



DÍOSPÓIREACHTAÍ PARLAIMINTE  
PARLIAMENTARY DEBATES

**DÁIL ÉIREANN**

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

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# DÁIL ÉIREANN

*Dé Céadaoin, 13 Feabhra 2013*

*Wednesday, 13 February 2013*

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

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*Paidir.*  
*Prayer.*

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## Leaders' Questions

**Deputy Micheál Martin:** In the words of the Governor of the Central Bank, Mr. Honohan, household debt and financial distress is at an unprecedented level. We now have more than 180,000 residential mortgages in some form of distress or difficulty. Some 20,000 mortgages are in arrears for over two years and some 86,000 mortgages are in arrears for over 90 days. The situation is serious at a personal, social, financial and societal level. It is a national emergency which demands a significant response.

**Deputy Eric Byrne:** It was caused by Fianna Fáil.

**Deputy Micheál Martin:** The Governor says the situation is getting worse. On Sunday he said there are many people who cannot pay and that distressed mortgages are not being dealt with in significant numbers. He said this was the reason he and others in the Central Bank were tearing their hair out. I suggest many people across the country are tearing their hair out at the lack of any progress on this issue. The Central Bank is not happy at all with the progress the banks are making in this regard. Many Members of this House meet on a daily basis families in deep distress who are making reasonable efforts to cope with their situation but who are not getting a sufficient response from the banks. There is a strong correlation between mortgage arrears and mental health issues and there is a genuine crisis at this time.

The Governor of the Central Bank spoke about the need to be more directive with the banks, notwithstanding the risks associated with that. The Keane report was published 18 months ago, but very little has happened since in the context of practical, innovative responses from the banks. Only 12 split mortgages have been effected since then and only one mortgage-to-rent arrangement. Therefore, the response to the Keane recommendations by the banks has been appalling. Given that the banks got €9 billion in the context of their recapitalisation to deal with mortgage modification and losses and were supposed to use that funding intelligently, what plans has the Government to direct the banks to engage once and for all with customers and to

deal with this issue? As Fiona Muldoon, the deputy Governor of the Central Bank, has said, the banks have been in complete denial on this issue for far too long.

**The Taoiseach:** Last weekend, I listened to the words of the Governor of the Central Bank as he spoke of his frustration and that of the Central Bank with regard to mortgage arrears. Mr. Honohan has played his part for the country in the negotiations, along with the Minister for Finance, in respect of the promissory notes. He expressed his frustration last weekend about the extent of engagement and decisiveness by the banks with regard to the mortgage arrears situation.

As we all know, some 100,000 people are not being allowed to play their full part in the development of our economy. The reason that cannot happen is the failure to bring about resolutions to their mortgage problems. In so far as our relationship with the Central Bank and the banks is concerned, Deputy Martin is aware that in an effort to deal with the issues we have set up a Cabinet sub-committee dealing with mortgage arrears and mortgages, and that we have now extended that to deal with banking and access to credit.

I am not happy at all with the level of resolution that has been achieved. Reports have come from the banks, particularly the two pillar banks, of decisions arrived at in respect of mortgage holders who are in distress. Many of these decisions have been to make the mortgages interest-only for a period, which is not a long-term solution to the problem. The regulator attended a recent meeting at which he outlined the proposals of the Central Bank, and inspectors from the Central Bank are now beginning to call to banks in regard to the mortgage code.

In so far as the Oireachtas is concerned, we have enacted the Personal Insolvency Bill, and all Members are aware of its complexities. The personal insolvency agency will open its doors early in the summer and I hope that between now and then the banks will realise that this offers an incentive to them to get on with the business of dealing with mortgage holders who are in distress and arrears and to work out resolutions. They must also deal with the fact that they received sufficient moneys in the recapitalisation to deal with write-downs in some cases.

The issues that were raised in the House following the Keane report have been followed through and implemented, but not to the extent one would wish, in terms of the different resolution strategies. The advice and guidelines and the websites providing information on how to keep families in their homes are important for everybody here. The mortgage-to-rent scheme was expected to deal with more than 500 cases. It is currently involved with 100 cases and a further 100 are at an early stage of the process. This scheme and other such interventions cannot be rushed for any of the parties. For example, the process involves a 60-day decision period and a 20-day cooling-off period.

