate value of almost €500 million and support over 13,000 jobs directly and in ancillary services. These sectors account for more than 70% of the meat consumed in Ireland and have a presence in all areas of the country.

The Minister and his Department are also aware of the concerns currently being expressed by the sector, particularly with regard to feed costs. High costs, most notably for cereals and compound feed, remain an issue. Producers are especially affected by the increase in cereal prices since June 2009, given that cereals account for approximately 70% of feed.

Market prices for cereal-based animal feed and soya are a function of global supply and demand dynamics, currency relativities, weather conditions and other external factors.

Increasing feed prices in 2012 have arisen, primarily due to poor weather conditions in the USA, Brazil, Argentina, Russia and the Ukraine. The expected shortage in cereals comes on

top of relatively poor harvests in recent years, a growing world population and a rising middle class in China. Thus there is a rising demand for animal feed and animal feed-based products at a time when supplies are short. Given that Ireland imports much of the feed used in both the pigmeat and poultry sectors, the impact of price increases in these commodities is acute in these sectors.

Against this background, producers have in recent years taken measures to increase feed efficiency and output per unit. Furthermore, while input costs have increased significantly in recent years, the returns available to producers have also risen sharply. This has helped ameliorate the situation to some extent.

At the end of October, pigmeat prices were almost 24 cent per kilo ahead, year on year, which equates to an increase of more than 16%. Compared to the same week in 2010, per kilo prices have risen by over 40 cent per kilo, or almost 31%. The forecast decline in the European sow population and consequent lower production and ongoing high demand for European pigmeat internationally should lead to even higher prices in the coming months.

The production model in the poultry meat sector in Ireland is quite different from that in the pigmeat sector, with a high degree of vertical integration between processors, who supply stock, feed and other inputs, and growers, who typically provide housing and capital equipment and who rear the stock to slaughter age. In this sector the prices paid to growers depend on contractual arrangements with the processors. EU market statistics published last month suggest that broiler prices across the EU are marginally higher than in 2011, while CSO statistics for July suggest that output prices are 20.6% higher than last year.

The Deputy will be aware that, due to Ireland's membership of the Single Market, unilateral actions or interventions to support individual sectors is not permitted. For his part, however, the Minister and his officials will continue to press the European Commission to make use of all the available market supports when circumstances require it, to ameliorate the worst effects of price volatility. Indeed, the aids to private storage scheme introduced for pigmeat in 2011 played a significant role in putting a floor under pigmeat prices at that time. This, together with release of cereal stocks from intervention, improved the situation somewhat at that time.

In the context of CAP post 2013, the Minister will continue to press for the retention of flexible market support schemes which can be deployed as a safety net when circumstances require, with a view to ameliorating the worst effects of price volatility.

Domestically, a number of initiatives have been explored and developed. For example, Teagasc, through its Moorepark pig research facility and the provision of FETAC courses in pig production and benchmarking pig herd performance, plays a critically important role in improving productive capacity at farm level. Teagasc has also circulated producers with a number of the options available to them to reduce feed costs and improve feed efficiency.

The Department of Agriculture, Food and the Marine and its agencies have supported both the pigmeat and poultry sectors through the provision of capital investment grants to assist in compliance with welfare regulations, through Bord Bia's promotional campaigns and through the development and operation of the Bord Bia Pigmeat and Poultry Quality Assurance Programmes, PQAS, which are a critical component in consolidating the position of Irish product on the domestic market.

With regard to upcoming animal welfare changes in the pig sector, the Department intro-

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duced a targeted agricultural modernisation scheme, TAMS, for sow welfare in June 2010. Grant aid is available at a rate of 40% to eligible producers. The provisions of the scheme were modified earlier this year to allow multiple applications from pig farmers with more than one sow house, together with an increase in the ceiling to €500,000 for the first house and €300,000 for each of the next three. Furthermore, in order to ensure that as many pig producers as possible would be in a position to comply with the new EU animal welfare rules, the Minister extended the closing date for applications to the end of January 2013. All applications received during the period of this extension would now be included in a new final tranche for which a sum of €3 million has been made available. The final date for completion of work and the lodgement of payment claims is 30 September 2013. This will bring to €16 million the funding made available to pig producers under the sow welfare scheme.

In the poultry sector, the Department also operated a scheme to assist egg producers in complying with the conversion to enriched cage production systems in 2011. A total of €16 million was made available and a subsequent Food and Veterinary Office, FVO, audit in February of this year confirmed that Ireland had complied fully with the requirements.

In so far as international trade is concerned, the Minister has been extremely active in developing relationships in new and expanding markets in order to build the kind of confidence in Irish production and control systems that provide a platform for long term trading relationships in the future. During his trade mission to China earlier this year, the Minister raised the issue of market access for both pigmeat and poultry, and hopes that this engagement will ultimately deliver a considerable return for the Irish pig and poultry sectors.

Deputy Heather Humphreys: I thank the Minister of State for her response. I note that she says the Minister is aware of the concerns I have raised. I am glad to hear that.

What the pig and poultry producers are looking for is support, not necessarily financial support, from the Minister for Agriculture, Food and the Marine.

I want to reinforce the lack of information that we have on imported poultry and pigmeat. As an example, we have no idea what percentage of meals provided in publicly funded places such as hospitals, prisons, Army barracks, Government Departments or, indeed, in this House are of Irish or imported origin. We need an assurance that the produce we eat is Irish.

The true potential of the poultry and pork industry is not being fully realised and in order for these two industries to play their part in meeting Harvest 2020 targets they need to be supported and given the same opportunities as the beef, lamb and dairy industries.

The poultry sector has requested assistance from the Minister in setting up a poultry council so that all stakeholders can work together for the benefit of the industry. I ask the minister to facilitate this.

The difficulties facing the pig and poultry industry are serious.

4 o'clock

If this is not treated as an urgent matter, we are going to find ourselves in a serious situation where the future of these industries will be under threat, which will have a hugely negative impact, particularly on the Cavan-Monaghan area, which has a high percentage of pig and poultry farmers. I ask the Minister of State to convey that to the Minister.

Deputy Jan O'Sullivan: I will convey that to the Minister. I have outlined some of the supports the Minister has provided, particularly on two issues, the poultry council and labelling. We all want to be aware that what we purchase and eat is Irish and is not labelled misleadingly. The Government wants to do everything it can to clarify this so I will pass on the Deputy's concerns to the Minister for Agriculture, Food and the Marine.

Acting Chairman (Deputy Seán Kenny): We will now move to the third topical issue from Deputy Brendan Ryan. We agreed at the outset that because the Minister of State, Deputy O'Sullivan, is replying to the first and third issues, we would take them in that order.

Deputy John Perry: I am answering the second issue.

Acting Chairman (Deputy Seán Kenny): Then we will revert to the original order.

Deputy Mattie McGrath: The lady Minister was going great.

Deputy Jan O'Sullivan: I will back for the third issue, Mattie.

Tourism Promotion

Deputy Robert Troy: I thank the Ceann Comhairle for selecting this item for debate and I thank the Minister of State for attending.

This is a critical issue for the tourism industry in the midlands. I have highlighted this to find out why the midlands has been excluded from the second biggest overseas market. It is said there are 44 million people in the US who claim Irish ancestry. In 2012, the advertisement that was run in the United States vacation planner published by Tourism Ireland and distributed throughout the USA, with a circulation of 175,000, made no reference to the midlands. The map that was published left the midlands completely blank and indicated tourists coming to Ireland could tour from Dublin to Dublin along the coastline in ten days doing 122 miles per day. In the advertising material in the same publication in 2010, three pages were dedicated to the midlands that highlighted the mix of amenities we have to offer, from Mullingar to Athlone, Longford, Enniskillen, Roscommon, Carrick-on-Shannon and Tullamore. It is not just an issue affecting my constituency; it affects the entire midlands region.

The only advertisement run in the 2012 publication was organised by Belvedere House and Gardens itself, with the tag line "Your President did it, you can too.", making a play on the fact President Obama visited the midlands when he came to Ireland in 2011. When we talk about the Government's jobs strategy, tourism has been highlighted as a central plank of the strategy, and the statistics used by Fáilte Ireland for The Gathering suggest that for every 70 overseas visitors who come to Ireland, a job is created. Why, then, did the Government let Tourism Ireland leave the midlands blank when advertising in the second biggest market?

The midlands has plenty to offer any tourist. In my constituency, Westmeath County Council developed Belvedere House and Gardens at a cost of more than €10 million. Athlone castle was recently renovated. There is the Hill of Uisneach, Kilbeggan distillery, one of the largest whiskey distilleries in the world, Kilbeggan race course, the Royal Canal, the Grand Canal, the River Shannon, huge numbers of lakes and Abbeyshrule, just down the road from my own home, which is the tidiest town in Ireland. Tourism Ireland, however, has still chosen to leave the midlands out of its advertising in the United States.

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It is very disappointing the Government has let this happen and shows its neglect of the midlands. Last night, I had the pleasure of attending the launch of *mullingar.ie*. This initiative was developed by a number of prominent business people and community activists in Mullingar, supported by Westmeath County Council, the county enterprise board, Leader, the Chamber of Commerce and Celtic Media, the group that owns the *Westmeath Examiner*. They have designed a website to promote Mullingar and to show all there is to offer. International stars Niall Horan of One Direction and Niall Breslin come from Mullingar, as did the late, great Joe Dolan. The members of this group are doing it for themselves, they are not relying on the Government to market them.