I would like to believe that the focus put on this issue by the Governor of the Central Bank and the extension of the remit of public service directors by the Minister for Finance to report to the Cabinet sub-committee on what is happening will provide a new emphasis on the need to get as many of these people as possible back to being able to contribute to the general economy as quickly as possible, not only for their psychological good, but also to enable them make a real contribution to the economy.

**Deputy Micheál Martin:** I thank the Taoiseach for his response, but I remain unconvinced of the impact of what the Taoiseach has said is happening. Up to now, the standard response has been the interest-only payment approach, comprising 99% of restructures to date. I put it

to the Taoiseach that as the Minister of State, Deputy Brian Hayes, said last week, the banks have been given the money to write down, write off or restructure debts in accordance with the original capital assessments completed more than 18 months ago. That simply has not happened. It seems to me that the standard orthodoxies in terms of the relationship between the Government and the banks have simply not worked for the person on the street, the family in mortgage arrears and the family in genuine distress and crisis. A different approach is required. It is alarming to hear the Governor of the Central Bank say that officials in that institution are “tearing their hair out” in frustration at their inability to get a sense of how the banks are dealing with this issue and engaging with families and customers. Given that they received €9 billion of taxpayers’ money, it seems to me that it is time for the message to get through to the banks - in my view, the message must come from the shareholder, in respect of one of the major banks, and from the Government - that it is time for them to look after citizens in a reasonable and effective way. Many of those who are in significant distress are willing to co-operate and want to fulfil their debts.

**Deputy Willie O’Dea:** Yes.

**Deputy Micheál Martin:** They want to pay their debts, but they need the space and capacity to do so. We need innovative and radical solutions. Some economists have suggested a permanent interest rate reduction, which would enable the banks to get all of their capital back at a more affordable monthly rate. The question of split mortgages should have been followed through on long before now. It is unclear whether the Personal Insolvency Act 2012 will deal with many of these areas. Unfortunately, it seems that one must almost be at the most insolvent end of the spectrum before one can avail of that legislation. I hope it will bring some relief. I put it to the Taoiseach that the Government should get involved in what the Governor of the Central Bank has described as a “directive” approach to the banks on specific policies for dealing with this issue.

**The Taoiseach:** I like the Deputy’s new-found focus on dealing with the complex problems we have now. One would swear that the Governor of the Central Bank did not have to make a telephone call from a street corner in Frankfurt a few years ago to say the IMF was in here.

**Deputy Willie O’Dea:** The Taoiseach should answer the question.

**The Taoiseach:** Deputy Martin’s conversion is most welcome.

**Deputy Mattie McGrath:** The Taoiseach needs to get into the present.

**The Taoiseach:** I appreciate the number of constructive suggestions he has made.

**Deputy Michael Healy-Rae:** The election is over long ago.

**The Taoiseach:** We do not forget the reasons all of this happened. On behalf of the Government, I wrote to the regulator 18 months ago to ask him if he required further powers as regulator.

**Deputy Mattie McGrath:** Write to Santy.

**The Taoiseach:** I said that if he did, the Government would consider them and respond to him. The regulator made it clear that he did not need any further powers at that time.

**Deputy Micheál Martin:** Everything is grand.

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**The Taoiseach:** The Central Bank required the lenders to submit their proposals for addressing the problem of distressed mortgages. As the Deputy is aware, those options included split mortgages, trade-down mortgages, restructuring of mortgage payments and forbearance.

**Deputy Micheál Martin:** There have been just 12 split mortgages to date.

**The Taoiseach:** The Deputy will appreciate that the scale of the devastation his Government left behind meant that teams from the Central Bank and the Department of Finance had to spend the last 15 months dealing with the European Central Bank before last week's very welcome agreement could be reached. Having heard the banks state their case, I understand they have trained their personnel to-----

**Deputy Mattie McGrath:** To collect what they can.

**The Taoiseach:** -----deal with distressed mortgage holders.

**Deputy Willie O'Dea:** The Taoiseach has been telling us that for the last two years.

**Deputy Mattie McGrath:** They have been trained to send out the bailiffs.

**An Ceann Comhairle:** Can we please have a reply without interruption?

**Deputy Barry Cowen:** This is an old record.

**The Taoiseach:** I remind Deputy Cowen that AIB is now saying it will be able to deal with 1,500 cases a month.

**Deputy Willie O'Dea:** The Taoiseach needs to change the script.

**The Taoiseach:** I welcome that if that is the case. I hope they are not all put on interest-only payments because resolutions are needed.

**Deputy Willie O'Dea:** The Taoiseach must be joking.

**The Taoiseach:** There is enormous relief for distressed mortgage holders and their families when it becomes clear that they are not in danger of losing their houses.

**Deputy Willie O'Dea:** More and more people are getting into trouble every week.

**The Taoiseach:** When a solution is arrived at in these cases, the people in question can contribute fully to the growth and development of the economy. Approximately 100,000 people are being prevented from so doing because of a lack of resolution in their cases. The personal insolvency agency is to be established before the summer. Quite rightly, the focus and concentration of the Central Bank and the Government, through the Cabinet committee, is on the opportunity to focus on distressed mortgage holders, bring about resolutions and clean up the mess the previous Government left behind it.

**Deputy Micheál Martin:** The banks were given €9 billion for these purposes.

**Deputy Willie O'Dea:** It is getting worse by the day.

**Deputy Gerry Adams:** I want to talk about a four year old boy from Dundalk - a wee lad called Billy - who was born profoundly deaf. When he was two and a half years old, he was given a cochlear implant. His mother has spoken about how he cried the first time he was able

to hear noise. It was a hugely emotional time for the family. This is a very good example of how technology can improve lives. The problem is that Billy had to wait until he was two and a half because of funding issues.

**Deputy Eric Byrne:** America.

**Deputy Gerry Adams:** The level of funding set aside for such children in this State, who receive just one implant, continues to be inadequate. A single implant costs between €18,000 and €20,000. Internationally, it is considered best practice to implant both ears. The HSE accepts this. The provision of just one implant impairs the child's ability to distinguish where noises are coming from and limits his or her ability to hear in noisy places like classrooms and the Dáil Chamber. The big problem as the child grows is that the nerves to which the implant should be connected die if they are not being used, which means the hope of a further implant is lost. These children are in a race against time. This is a hugely important treatment for them and for other children who are born deaf. The cost is not prohibitive. I ask the Taoiseach to consult the Minister for Health and the Cabinet committee on health as part of an effort to secure agreement for the release of the funding resources that will allow for bilateral cochlear implants to be made available to all the children who are affected.

**The Taoiseach:** This is a most frustrating situation for parents and particularly for the children who require cochlear implants. I hope little Billy will be able to have his problem resolved in due course. Deputy Adams is aware that there are about 700 involved here every year and I think it is about 200 children. The average cost of a single cochlear implant is between €18,000 and €20,000. A decision was made in the United Kingdom to give bilateral implants to children and adults who need them. I understand that where surgery is required by children under the age of six, it is done at Temple Street Children's Hospital. I do not know the details of little Billy's case. A second implant is not provided in a number of these cases because of the particular circumstances of the case in question.

Beaumont Hospital, which deals with this in the main, has put forward its business proposal in regard to bilateral cochlear implants. A budget of €4.1 million is available this year for cochlear implants. I understand that 48 adults and 42 children were treated last year. I have spoken to the Minister, Deputy Reilly, about this issue. He will consider the business proposal that Beaumont Hospital has submitted to the HSE in the hope that these cases can be dealt with efficiently and speedily. I understand that adults who are referred are seen within six to nine months. Children normally receive an implant within six to seven months, depending on the assessment of the multidisciplinary team. I will have the Minister examine the business proposition that has been put forward by Beaumont Hospital. As I have said, I do not know little Billy's particular case. The assessment of the multidisciplinary team will determine whether he is suitable for a bilateral cochlear implant.

**Deputy Gerry Adams:** I thank the Taoiseach for that answer. I have used Billy's case to personalise and humanise the issue. He has received a single cochlear implant. The point I am trying to make is that the doctors and the HSE are saying that best practice for children involves giving them two implants. The HSE estimates that the cost of doing this would be no more than €4 million, which is not an awful lot of money, even in these straitened times. Some of these children are not even diagnosed as being deaf until they are 18 months old.