Why in 2012 were the midlands omitted from Tourism Ireland marketing in the United States? It is not the Minister of State's responsibility but I want a clear commitment in the House that this will not be repeated in 2013. The midlands have plenty to offer and I want to ensure we get an equal amount of advertising by Tourism Ireland.

Minister of State at the Department of Jobs, Enterprise and Innovation (Deputy John Perry): I am replying to this topical issue on behalf of the Minister for Transport, Tourism and Sport, who unfortunately cannot be in the Chamber this evening.

In so far as this issue relates to advertising by Tourism Ireland, the matter raised is purely operational for the agency concerned. The Minister has no role in day to day matters such as the content or design of advertising by either Tourism Ireland or indeed the tourism industry.

Tourism Ireland is the all-island tourism marketing company established under the Good Friday Agreement by the then Bord Fáilte and the Northern Ireland Tourist Board. Its memorandum and articles of association govern its operations and it is accountable to its board and, at policy level, to the North-South Ministerial Council established under the Good Friday Agreement. The company has responsibility for all-Ireland destination marketing, the tourism brand Ireland, the delivery of regional and product marketing and promotion activity on behalf of Fáilte Ireland and the NITB, and the overseas office network. It receives funding both from my Department and the Department of Enterprise, Trade and Investment in Northern Ireland.

As a North-South body, Tourism Ireland operates under a business plan which is approved by the North-South Ministerial Council. Day to day decisions are made within the context of that business plan. While an annual business plan is agreed by the NSMC, the plan simply gives a broad overview of strategy and targets for the year. Ministers have no role in terms of deciding the details for material used in the overall promotion of the island. Not only would it be impractical to have such a hands-on role, it would also be highly inappropriate to have involvement in such decision making. I do not claim to have any expertise in the business of advertising and marketing but it is my job to protect the interests of the taxpayer by ensuring that such material is what is most effective in driving business, rather than what is reflective of local interests.

With regard to the specific issue raised by the Deputy, I am informed that Tourism Ireland does promote the midlands as part of its extensive global destination marketing programme in the US and in other key markets overseas. In this regard, some recent activity in the US has included in April Tourism Ireland targeting 2 million potential US visitors in key gateway cities with a promotion on the lakelands region, which included a video on President Obama's visit to Moneygall. Tourism Ireland also invites key US media and trade contacts to visit Ireland and the midlands region to experience at first-hand the wealth of things to see and do here

for American holidaymakers. In September, representatives of top-producing American travel companies visited Ireland to attend a workshop with over 120 tourism providers, including many representatives of the midlands region. Their itinerary while here included a visit to Clonmacnoise in County Offaly and Castle Durrow in County Laois.

More generally, it is important to note that Tourism Ireland's current advertising campaigns in the United States, Jump into Ireland and The Gathering Ireland 2013, are not geographically specific but feature aspects of Irish tourism products, activities and attractions which research has shown appeal to US visitors. In a long-haul and large market such as the US, it is clearly Ireland that is to be promoted as a destination and attempting to promote smaller regions on a stand-alone basis would be counter-productive. It should also be noted that US visitors to Ireland are very region-friendly and visit several areas, including the midlands and particularly on CIE tours, during their visits which, on average, last for approximately nine days.

In terms of future priorities, obviously our main focus will be on The Gathering Ireland 2013. The event will be the biggest tourism initiative ever staged in Ireland and will consist of a year-long programme of festivals, events and other gatherings in every region of the country. The aim is to bring an additional 325,000 overseas visitors to Ireland. The Gathering 2013 is targeted at people living abroad with a connection to Ireland, whether through birth, ancestry, family connections, friendships, business, education or personal interest as well as at those who simply are curious about Ireland. Tourism Ireland is actively promoting The Gathering in our main overseas markets and I am aware that the midlands region has a number of planned gatherings next year which will be included.

Obviously the US market generally remains critical to Irish tourism. Visitors from this market continue to stay longer and spend more than the average overseas visitor to Ireland. Fortunately, we have performed strongly in terms of visits from North America recently. Last year alone we had more than 1 million visits from North America which was an increase of 8.1% on 2010 while figures for the first nine months of this year show a further slight increase of 0.6 % compared with the corresponding period in 2011. Tourism Ireland recently undertook a wide-ranging review of the market and it has set the ambitious target of achieving further growth of over 20% in visits from the US by the end of 2015. I have no doubt that all areas of Ireland, including the midlands, will benefit from such growth. I am quite certain Deputy Troy will be welcoming all these US visitors to the midlands. I look forward to continuing close co-operation between the tourism agencies and all tourism stakeholders to ensure these ambitious targets are met, which no doubt they will.

Deputy Robert Troy: The Minister of State said that operational matters are matters for the agency, and I agree. Now that we have highlighted a specific issue, however, I want the Minister of State to intervene to ensure there is a level playing pitch and every part of Ireland gets equal marketing. Everyone knows that parts of the country are getting preferential treatment in terms of marketing and attracting foreign visitors, which is unfair. The midlands has plenty to offer, including the Royal Canal, Grand Canal, River Shannon, the lakes and many other amenities such as Belvedere House and gardens, all of which I have highlighted. I want the Minister of State to give a commitment that either he or the Minister will raise this issue with Tourism Ireland to ensure the midlands gets fair treatment. I have a copy of the advertisement showing an entire section of Ireland was left without marketing. It was just blank, as if the midlands were a desert island.

The Minister of State mentioned The Gathering and many good projects in the midlands are

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in the offing, but they are all community driven. Last night in Mullingar the community led in launching www.mullingar.ie to show what we have to offer in that provincial town in West-meath. I want the Minister of State to give a commitment that he will speak to the Minister for Transport, Tourism and Sport to ensure the midlands - a broad region encompassing more than just my constituency - will get fair play in terms of advertising in 2013 because we have not got it in 2012. In the equivalent publication in 2010, we got three pages but nothing in 2012, which is unfair and needs to be addressed.

Deputy John Perry: I believe last night's event was funded by State agencies. The Deputy mentioned Enterprise Ireland, county councils and Leader, all of which are funded by the State. They are obviously very actively involved with Mullingar which is a very important initiative to launch. They will be funded by State agencies as well. It is very much driven by the community and is about public private partnership, which is how tourism should be.

The Deputy is talking about one piece of literature and I have no doubt that does not represent what was stated in the reply. Nobody is excluding the midlands in any sense. There is a video with President Obama which is being actively promoted in the US. The North-South body, Tourism Ireland, has a job to do and it is not appropriate for the Minister, as he correctly said, to intervene in a region. However, the entire island of Ireland will be actively promoted. The Deputy has cited one piece of literature he has seen, but it is not reflective of Fáilte Ireland in any sense in the promotion of the region. It is very much actively promoted.

When people come here from the US on a nine day trip, it does not mean they just go to Dublin and Cork and do not go up through the midlands. From my experience, people tour the country. They have destination stops all over the region. It is unfair to say people do not visit the middle of the country - Athlone and the surrounding regions. That would be a long stretch of the imagination and I do not believe that is the case. There are significant attractions there and no doubt people are visiting the region. There was huge promotion with President Obama coast to coast in the US. It is being used by Fáilte Ireland in the US at the moment. The Gathering represents an opportunity for everybody to get involved.

The Minister has delegated to Tourism Ireland the function of branding Ireland as a place to come. Last year 1 million visitors came from the US alone and next year there is an expectation of increasing visitor numbers by 325,000. I have no doubt that State agencies and the private sector will play a role in promoting the region. I have no doubt the tourism body in the region is very actively involved. I am quite certain the transcript of this script will be going to Fáilte Ireland as well. Clearly, there is only one piece of literature to which the Deputy referred in which he felt there was an omission. By and large that would not be the mindset of Fáilte Ireland. That is only one publication. I have cited many other-----

Deputy Robert Troy: It is the main publication for vacations in America.

Deputy John Perry: The Deputy stated that there was no intention to promote the vast region in the middle of the country. That is not the case.

Deputy Robert Troy: And it will not happen next year. I thank the Minister of State.

Coastal Erosion

Deputy Brendan Ryan: I thank the Ceann Comhairle for allowing me to speak on this most important matter in the House today. I have been pushing strongly to get this matter discussed and I welcome the opportunity given to me today.

The issue of coastal erosion in the Burrow, Portrane, in north Country Dublin, is not something new. The sea has threatened and eroded the area for decades, but it is the increased pace and severity of this erosion in recent times which makes this a critical and most topical of issues at this time. Two weeks ago 6 m to 7 m of sand dunes were washed away in one night. As a result of this, according to Fingal County Council, there are now only 17 m between some houses and the eroding sand dune edge.

The Burrow is an area of the Portrane peninsula composed of houses and businesses flanked by dunes and estuary foreshore. It is bounded by the Rogerstown Estuary to the north and west, to the east by the Burrow beach and to the south by the urban area of Portrane village. Many people have homes in the Burrow, with most in immediate proximity to the Burrow dunes and beach. It is these homes and some businesses which are in need of urgent help before they are swept away. It is getting that critical. I grew up close to the area affected and, having lived there for many years, have seen the erosion over time.

This is not a new issue, nor could it be as coastal erosion is a natural occurrence. However, this should not be an excuse for not addressing what are very real concerns for the many people who live in the Burrow and who are witnessing the tides coming closer and closer to their homes. The immediate situation needs to be addressed urgently and long-term preventative measures need to be found and implemented. I ask the Minister for Agriculture, Food and the Marine, along with the Minister for Public Expenditure and Reform, if funding can be urgently allocated and works carried out by the Office of Public Works and-or other relevant bodies to protect the citizens of the Burrow in Portrane.