Can anyone imagine a child like Billy hearing no noise until he is two and a half years old? As a citizen, he has a right to hear, a right to have a voice and a right to be heard. The Govern-

ment has the solution. I know the Taoiseach cannot stand up and on the hoof give commitments on these matters, but it is quite simple. A sum of €4 million will cure this problem for all of these young citizens. On behalf of the parents, particularly those are running a campaign on the issue, I ask that the Minister for Health and the Taoiseach come to it in a very positive way. It is something the Government could put right very easily.

**The Taoiseach:** A positive approach will be taken towards it. Since the programme began 17 years ago, 700 patients have received cochlear implants. Some 90 procedures were carried out in 2012, of which 48 involved adults, while 42 involved children. The Deputy is correct that in 2009 the National Institute for Health and Clinical Excellence in the United Kingdom recommended bilateral cochlear implantation as best practice for children. In Ireland, it is only single implantation that takes place, except in a very small number of cases in which children might have been the victims of meningitis or suffer from blindness.

Beaumont Hospital and HSE management have met to discuss the proposition made by Beaumont Hospital. The purpose of the meeting and others to follow was and is to identify the options for developing bilateral implementation processes for children. Obviously, an important element would be the development of very clear clinical criteria to prioritise the cases that should be dealt with.

I am glad the Deputy has raised the issue which is very important for parents and, more particularly, children. As I said, the process is under way. There is an allocation of €4.1 million this year and the Minister for Health, Deputy James Reilly, will follow through with the HSE and Beaumont Hospital management in developing that process and putting in place clear criteria to see whether we should follow the decision taken in 2009 by the national institute in the United Kingdom on bilateral cochlear implantation. The Deputy will be kept informed on the matter.

**Deputy Gerry Adams:** Go raibh maith agat.

**Deputy Richard Boyd Barrett:** Some of us were less than impressed last week with the hype with great fanfare around the so-called deal on the promissory notes. Some 100,000 people took to the streets at the weekend who clearly did not believe much had changed for them. This morning Professor Patrick Honohan, the Governor of the Central Bank, reminded us that household financial distress was at extraordinary and unprecedented levels, yet today we understand the Minister for Finance will publish a Finance Bill that will still require hundreds of thousands of families to pay a tax on their family home that they simply cannot afford. There will, I understand, be no exemptions for the unemployed, pensioners, the 160,000 or so people in mortgage distress and workers who have had their incomes savaged such as the fully qualified nurse who as reported in the newspapers today is unable to pay her bills and a pensioner in my constituency who tells me that, despite having an income of just €200 a week, she is facing a bill of €800 a year in property tax when in March the demands drop. Very simply, if the deal on the promissory notes was such a wonderful achievement, as the Taoiseach claims, and, as he also claims, is going to leave us with €1 billion more in 2014 and 2015, can he announce today that, as he now has the money, he will abolish the property tax and not force the unemployed, pensioners, those in mortgage distress and others struggling to pay their bills to pay a tax on their homes that they simply cannot afford? If it was a real deal, the Taoiseach could afford to do this. He should make that commitment and promise and give a little hope and relief to ordinary people.

**Deputy Michael Ring:** Even Deputy Finian McGrath is laughing at the Deputy.

**Deputy Bernard J. Durkan:** Finian will sign up to it.

**The Taoiseach:** Since Deputy Richard Boyd Barrett came to the House, he has never been impressed by anything but the quality of the demonstrations he can have on the streets. That is his weekly fix.

**Deputy Richard Boyd Barrett:** It is the only thing that gets results.

**An Ceann Comhairle:** The Deputy has had his say. Let us listen to the reply.

**Deputy Richard Boyd Barrett:** The Taoiseach hates to admit it, but it is the only thing that gets results.

**The Taoiseach:** On the promissory note agreement with the ECB, nobody on the Government side said it was going to be the end of all our difficulties.

**Deputy Richard Boyd Barrett:** Is it going to be the end of anything?

**The Taoiseach:** Everybody said it was a relief on the debt sustainability of the country which would make Ireland more attractive in terms of investment and provide an opportunity for those in lending institutions to access the markets and greater credit for lending to business to create jobs.