The residents of this area have expressed their concerns for years but they feel they are being ignored. They also feel it will take a number of houses to be swept away before their concerns are taken seriously. Their concerns have obviously been heightened with the extreme erosion that took place in October coupled with the fact that high tides are forecast for November and December. I ask that immediate attention be given to the area of the coastline damaged two weeks ago and that all necessary repair works take place without delay. I ask that this issue be addressed as a matter of great urgency and that long-term, realistic and sustainable measures be identified and implemented without delay.

I am aware that there may be concerns regarding the possible impact of work undertaken in one coastal location on adjacent locations. However, this cannot be used as a reason to conclude that nothing that can be done. The residents, businesses and public buildings in Portrane must not be left at risk of continued extreme erosion. All stakeholders, Government and local authorities, must approach this in an inclusive and holistic manner to ensure best outcomes for the residents of The Burrow in Portrane and recognise that the short and long term protection of their homes and businesses is at stake.

Deputy Jan O'Sullivan: I thank Deputy Ryan for raising this serious issue. I can assure him that the Department of the Environment, Community and Local Government and I wish to assist in whatever we can. I would first like to clarify the role of the Office of Public Works, Fingal County Council and the Department of the Environment, Community and Local Government. I note the Deputy's reference to other Departments and the need for a co-ordinated on

a response to this matter.

Overall responsibility for coastal protection rests with the Office of Public Works. However, management of the situation in Portrane, County Dublin, referred to by the Deputy, is first and foremost a matter for Fingal County Council, which is the local authority for the area. In September 2004, the OPW assumed the role as lead agency for flood risk management in the State. This involves co-ordinating the national flood risk management direction and the actions and activities of Departments, local authorities and other key stakeholders. The OPW also has powers to implement works to reduce the risk of flooding in coastal areas. Local authorities also have such powers directly under the Local Government Acts. The Department of the Environment, Community and Local Government does not, therefore, have any direct role in this matter and is only responsible for the granting of any foreshore lease or licence that may be required to facilitate work at the site. The carrying out of an assessment of the situation in Portrane is a matter for the local authority, which in this instance is Fingal County Council.

I have been advised by the OPW that in 2009 it received an application, under its minor flood mitigation works and coastal protection scheme, for funding of €60,000 for a coastal monitoring programme at Portrane and Rush beaches and that the application was not approved as it did not meet the scheme's criteria. However, it is still open to Fingal County Council to submit a fresh application under the scheme for measures to address erosion problems at Portrane. Any application received will be considered by the OPW in accordance with the scheme eligibility criteria, which includes a requirement that any measures are cost beneficial and have regard to the overall availability of resources for flood risk management. Application forms and related guidelines are available on the OPW website.

As I have already said, my role in cases such as this relates to consideration of foreshore consent applications should any works be proposed for the foreshore. On this specific matter, an application was made by Fingal County Council for consent under the Foreshore Act 1933 to construct a flood defence system at Burrow Beach, Portrane, to protect houses located on Claremont Road. These works consisted of two elements, namely, removal of sand from a beach situated in Baldoyle Bay special area of conservation, SAC, and the use of that sand to build sandbag flood defences. Following a review of the application by my specialist advisors, significant additional information was requested from Fingal County Council, including adequate mapping to clarify whether the proposed flood defences were located on State-owned foreshore and an environmental appraisal report on the potential effects of the proposed removal of sand from the special area of conservation. In order to strengthen this report, the council was advised to enter into direct consultations with the National Parks and Wildlife Service. The council is also investigating the option of sourcing sand from an inland site negating the need for disturbance of the special area of conservation. The matter currently rests with the council to clarify whether the proposed works are located on State foreshore and whether sand will be removed from the special area of conservation.

We are not sure if a foreshore licence will be required. It is for this reason the mapping has been sought from Fingal County Council. If the sand can be removed from a location other than the special area of conservation, it would be easier for the work to be carried out. I acknowledge that this is a serious issue and thank the Deputy for raising it today.

Deputy Brendan Ryan: I thank the Minister of State for her reply. Unfortunately, however, she has no responsibility in relation to this matter. Also, the latter part of the Minister of State's reply relates to Baldoyle rather than Portrane or Rush. I would ask that it be revised.

The Minister of State also indicated in her reply that primary responsibility for this matter rests with Fingal County Council, which I understand. This matter comes within the remit of a number of Departments. I am interested in hearing the response of the Department of Agriculture, Food and the Marine in the context of its responsibility in this area.

I appreciate that coastal erosion can be a complex issue and that when dealing with a naturally occurring phenomenon we can be presented with many challenges. I also appreciate the difficulties that all Departments, including the Department of the Environment, Community and Local Government, face when allocating funds. However, I strongly suggest that not addressing this issue immediately will result in further costs in the future. This is an issue that is not going to go away. As I stated, erosion is a natural occurrence and will continue if not addressed. As was demonstrated in October, it can become more aggressive without any notice.

The works previously undertaken to safeguard the sand dunes on this coastline were done in good faith and with the best intentions but they were not long term solutions. A comprehensive and possibly cross-departmental approach is required to provide the best possible protection for this area of coastline. We need to ensure that all possible solutions are given consideration and that a long term solution is put in place.

The people of Portrane are not just concerned, they are worried and extremely anxious. They are witnessing the ongoing erosion of their coastline and can visibly see the dangers that they face. They cannot solve this problem themselves and need the help of the Department of the Environment, Community and Local Government and Fingal County Council to do so. We cannot wait until homes disappear into the sea before addressing this issue.

Acting Chairman (Deputy Seán Kenny): The Deputy is over time and must conclude.

Deputy Brendan Ryan: We cannot allow this situation to develop to a point of a catastrophic emergency. This is a very serious matter which needs urgent attention.

While I acknowledge that the Minister of State is not in a position to give the following commitment, I ask that the Minister, as part of the process of finding a solution, agree to his officials, in conjunction with officials from Fingal County Council, meeting representatives of the residents and businesses of the Burrow to discuss their very serious concerns.

Perhaps as the Minister of State is standing in for the Minister she might take a chance and give that commitment on his behalf.

Deputy Jan O'Sullivan: The Deputy stated earlier that he is primarily addressing this issue to the Minister for Agriculture, Food and the Marine. I will convey his concerns to the Minister, Deputy Coveney.

By way of clarification, I am responsible for foreshore licence applications. There is a specific application for a foreshore licence to construct a flood defence system at Burrow Beach in Portrane. On the sand issue, while the sand would come from Baldoyle Bay it would be used at Burrow Beach Portrane, which is somewhat relevant. The mapping information requested is specifically to clarify whether a foreshore licence is required to undertake that specific work. While the Deputy may be speaking of a bigger area, the latter part of my reply is relevant in that regard.

I appreciate that this is a cross-departmental matter. I take on board the Deputy's request

for a cross-departmental response on this matter. I realise it is a serious issue and that it has been raised on a number of occasions by Deputy Ryan. It is important this issue is addressed for residents. It is also important Fingal County Council responds to the queries raised by the Department of the Environment, Community and Local Government in regard to mapping of the area. It is hoped that response will be received as soon as possible. We all want to ensure a response to this issue which is very worrying for residents in the area.

Hospital Services

Deputy Mattie McGrath: I thank the Ceann Comhairle for selecting this topical issue for debate this evening. I note that requests tabled by other colleagues to raise similar issues have been withdrawn as they hope to have a meeting with the Minister. I hope we will make progress on this issue.

I take this opportunity to express my distaste and concern that the Ceann Comhairle refused a Special Notice Question today from the Technical Group regarding this morning's decision by the Supreme Court. This is very unfair and unwise. We could have debated it and introduced legislation tomorrow if necessary to defer the referendum.

I am delighted the Minister for Health is in the House to take the question. If something is not broken one should not fix it. Dublin has a population of 1.2 million people and has ten hospitals. The south-east region, which I represent along with other Deputies and Senators who are present, has a population of 500,000 and only four hospitals. We bought into the idea that Waterford Regional Hospital would be one of the eight centres of excellence. We did not like the fact that South Tipperary General Hospital in Clonmel lost services but we allowed them to go on the grounds there would be specialties in Waterford such as cancer care. We all made a deal and we are happy with it. We support each other.

We cannot now have a different situation because of the Higgins report or the ideas of some geniuses in Kilkenny that they want to link up with St James's Hospital in Dublin. We want to protect our regional status. We have a population of 500,000 people, and the Minister can give all the reasons he likes but we are told this is the magical number required for a regional hospital. We also have the ambulance service required to transport people. Consultants, patients, doctors and nurses have all bought into the idea. It would also be a major blow to the economy of the south-east region which we cannot afford. The south-east region has lost much and we cannot afford to lose this. It is a matter of life and death. We must keep the hospital as it is.

Deputy Halligan also tabled a topical issue and on his behalf I wish to say we want to have a system of honour. The agreements made with Waterford Regional Hospital on the transfer of services should be kept. Consultants or others should not smash and grab services from South Tipperary General Hospital. I appeal to the Minister to leave the system alone. He has enough problems to deal with. We have a perfect working system in Waterford and we go there for specialist treatment. We need to be left alone. We must have confidence in the service. This was the model held up and proclaimed throughout the country. I ask the Minister to leave it alone. It is not broken so he should not fix it.

Deputy Caoimhghín Ó Caoláin: It has been widely reported in recent days that the report by Professor Higgins into the number and composition of the new hospital groups and their relationship to the university sector will result in an effective downgrading of Waterford

Regional Hospital and the relocation of vital services to already under pressure hospitals in Cork and Dublin. This news has been met with outrage and consternation by the entire community in Waterford and the Minister needs to understand the potential medical and economic implications of this move for the people in the wider south-east region. The clinical director of Waterford Regional Hospital, Rob Landers, has said the removal of vital cancer, neurology and cardiology services from Waterford would have a devastating effect and understandably so. In the context of these reports I must ask the Minister to confirm whether the Higgins report recommends as reported the downgrading of Waterford Regional Hospital and the reconfiguration of services in the region with specialties currently available at Waterford relocated to hospitals outside the south-east region. I hope the Minister will be able to scotch these reports.

Those living and working in the area need clarification. I note a number of Deputies from the constituencies affected in the Chamber. Does the Minister agree the notion of splitting up an existing network, which I must acknowledge is one of the best performing in the State, makes little sense. Will the Minister outline how he intends to proceed with Professor Higgins's report? When is it due to be presented to the Government? Will the Minister facilitate a period of consultation to allow the stakeholders see the recommendations and respond appropriately?

Minister for Health (Deputy James Reilly): A key stepping stone towards the introduction of universal health insurance will be to develop independent not-for-profit hospital trusts in which all hospitals will function as part of integrated groups. The rationale behind the establishment of hospital groups and trusts is to support increased operational autonomy and accountability for hospital services in a way that will drive service reforms and provide the maximum possible benefit to patients. To assist the Department in advising the Government on the formation of hospital groups, in June this year I appointed Professor John Higgins to chair a strategic board on the establishment of hospital groups. The strategic board is composed of representatives with national and international expertise in health service delivery, governance and linkages with academic institutions.

A project team was established to make recommendations on the composition of hospital groups, governance arrangements, current management frameworks and linkages to academic institutions for the consideration of the strategic board. The consultation process to inform the project team has been rigorous and comprehensive. It has included meetings with every acute hospital, including consultations on two separate occasions with each hospital in the south-east region. It has involved the receipt of a significant volume of formal submissions from hospitals, clinicians, regulatory bodies and citizens, all of which have been considered.

I have also made clear to the project team and to the board my determination to ensure that as many services as possible can be provided safely and appropriately in smaller, local hospitals. On this basis, the organisation of hospital services nationally, regionally and locally will be informed by the ongoing development of the HSE clinical programmes and by the smaller hospitals framework. This framework defines the role of the smaller hospitals. It outlines the need for smaller hospitals and larger hospitals to operate together and therefore is intrinsically linked to the ongoing work regarding the development of hospital groups.

The work on hospital groups is not about downgrading hospitals. It is about bringing together groups of hospitals into single cohesive entities to allow maximum flexibility in management, budgets and service delivery. It is about ensuring that hospital groups are broadly comparable in size and scope so they can attract high quality staff and trainees across all health care specialties and professions. It is about creating efficiencies by using common business

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processes and economies of scale and avoiding unnecessary duplication. Most importantly of all, it is about maximising the range of services available to deliver internationally comparable quality care for patients, regardless of where they live.

I hope to receive the report of the strategic board on the establishment of hospital groups later this month and that I will be able to bring this matter to my Cabinet colleagues for decision shortly thereafter. It should be remembered that the hospital groups are an interim collaborative measure pending the legislation required to establish hospital trusts. Before the trusts are established, the composition and functioning of the groups will be reviewed and if changes prove necessary then they will be made with Government approval when the hospital trusts are being formed.

Deputy Mattie McGrath: I am not at all reassured by the Minister's statement. We have gone down this road. We have reconfigured, and Waterford Regional Hospital is the regional cancer care hospital. I get worried when I see professors drawing up reports and discussing further reconfiguration and change. The public must have faith and trust in the system. The people of South Tipperary bought into it as did the people of Kilkenny, Carlow and Wexford. We have an excellent service so why break it? We do not need any more reconfiguration. We reluctantly accepted this but we have reconfigured. We have excellent services in Waterford Regional Hospital and in the smaller hospitals such as the one in Clonmel which I represent. The system is working fine and people are reassured they have a 90 minute window of opportunity to get from a smaller hospital to the regional hospital. The Minister did not answer my question as to how 1.2 million people in Dublin have ten hospitals while we are expected to have only four. Now we are facing a situation whereby Waterford Regional Hospital might be downgraded to a district hospital. It is not at all clear. I hope when my colleagues meet the Minister that he will listen to them and engage with the elected representatives rather than with professors doing reports and reconfiguration by faceless officials.

Deputy Caoimhghín Ó Caoláin: I am disappointed that in the Minister's reply he did nothing to allay the real and current fears and this is regrettable. I do not know what has given rise to the reports, but the concern is none the less sincere across the board. I note from the information available to me that four of the five hospitals in the region are in support of maintaining the current configuration. From all that I am aware of with regard to the situation in Waterford Regional Hospital and the current grouping it is, as I already put on record, if not the best performing then certainly one of the best performing in the State. I appeal to the Minister because I do not want to feed ill-founded concerns and all that will spill from them. The reason for my raising this matter is, as I indicated in my opening question, to scotch the fears on the basis of what the Minister knows. This is important. I appeal to the Minister to take on board what I have said and the validly held concerns. The attendance in the Chamber of Deputies and Senators from across the region indicates shared concern and anxiety over the future. I urge the Minister to avail of the opportunity that presents itself.

Deputy James Reilly: I too acknowledge the presence of Deputy Paudie Coffey and Senator Cummins, who is in the Gallery. They are clearly very concerned.

Deputy Caoimhghín Ó Caoláin: And Senator Cullinane, who is also observing from behind the Minister.

Deputy James Reilly: The Deputy had his moment to speak and in which to acknowledge his colleagues, if he so desired. I recognise that Deputies Conway, Ann Phelan and John Paul

Phelan are present. There is concern in the south east owing to difficulties associated with the configuration there. There are associations elsewhere in the country that do not seem to create difficulties. In other words, as one person put it, there seem to be marriages made in heaven that people seem to be very happy to allow to proceed.

In my original answer, I stated this is a grouping exercise. It is not a question of the trusts. If they do not work out, we will have the opportunity to carry out a review before we finalise any trust legislation. It is not fair to say that these provisions will be set in stone. However, it would be very wrong of me to pre-empt the outcome of the report. I have not seen it, I acknowledge there are concerns and that some hospitals within the south east have different views. We must bring people together or let them part, depending on evolving circumstances.

While I cannot pre-empt the content of the report, I take on board the concerns of the people in Waterford. They, including Deputy Deasy, who is not present, have made representations to me. Equally, the Deputies from Wexford are concerned. All these agendas are different. The Members reflect the worries and concerns of the people who elected them and this must be taken into consideration. We will continue to listen and I hope there will be a resolution that will serve everybody's purpose and, most important, the needs of patients.

Ceisteanna - Questions

Priority Questions

Services for People with Disabilities

1. **Deputy Billy Kelleher** asked the Minister for Health the action he is taking to ensure that school leavers with disabilities who are due to finish school in 2013 will have appropriate placements and services available to them on finishing school; and if he will make a statement on the matter. [49290/12]

Minister of State at the Department of Health (Deputy Kathleen Lynch) (Deputy Kathleen Lynch): The HSE, through its occupational guidance service, works with schools, service providers, service users and families to identify the needs of young people with disabilities who are due to complete their second level education. The aim is to address the needs of individuals through health-funded rehabilitative - life skills - training; health-funded day services; FÁS-funded vocational training; and approval to extend education placements for a specified time.

The demand for services for school-leavers continues to grow. A total of 695 school-leavers were identified as requiring supports or services in 2012 and a similar number is expected in 2013. Budgetary constraints and the moratorium on staff recruitment mean that service provision continues to be a challenge in the current environment. While the HSE makes every effort

to provide day services or rehabilitative training places to school-leavers with special needs, this has always been dependent on the availability and location of appropriate places coupled with the needs of the individual school-leaver.

There is evidence that an accelerated move towards a new model of individualised, person-centred service provision in the community can help to achieve efficiencies. The HSE has established an implementation project team to oversee the implementation of the recommendations in the report of the national working group for the review of HSE-funded adult day services. The report, published in February 2012 and entitled New Directions, proposes that day services take the form of a menu of 12 individualised, outcome-focused supports that will provide adults with disabilities with the support necessary to live a life of their choosing in accordance with their wishes, aspirations and needs. The guiding principle is that supports will be tailored to individual need and will be flexible, responsive and person centred.

Deputy Billy Kelleher: The difficulty is that there is great concern. The Minister of State met many organisations, groups and advocates who are advocating continually to have proper services available to people with disabilities. Approximately 700 people emerged from second level education this year and were afforded places. The difficulty is that the service providers are telling me time and again that they are under significant pressure trying to deliver services for 2013 and that if there are further cutbacks or a diminution of services, they will simply not be able to provide the services we expect and demand. More important, New Directions, to which the Minister referred, challenges people with disabilities to have high expectations for themselves and their communities. This is a central theme in the report. If we expect and demand that people with disabilities challenge themselves, we surely expect the Government and State to provide the resources necessary for people to fulfil their potential. The latter does not seem to be the case and there is considerable concern. People's minds must be put at ease at this stage. The service providers, clients and families are at their wits' end owing to the fear that there will be no places available next year.

Deputy Kathleen Lynch: I fully recognise that there has always been and will continue to be fear in the community in respect of those who require the types of interventions required by people with special needs. There is a spectrum to be considered. There are those who will require very little intervention and clearly those who have very challenging needs.

For the first time this year, school-leavers were dealt with by way of the services. I reiterate the gratitude not just of the Government but also of parents and those who support those with intellectual disabilities over the addressing of this issue without additional funding being made available. It was always the case that demographic funding was made available but, unfortunately, we now find ourselves in different circumstances.

Groups such as Genio have sought service providers in the marketplace to offer a different type of day service for people with intellectual disabilities. They had been successful in that 184 places were made available. That is the direction we are going to go. I fully understand that service providers are very worried about the challenges faced. On the one hand, they are being hit with cuts from the Government and, on the other, they are being hit in respect of increments that are legal under the Croke Park agreement. While I understand that, I contend that even if we were not experiencing the current financial crisis, we would still be examining the provision of services in a different way and giving people the right to have a choice in how they live their lives. People will have to accept that.

Deputy Billy Kelleher: I accept what the Minister of State said about New Directions proposing a menu of 12 individualised, outcome-focused supports that will provide adults with disabilities with the support necessary to live a life of their choosing.

This is the critical issue - that the supports provided will be of the recipients' choosing and will be individualised and outcome-focused. The difficulty for individuals and service providers is that, in their experience, adequate resources are not being made available to tailor customised programmes based on the menu of 12 supports.

Will the Minister of State give a commitment that the necessary funding will be put in place and where there are difficulties arising from the moratorium on staff recruitment, that those issues will be addressed in some way? We are looking potentially at an additional 700 people requiring support next year. The current level of provision to service providers is insufficient to deliver the menu of individual courses and training places. People are concerned that by this time next year, they will still be without placements.

Deputy Kathleen Lynch: We are spending €1.4 billion per year on disability services. Given that level of expenditure, there are areas where changes simply have to be made. I am very conscious that service providers are worried. However, even though we could not do the job without them, my main concern is not for the providers. Rather, my concern is for the people who require support and to whom, in the majority of cases, those providers deliver an excellent service. I acknowledge that families are very concerned about the future of those members with whose care they are charged. We are obliged to do things differently, but I am confident that this will, in fact, ensure a better outcome for the individuals who avail of these services.

Home Help Service

2. **Deputy Caoimhghín Ó Caoláin** asked the Minister for Health the steps he is taking to inform himself of the impact that the recent cuts in home help hours are having; his views on whether these cuts should be withdrawn and that services be restored to the level of support that existed prior to the latest cuts; and if he will make a statement on the matter. [49094/12]

(Deputy Kathleen Lynch): Government policy is to support older people to live in dignity and independence in their own homes and communities for as long as possible. This is achieved through a range of community-based services such as mainstream home help, meals-on-wheels, and respite or day care. In more complex cases, enhanced home care packages may be provided. The reductions recently introduced in respect of home help hours relate directly to the critical financial position facing the Health Service Executive towards year end and the statutory responsibility of the executive to live within the budget Voted for it by the Oireachtas.

The target in the HSE service plan for 2012 was to deliver some 10.7 million home help hours to 50,000 people. In addition, just over 15,700 people were targeted to receive a home care package in 2012. As I have indicated on several occasions throughout the year, a key challenge facing the health service is how best to utilise a reduced level of resources in addressing the increasing needs of older people for health and personal social services. This means prioritising those in greatest need and accelerating reform of services overall to maximise such provision in the future.

Most of the measures recently agreed with the HSE to address immediate funding pressures

focus on areas that do not have a direct patient impact. It is a priority of the executive to minimise the impact on patients and clients of any spending reductions. The reduction envisaged for the mainstream home help service is €8 million, and approximately €1.2 million for enhanced home care packages. Allocation of home help hours will continue to be based on a review of individual needs and no current recipient of the service, who has an assessed need, will be without a service. The HSE has indicated that it will ensure that any alterations to supports or services will be undertaken in the context of a review of the client's assessed need, documented on client records. While the Government fully appreciates the difference high-quality home care makes to supporting vulnerable older people and their families and the impact the recent reductions will inevitably have in some cases, we must deal with the reality of funding services overall for this and subsequent years.

Additional information not given on the floor of the House.

Notwithstanding the recently announced reduction in HSE home support provision for the remainder of 2012, investment in these services remains significant, with provision in the region of €320 million expected for home help and home care packages this year. In addition, in the context of prioritising what was always a limited resource, the HSE has been developing various operational initiatives to improve its approach to all relevant aspects of its home supports services. These include various new guidelines for home care and a new procurement framework for approved agencies providing services on its behalf. While ongoing developments have been designed to standardise and maximise the use of limited resources in the face of increasing demand, they are also intended to enhance quality, safety and other relevant aspects of service for providers and care recipients alike.

Services for older people are monitored on a regular basis by the Department of Health and the HSE to meet evolving circumstances in line with available resources. The executive has been asked to furnish weekly reports to the Minister for Health on home care provision between now and year end, in the light of recently announced measures. The position in respect of 2013 and beyond is subject to the annual Estimates process in the light of evolving resources and services priorities for the overall health sector.

Deputy Caoimhghín Ó Caoláin: The position taken by the Minister, Deputy James Reilly, on this issue is absolutely untenable. He seems to have no concept of the distress and misery that has been visited on older people as a consequence of the changes he introduced. The impact of cuts in the provision of home help hours and home care packages are being felt today and every day for at least the past two weeks. People have lost precious home help hours and more are losing them every day. Almost 1 million home help hours will have been cut between last December and the end of this year, on the Minister's watch.

How can the Minister of State, Deputy Kathleen Lynch, and her colleagues stand over a situation where an allocation of 15 minutes of home help is described as a service? During a short stay in Cork last week I met home help providers in Youghal and Cork city who are incensed by the cutbacks, as they demonstrated last Saturday by way of a major mobilisation which assembled at Connolly Hall in the city the Minister of State knows so well.

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

Deputy Caoimhghín Ó Caoláin: How can this Government stand over the cutting of the solitary hour per week which some older people receive?

Will the Minister of State clarify the figures she indicated in her reply? As I understand it, according to the figures I have been given, 50,139 people are in receipt of home help hours, which represents a reduction of 3,701 in the past 18 months. The Minister of State also gave a figure in regard to home care packages. In a reply I received to another parliamentary question yesterday, it was stated that there are 11,119 people in receipt of home care packages. I acknowledge the increase of 1,159 on the figure 18 months ago, but the net reduction in service beneficiaries across the board is 2,500. The figure of 11,119 tells only part of the story.

Deputy Kathleen Lynch: Of course the aim of the Government is to ensure that older people remain in their own communities. That is the most sensible and cost-effective solution and also the one which offers the best outcome for individuals. Unfortunately, however, we find ourselves in very straitened circumstances. We will have to make our case very trenchantly in the negotiations leading up to the budget in order to ensure those concerned have the types of supports they need.

It is important to note that figures relating to home care packages can fluctuate, and for very good reasons. We are talking about an enhanced home care package system and there are times when the provision for an individual will need to be further enhanced and other times when it can be reduced. This is the beauty of a home care package, that it is operated on a continuous-assessment basis. More than 10 million home help hours are being provided this year. The number of clients benefiting is 50,000, a reduction of approximately 900 persons. We have no choice but to take a serious look at how we manage the service into the future. There is ongoing research into how we can best maintain supports for older people and others who benefit from home help hours and home care packages.

Deputy Caoimhghín Ó Caoláin: The Minister of State referred to a reduction of 900 in the number of individuals in receipt of home help hours. In fact, there was a reduction of 847 at the end of July as against the position last December. However, with respect to the Minister of State, over the period of her tenure in office, there has been a reduction of 3,701 in the numbers receiving this service. As I said, this is not even the worst part of the story, nor does it take into account the growing numbers who cannot access home help hours or home care packages.

It is time to cut out the waffle and reverse these savage cuts to the most vulnerable people. We are talking about €8 million. Sinn Féin tabled a Private Members' proposal on this issue only a few weeks ago, the same week the Minister announced savings arising from his negotiations with the pharmaceutical sector of some €16 million before the end of this year.

5 o'clock

Yet, on the back of that, he could not ringfence the cuts signalled in relation to older people. He proceeded to impose these savage cutbacks that are causing untold hardship for people in every constituency. The only answer I want to hear is that the Ministers of State will use their good offices to impact on the Minister that he will reverse these cuts, restore the home-help hours and home care packages to our citizenry who absolutely need them.

Deputy Kathleen Lynch: There is a statutory obligation on the Department of Health and the HSE to bring in a budget that lives within the Vote, which is decided in this House. There are difficulties, there are arguments to be made and there are various ways of doing things. We need to be very conscious of that. In addition, as we speak, a deficit is being run up by the HSE. It is not as if we have an expandable pot of money. Those days are gone and we must

live within that budget.

Disability Services

3. Deputy Finian McGrath asked the Minister for Health his plans to address and take action to alleviate serious issues in our disability services as a matter of urgency [49092/12]

Deputy Kathleen Lynch: Expenditure on health services for people with a disability in 2012 will be in the region of €1.4 billion. The HSE National Service Plan 2012 provides for a 3.7% reduction in budgets but makes it clear that there is scope for achieving efficiencies of 2%, thereby limiting as much as possible the impact on front line services. Despite this reduction, which is similar to that applied across all care areas in the health sector, the HSE has undertaken to maximise the provision of services within available resources by providing for the following in 2012: some 9,100 people in residential places; 18,600 day service places; 6,300 people receiving respite residential support; and 1.64 million hours of personal assistant-home support hours.

I recently published the value for money and policy review of disability services which identifies fundamental issues that need to be addressed in the way in which HSE-funded disability services are managed and operated. It lays the groundwork for the introduction of a significant restructuring of the disability services programme through first, migration from an approach which is predominantly organised around group-based service delivery towards a model of person-centred, individually chosen, supports and second, the implementation of a more effective method of assessing need, allocating resources and monitoring resource use.

I must also stress that the nature of the core underlying deficit within the HSE, taken together with the requirements nationally to bring our public spending deficit down by 2015, will make the years 2013 and 2014 very challenging for all sectors, not just health. I will be doing everything possible to ensure that as much protection as possible is afforded to the disability sector and the social care area as a whole.

Deputy Finian McGrath: Is the Minister of State aware of the urgent need for, and the crisis going on in, disability services? I will refer to two such services. First, there are major concerns at Prosper Fingal in Swords that if more cuts are implemented they will have to reduce transport and respite facilities. Second, St. Michael's House has 1,663 service users and 454 residential service users. These are very concerned because since 2008 they have taken cuts in the region of €11.2 million. In the context of the forthcoming budget, is the Minister of State aware that St. Michael's House will have to consider intermittent closure of day, residential and respite services? In addition, there will be a reduction in transport, support and clinical services, as well as closures.

There is a huge problem there at the moment. Hundreds of families across the northside of Dublin have lobbied me about these services in recent days. They are very frightened about potential cuts. There are major issues facing elderly parents of adults with an intellectual disability who are in their mid-40s or 50s. These families are very worried. Such parents in their 80s and 90s are scared of what lies ahead.

Deputy Kathleen Lynch: While I do not wish to pick out one service in particular, St. Michael's House is one of the exceptionally good ones.

Deputy Finian McGrath: That is right.

Deputy Kathleen Lynch: Those involved are innovative, imaginative and have done all the things we would like other services to do as well, such as reducing absenteeism and having a better skills mix. I am very conscious of the waiting list they have whereby older parents are awaiting residential spaces for their adult children. I do not want to dismiss or minimise any of the arguments that have been made concerning pressures on services. Deputy Kelleher made the same point earlier. I am not saying that arguments about anxiety over the prospect of what might happen in the budget are misjudged. Neither am I saying that there is no need to be concerned, because nothing is so protected that it cannot be cut. That sort of "worried well" argument may be just that but, nevertheless, we will do our very best.

Deputy Finian McGrath: I welcome the Minister of State's comments on St. Michael's House which has done an excellent job in getting absenteeism down from 6.5% to 3.5%. It has also had a reduction in administration costs of approximately 34%. St. Michael's therefore has delivered in terms of fairness and efficiency. However, the Minister of State will have to fight her corner in this budget because this is a very serious issue. If one is to protect the vulnerable, one must target those with an intellectual disability. All people with disabilities have to be top of the list. If it means bringing in extra taxation and tapping the rich people in this State to pay for such services, the Minister of State should do it. She will have my support. We must focus our priorities on those with an intellectual disability.

An Leas-Cheann Comhairle: I call on the Minister of State for a final reply.

Deputy Kathleen Lynch: I agree with the Deputy. Unfortunately, however, every other group approaching us feels that it should be top of the priority list. That is the balancing act that one is constantly trying to achieve in order to ensure a degree of fairness. That is the difficulty. St. Michael's House has done all the things we would expect other service providers to do and, in fairness, a lot of them have done so. Last year, there was speculation - and the Deputy was one of those speculating in public - that we were going to have cuts of between 5% and 7% in disability services, yet we managed to bring it in at 3.7%. I will fight my corner and have always done so. I am charged with looking after people with disabilities. That is my specific responsibility and I will do my very best on their behalf.

Drug Reimbursement Schemes

4. **Deputy Billy Kelleher** asked the Minister for Health if he will provide details of medicines and patient products that have been removed from the medical card and drug reimbursement schemes to date in 2012; and if he will make a statement on the matter. [49291/12]

Minister of State at the Department of Health(Deputy Alex White): I thank Deputy Kelleher for having raised this question. In the current financial environment the Health Service Executive is facing a challenge to deliver services in a way that will minimise any adverse impact on patients and continue to protect, as far as possible, the most vulnerable citizens. Unfortunately, it has become necessary for the HSE to suspend certain products from its list of reimbursable items. These include Glucosamine, Omega-3 triglyceride products, Orlistat, and gluten-free products.

Glucosamine is indicated for the management of symptoms of osteoarthritis. The National

Centre for Pharmoeconomics has assessed the cost-effectiveness of glucosamine on two occasions and concluded that it did not offer value for money to the HSE. However, it should be noted that glucosamine products are available over the counter without prescription.

Omega-3 triglyceride products - for example, Omacor - have been identified both nationally and internationally as not being cost-effective or being of lesser benefit to patients. However, these products are also available over the counter without prescription, as is Orlistat.

Gluten-free products have become more widely available in supermarkets in recent years and tend to be significantly cheaper than products sold through community pharmacies. A supplementary welfare allowance adult diet supplement may be awarded by the Department of Social Protection to eligible persons. Persons wishing to apply for this allowance can do so by completing an application form which can be downloaded at <http://www.welfare.ie/EN/Forms/Documents/swa9.pdf>. Separate application forms are available for children on that site. For persons who are not awarded a diet supplement, moneys spent on gluten-free foods can be taken into account for tax purposes. A full list of items available under the community drug schemes is available on the HSE's primary care reimbursement service website, www.pcrs.ie. If one goes on to that site, one should choose the "List of Reimbursable Items" option. In addition, the monthly updates, additions and deletions, to the product list are provided at the same location under "Updates to the List of Reimbursable Items and High Tech Scheme List".

Deputy Billy Kelleher: Briefly, I accept that savings must be made in certain areas. However, I am very concerned about a particular inclusion on the list, namely, xenical, which is the trade name for orlistat, an anti-obesity drug. This is a life-saving drug and is not something a person can do without. It is an anti-obesity drug and many people with disabilities who have different syndromes need this drug to ensure that diet is suppressed and that they do not overeat and cause difficulties with obesity. One family in particular has contacted me and stated the first they heard of it was when they visited their pharmacist, only to be told the drug no longer is available under the medical card scheme. As it has been withdrawn, it will cost the family in question €64 per month to keep their daughter alive basically, because without this drug, she potentially could eat herself to death by virtue of not being able to suppress her diet. While I am fair in respect of what a Government can do, of all the drugs included in the withdrawal, I ask the Minister of State to consider orlistat, the anti-obesity drug with the trade name of xenical, given the serious nature of the difficulties its withdrawal is causing.

Deputy Alex White: I certainly will take a look at the particular item to which the Deputy refers. In fairness, the Deputy asked a general question on the items that have been removed from the list and orlistat is one such item. As for the other item to which the Deputy referred, I certainly will ascertain what information is available on it and will relate that to the Deputy. I must state that my clear advice with regard to orlistat is that it is an adjunct to diet in obese patients and is available over the counter. As to whether it is necessary at the level suggested by the Deputy, I simply cannot comment on that. He puts the point very strongly with regard to it being a drug he states essentially is a life-saving drug. That is quite a claim and I cannot respond to the specifics of that point. It was not contained in the question but I certainly will have a look at it and will relay any information on it back to the Deputy.

Deputy Billy Kelleher: I do not expect the Minister of State to have to hand the knowledge on the individual query that I have available to me via e-mail on my iPhone here. However, the family contacted me and asked me to raise this matter specifically when they saw this particular question had been tabled. They are very concerned, primarily with this particular drug, orlistat,

the trade name of which is xenical.

Deputy Alex White: If the Deputy makes a specific point to me, I will address it.

Deputy Billy Kelleher: I am specifically naming this particular drug about which, as I stated, I am very concerned. It is an appetite suppressant and some people with various syndromes need this suppressant to ensure they do not overeat and have the difficulties associated with obesity.

Deputy Alex White: While I do not believe it is a suppressant-----

Deputy Billy Kelleher: It is an anti-obesity drug.

Deputy Alex White: -----as the Deputy has the details on his telephone, it probably would be better to have a specific question related to a specific item. Were it committed to paper and sent to me, I certainly can address it for the Deputy-----

Deputy James Reilly: It is not a suppressant.

Deputy Alex White: -----and, if necessary, refer it to the expert advice I have available to me. I cannot take it any further.

Deputy Billy Kelleher: For clarity, it is an anti-obesity drug.

Deputy Alex White: Perhaps if that was committed to paper and relayed to me, it could be dealt with in that way.

Health Service Reform

5. Deputy Caoimhghín Ó Caoláin asked the Minister for Health the position regarding the Health Service Executive negotiations with representatives of hospital consultants and on the proposed new working arrangements; and if he will make a statement on the matter. [49095/12]

Minister for Health (Deputy James Reilly): The measures agreed between health service management and the consultant representative bodies at the Labour Relations Commission, LRC, in September will allow for very significant reforms in how services are delivered and ultimately will lead to improved outcomes for users of the services. The agreement encompasses a range of flexibilities centred on enhancing productivity and efficiency on an ongoing basis and on maximising the availability of consultants, as key clinical decision-makers. Health service managers are proceeding with implementation of these measures as appropriate to each site and service, with effect from 5 November, that is, last Monday, in line with the procedures provided for in the public service agreement.

On 6 November, the Labour Court issued its recommendations regarding three matters which had been referred to it. These concern consultants' current "rest day" arrangements, the fee to consultant psychiatrists for giving a second opinion under the Mental Health Act 2001 and the issue of "historic rest days". Health service management will take the necessary steps over the coming weeks to give effect to the court's recommendations.

I look forward to all consultants embracing the changes agreed at the LRC and complying with the terms of the Labour Court recommendations in the interests of providing the most ap-

ropriate and cost-effective services to patients.

Deputy Caoimhghín Ó Caoláin: Will the Minister outline the improved work practices that have been achieved thus far arising from the engagement between the Department of Health, the HSE and the consultants? What improved work practices can the Minister outline for Members this afternoon that actually are being delivered on the ground in hospitals? Are there any? In respect of the Irish Hospital Consultants Association, IHCA, will the Minister clarify whether it has been or is now engaging fully, given the association's earlier position of refusing to participate in the industrial relations mechanism of the State? The Minister made reference to the Labour Court. Does the Minister echo the call of the Labour Court, as do I, for consultants to forego so-called historic entitlements, which allows many of them to receive double pay when they choose to work the final year before retirement? Does the Minister agree it is perverse that psychiatrists, who already are in receipt of very high salaries from the HSE, are being paid €500 a time for second opinions? There are so many examples of inappropriate payments and unacceptable practices associated with the consultants down through the years but most certainly, in these times when savage cuts are being imposed on older people, it is absolutely unacceptable and must be addressed properly.

Deputy James Reilly: I first will outline what were the measures agreed at the Labour Relations Commission, LRC, after which I wish to make a few other comments, if possible. Consultants will be available for rostering for any five days out of seven, as opposed to weekdays only at present. There can be rostering of consultants, where required, on a 16-hour, seven-day basis from 8 a.m. to midnight, or on a 24-hour, seven-day basis where this is required. Consequently, clinical directors will have a much strengthened management role in respect of consultants. Heretofore, consultants have co-operated, in the main, around their holidays, when they would take their leave and so on but from henceforth, the new clinical director will have the authority to actually dictate when people go on holidays and it can be done only in consultation with him or her. Consultants will co-operate with a range of measures to support community and mental health services. Consultants will comply with contractual requirements regarding private practice. Consultants have committed to expeditious processing and signing of claims for submission to private health insurers and there will be more cost-effective arrangements for funding of continuing medical education. I should point out to the Deputy that the IHCA did engage with the Labour Relations Commission but failed to engage with the Labour Court.

I wish to point out something which it is important to state and I will be as brief as I can. Many of these practices to which I have alluded here as being now agreed at the LRC already have been taking place on the ground. I have commended consultants on this and their change in work practices with regard to the new clinical programmes and teams led last year to €63 million in savings through the saving of 70,000 bed days. As I often have stated, it is not so much the money saved as the fact that more patients can be treated more quickly that really is the point in this regard. Through the LRC, I sought to push this *pro bono* arrangement, with which consultants have co-operated, into a formalised contractual arrangement because one cannot run the health service on a *pro bono* basis and that is what this is about. I am sure the Deputy will have a further supplementary question.

An Leas-Cheann Comhairle: Hopefully, if we have time.

Deputy Caoimhghín Ó Caoláin: The Minister has read out a list of specifics that were addressed in the LRC. However, as my question first posed sought, can the Minister tell Members what improved work practices are currently in place now thus far from among those measures?

This is what I am particularly interested to hear, rather than what actually is intended or what will happen. On a related matter, what action is the Government taking to ensure there are sufficient hospital doctors, either consultants as we know them or the new category of hospital doctor that has been talked about in the past, to provide the necessary care for patients? Does the Minister agree that it is not only an issue regarding pay but, rather critically, it is about staffing and such needs for the varying services that we all depend upon at some time?

Deputy James Reilly: I will have great pleasure in answering those specific questions. Many consultants are doing excellent work, although many of them feel there has been much “consultant bashing”. As with all groups in Irish society there are always some who deserve a good bashing but the vast bulk of people working as consultants in this country do an extraordinary job, going way beyond the hours they are contracted to provide.

To answer the direct question of what is being done now that was not done before, in the past year or 18 months consultants have been coming in on Saturdays and Sundays, although they are not contracted to do so. They are doing ward rounds and discharging patients, as well as examining X-rays and other diagnostics in order to allow diagnoses to be made and patients to be discharged. Those initiatives alone have brought about improvements and saved 70,000 bed days, allowing many more patients to be treated much more quickly.

The Deputy knows about the new stroke care programme that is saving one life per week and preventing three other Irish citizens per week from going into long-term care. He asked about ensuring there are sufficient hospital doctors and I again allude to a previous comment made in the debate on the national paediatric hospital: this is not so much about input but rather outcomes for patients. We can improve outcomes for patients by ensuring consultant specialists are doing the sort of work only they can, with work that can be done by other doctors and nurses done by those doctors and nurses. If health care assistants can do some of the work of nurses, they will do so. With regard to physiotherapy and speech and language therapy, the addition of allied health professionals to the stroke units have made a significant difference.

It is about the right person treating the patient at the right time and with the right cost, and the new arrangements for consultants are a key part of that. They will open the way for many other groups within the health service changing work practices, as they can no longer point to consultants as leaders who do not lead the way. We can significantly improve the care we give in the health service in a far more cost-effective fashion.

Other Questions

Mental Health Services

6. Deputy Robert Troy asked the Minister for Health his plans to change the Mental Health Act in view of recent comments by a person (details supplied); and if he will make a statement on the matter. [48953/12]

Deputy Kathleen Lynch: We have all been made aware of the tragic circumstances involved in this case and I am certain that I speak for everyone in the Chamber in expressing our sincere sympathies and condolences to the family involved. I have met the person concerned on a number of occasions to discuss the circumstances around the tragic incident and received a written submission from her which calls for greater family involvement and mandatory risk assessment in the treatment of people with mental health difficulties. On the basis that the issues raised may be addressed in the context of a legislative review, I have sent a copy of the submission to the expert group established to review the Mental Health Act 2001 for consideration. The group is continuing its deliberations and is expected to produce its report by March next year. I have also brought the submission to the attention of the Mental Health Commission and to the HSE national clinical lead for mental health.

Deputy Billy Kelleher: I thank the Minister for her reply. I do not wish to add to the trauma suffered by the family and its community but valid points have been made regarding the fallout of that tragic day. Mandatory assessment of children should be considered in reviewing the Mental Health Act, as children could be at risk. In this unfortunate case there were very tragic consequences and I urge the Minister of State to take this on board. I welcome the fact that she met the person in question and discussed these very tragic circumstances.

I hope the matter will be taken into account in the review of the Mental Health Act 2001. If it is necessary, I hope there is some way of carrying out a risk assessment of children in this kind of environment. I do not want to comment too much as although the names are public, we should be able to deal with this in a very sensitive way to address the concerns of the woman in question, as well as the many other people who may be faced with a difficulty in the form of children or other people suffering such depression.

Deputy Kathleen Lynch: I thank Deputy Kelleher for showing such sensitivity. I am never certain if such issues should be discussed in here: people have the right to put down questions but I worry about this topic because it is so sensitive. I have met the person in question on three occasions and been in regular communication with her. One could not help but feel for somebody in such circumstances. It is a case of there but for the grace of God go I. It is an appalling position in which to be.

I have passed everything she said to the expert group and the Mental Health Commission. There are serious difficulties surrounding the matter, and we must be very conscious of patient-doctor confidentiality. I do not know of any doctor, nurse, psychiatrist, psychologist or counsellor who would not intervene if he or she thought for one minute there was a risk to anybody's life. We must believe that and accept it as fact. We should await the findings of the review group.

Deputy Caoimhghín Ó Caoláin: I will not deal with the details of the case as I do not have that information. I will speak to the broader issue of the Mental Health Act. The interim report of the review group of the Mental Health Act was published last June, emphasising the need for revised mental health legislation to support the objectives of A Vision for Change. Will the Minister of State give an indication of when we will see further mental health legislation in line with that recommendation? The Minister of State famously locked away €35 million in a zip pocket in the back of her jeans, or so she told us one day.

Deputy Kathleen Lynch: I was not quite so explicit.

Deputy Caoimhghín Ó Caoláin: That has been mysteriously pilfered by hands unknown; I hope the owner of those hands is not sitting too close.

Deputy James Reilly: That would be a brave man.

Deputy Caoimhghín Ó Caoláin: There was a briefing yesterday in the audiovisual room by Mental Health Reform. Those people indicated they were still hopeful that at least a portion of the €35 million would yet be expended in the current year on the signalled recruitment spoken about. Will the Minister of State give us some hope that this will be realised before 31 December and, as previously promised, that a further €35 million will be presented in 2013 to progress the promise of A Vision for Change?

Deputy Billy Kelleher: With regard to the specific case, investigations may be carried out, and in the broader sense - and not this particular case - there may be potential shortcomings. Is there any way we can engage independent adjudication of whether proper procedures are carried out if a shortcoming is noticed in an area like mental health in children? If a complaint is made, the HSE would investigate the matter. There is a Garda Ombudsman and if there is a serious complaint about gardaí, that office would investigate. Could such a process take place, even within the HSE but at arm's length? The process should be independent, verifiable and fair.

How much of the €35 million has been spent on recruitment? We have been led to believe nobody has yet signed a contract. Is it the case that the process is being delayed until January 2013?

Deputy Kathleen Lynch: I may need more time to answer all the questions but I will try to stay within limits. There is an independent group to monitor mental health, the Mental Health Commission, and it has served us extremely well. It looks not only at acute units but advises on guidelines for treatment. The people directly involved in an incident take no part in producing the reports, which are done by people removed from the incident, and we must accept that process. Equally, we must accept that people involved, either on a professional or other level, can be quite traumatised by incidents like this. We must be careful, given the sensitivities involved.

The 414 posts that we managed to get last year will be in place by 10 December of this year. We would have liked to have had them by September, but there were difficulties in vetting the people we were bringing to Ireland, which was necessary due to a lack of expertise in this country.

Part of the €35 million was for the National Counselling Service, NCS, and that has been spent. It is a counselling service available to general practitioners, GPs, in the primary care setting. Another part of the €35 million was for the National Office for Suicide Prevention and the Genio projects, such as those dealing with dementia and people living well in their own communities. Deputy Kelleher is aware of one such project in Kinsale.

The €35 million is being spent on mental health services. I hate the term "going forward", but ensuring those posts are supported will cost approximately €32 million next year. When the teams are put in place on 10 December, it will not just be a matter of bringing people together. Work will be necessary to make them good, cohesive, functional units if we are to provide the type of service that is desired. However, we will provide that mental health service where people want it, be that in their communities or their homes. The savings from closing the beds in large institutions will accrue to us.

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We will always need acute units to deal with people experiencing episodes of acute mental distress. Thankfully, we need fewer of them because we are delivering a different service in a different place.

Consultancy Contracts

7. Deputy Pearse Doherty asked the Minister for Health further to Parliamentary Question No. 225 of 19 September 2012, if he will provide a detailed breakdown, with itemised costs, of the services obtained from Goodbody Stockbrokers for the €333,413 paid by his Department to the company in 2011 and 2012; and if he will make a statement on the matter. [48975/12]

Deputy James Reilly: In my response to Question No. 226 of 4 October 2012, I outlined how, in 2011 following an EU-wide competitive tendering process, I appointed Goodbody Stockbrokers and Matheson Ormsby Prentice Solicitors, MOPS, as financial and legal advisers to make recommendations on options to address the current imbalance in the private health insurance market. The work undertaken under this contract included the preparation of a report on options for the rebalancing of the private health insurance market and the examination of options for obtaining a more even balance of customers across the market. The request for tenders indicated that matters to be considered included the advantages and disadvantages of ensuring a better spread of risk among health insurers; the structure of the market and how market share and risk were distributed; the position of existing insurers in the market; any possible incentive or barrier to entry into the market by other insurers; any impact of the introduction of a new risk equalisation scheme and revised minimum benefit regulations; and, if recommended in the report as feasible or desirable, how rebalancing might best be achieved.

In accordance with EU public procurement rules, the tender submitted by the Goodbody Stockbrokers-MOPS consortium was chosen as the most economically advantageous proposal arising from the competitive process. The procurement process was conducted in a fair and reasonable manner and each step of the process was overseen by an evaluation committee. The terms of the request for tenders issued for the competitive process required each tendering party to provide a total fixed price inclusive of VAT and all expenses for all the services it proposed to provide. A more detailed breakdown of the costs of the work undertaken by the consortium would consist of commercially sensitive information which I do not consider it appropriate to release.

Many issues affecting the private health insurance market must be addressed in order that it can be stabilised and readied for the transition to a system of universal health insurance, UHI, in the coming years. The consortium has presented a report to me that I am considering in the context of the future structure of the private health insurance market as we prepare for the introduction of UHI.

Deputy Caoimhghín Ó Caoláin: It is unacceptable that a Department can spend in excess of €250,000 and not give a full account of it to the Houses of the Oireachtas. This was for a report presented to the Minister. I wonder how many pages were in it. If there were 300 pages, it is something else to get €1,000 per page. It is great work if one can get it.

I am of the mind that there is adequate competency within the Departments of Health, Finance and Public Expenditure and Reform to undertake the work allocated to Goodbody Stockbrokers in this instance. I would regard it as almost indicative of a lack of trust in the compe-

tence of the Civil Service, the public servants of which are there to carry out that type of work in the ordinary course of events. The blanket excuse of secrecy about commercial sensitivities to hide the full facts of whatever is involved is not acceptable at any time, but particularly in these times when we are discussing quite considerable sums of money. I urge the Minister to set aside this gag, which is what it is, and allow the full facts to be shared and open to full public scrutiny.

Let there be no mistake about it. The reply that I received to the original question showed that the Department paid more than €967,000 to private consultancy firms in 2011. The figure up to September of this year had already reached €897,000. What will it be by the end of the year? We are heading towards the €1 million figure. These are major sums of money at a time when people are suffering because of other decisions the Minister is taking.

Deputy James Reilly: The Government is undertaking the most extensive reform of the health service since the foundation of the State, particularly in the context of new hospital groups, the small hospital framework and the methodology with which we remunerate hospitals and give them their budgets, that is, moving from a block budget where everything stops once the money is gone. That system further encourages the retention of people in beds when their acute phase of treatment is over. It does not incentivise hospitals to move them on. We want to change it to a money follows the patient system. Even within the insurance market, current arrangements see public and private hospitals charge per day. I want that changed to a money follows the patient system in terms of paying per procedure. Those hospitals that admit patients on the day of their procedures, look after them efficiently and reduce readmissions and the average length of stay will all benefit.

The company in question won the tender, but I insisted that the Department renegotiate the price downwards. That was done. The information is invaluable to us in planning a complete sea change in terms of moving towards UHI. We all acknowledge and accept that, while there is vast experience in the Department and the HSE, we do not have the full range of expertise that we always need. For example, there is a lack of suitably trained individuals within the HSE in the context of financial reporting. This matter was highlighted by Mr. Mark Ogden in his report and confirmed by PA Consulting Group. The latter has made certain recommendations. I hope those reports will be released shortly in order that it can be seen that we have taken action to correct what has been a glaring deficit since the HSE's inception.

Deputy Caoimhghín Ó Caoláin: I find the Minister's response incredible. In the same breath he discussed reform and stated that, when the money was gone, everything would stop. That is not good enough. It is not a case of closing down. People have needs. None of us can forecast or plan absolutely for whatever life's cards will deal. The money follows the patient notion is a fallacy. Patients are chasing ever-reducing services and ever more difficult access to same. That is the reality. The Minister's reply was absolutely unacceptable. Ostensibly this is one of the major so-called reforms the Minister is planning in terms of universal health insurance but the detail is not being shared. Public moneys are being offered to these private consultancy groups but the figures are not reducing. It is time to say that the competency is within the service to carry out this work at no additional cost. That is what we should be reliant on in the first place.

Deputy James Reilly: What can I say to the Deputy? He is forever saying that things are outrageous, scandalous and unacceptable and that this and that are a fantasy. I have to put it to him that his own health policies are utterly phantasmagorical because they do not amount to anything other than aspiration-----

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Deputy Caoimhghín Ó Caoláin: The Minister has never bothered to read them.

Deputy James Reilly: I did not interrupt the Deputy and I would appreciate it if he would show me the same courtesy.

The bottom line is that money following the patient was implemented last year on a limited and phased basis in our orthopaedic system and it saved us €6 million. That money will be considerably improved on and enhanced as we spread that out across the system.

I am absolutely sure the money spent on consultancies is considerably less since I came into office than heretofore. Without being overly political, a previous Minister spent many millions of euro on consultancies and reports, many of which sat on a shelf thereafter. The reports I have commissioned are being put to good use and are being acted on. As I said earlier, we hope to produce some of them in the next couple of weeks and the Deputy will see the benefit and the actions they have led to.

It is not true that patients have to chase ever-reducing resources. We are improving efficiency in our health service and, as I said earlier, making sure we do not just focus on inputs all the time, which seems to be the Deputy's focus, but rather on outcomes for patients. The Deputy might not like to hear it, as he was the very man who shroud-waved to the best of his ability last January and February as we came to the retirement of 6,000 people from the service - not only did we maintain a safe service, but we improved it.

We have reduced the number of people who must wait a year or longer for an inpatient treatment by 85%, the number who must wait nine months or longer by 91% and the number who must wait three months or longer by 18%. The Deputy can shake his head all he likes but the reality-----

Deputy Caoimhghín Ó Caoláin: The reality is very different.

Deputy James Reilly: -----is the reality. As an elderly lady said to me many years ago, the truth is not fragile, it will not break.

Real progress is being made. The Deputy chooses to join with others and talk of nothing but doom and gloom and say nothing will change except in some wonderful aspirational fantasy land Sinn Féin will create in health without regard to where the money will come from or to how we will reduce the cost of delivering the service in this country. We are improving things for patients. I would be the first person to say we need to do more and that there is much more to be done. I continue to commit myself to that.

I would like to take this opportunity to thank the men and women who work in our health service for the fantastic job they have done, despite a diminishing budget and despite having fewer people.

Written Answers follow Adjournment.

The Dáil adjourned at 5.45 p.m. until 10.30 a.m. on Friday, 9 November 2012.