**Deputy Mattie McGrath:** It is not going to happen.

**The Taoiseach:** Contrary to what the Deputy said and while it was a major and an historic achievement for the country, we never indicated anything other than we still had a long way to go.

The property tax legislation passed through the House before Christmas.

**Deputy Barry Cowen:** In 20 minutes.

**The Taoiseach:** Deputy Richard Boyd Barrett does realise it has passed into law.

**Deputy Richard Boyd Barrett:** The Finance Bill is being published today. Where are the exemptions?

**The Taoiseach:** The amendments being produced today by the Minister for Finance will be available to the Deputy at 1.30 p.m. All of the amendments involve concessions in respect of the property tax. The good lady mentioned by the Deputy will be able to defer her property charge based on the income figures mentioned. It is a case of very clear guidelines being laid out. There are changes in respect of social housing, on the issue of charitable organisations owning property and for those hard-pressed householders who purchased homes afflicted by pyrite. These are changes the Minister has recognised need to be made in order to have it as fair as possible. The Deputy is also aware that the vast proportion of the property tax collected will be spent in local areas in providing local services for local people. In that sense, the Bill and the amendments to be made available at 1.30 p.m. today are nothing but exemptions and concessions that the Minister has recognised are necessary.

**Deputy Richard Boyd Barrett:** Therefore, the truth about the deal becomes clear. It is not

going to make a whit of difference-----

**Deputy Paul Kehoe:** In the Deputy's eyes.

**Deputy Richard Boyd Barrett:** -----to the people who are being hammered by cuts and on whom it is now planned to impose a further burden amounting to hundreds of euro a year by way of property charges. I know damn well that the Finance Bill under which this burden is going to be imposed was passed at the end of last year. However, given that the Taoiseach claims that we have saved ourselves billions of euro, why will further exemptions not be announced by the Minister for Finance today to remove from the property tax net pensioners, those on disability allowance, those who have lost their jobs, those whose incomes have been savaged-----

**An Ceann Comhairle:** Will the Deputy put his question?

**Deputy Richard Boyd Barrett:** -----such as fully qualified nurses who cannot pay their bills? Why are there no exemptions or relief for them? Is that the truth about the deal made last week and the so-called exemptions being announced today, namely, that there is nothing for the people who are being hammered?

**Deputy Simon Harris:** There are exemptions for the Independents.

**Deputy Brendan Griffin:** Give back the leader's allowance.

**Deputy Richard Boyd Barrett:** Is that the best the Taoiseach can do?

**The Taoiseach:** The legislation introducing the property tax has now passed into law. It is an alternative to increases in income tax which would be a tax on jobs, as the Deputy knows and about which he tends to spout on a regular basis in the House.

**Deputy Mattie McGrath:** A tax on homes is unfair and unjust.

**The Taoiseach:** As the Deputy knows, the Bill and the amendments to be published at 1.30 p.m. contain quite a number of concessions.

**Deputy Michael Healy-Rae:** What about houses affected by radon?

*11 o'clock*

**The Taoiseach:** There are exemptions for newly constructed but unsold residential properties and they correspond to exemptions from the household charge where ownership is vested in a public body; where a principal private residence is unoccupied by reason of long-term mental or physical infirmity; a mobile home, vehicle or vessels; and property fully subject to commercial rates. The issue of the pyrite-afflicted homes is a concession that I am sure the Deputy welcomes even in the continued misery he puts out here every week.

As the Minister pointed out, there will be a saving to the taxpayer of €1 billion in respect of the promissory note and a requirement to borrow €20 billion less over the next ten years. That has been reflected in some recognition by rating agencies of the status of the country. It has also been reflected in the international assessment of Ireland as being an ideal location in which to invest with job opportunities resulting from that.

I repeat that the vast majority of the property tax being collected will be spent in local areas for local services for local people so they will see where their contributions go. This is not

easy. We all know that thousands of people in our country are challenged but the situation this week is better than it was last week because of the agreement to the promissory note deal. If we had not arrived at that position, Deputy Boyd Barrett would be the first person spouting about the €3.1 billion that must be borrowed every March, which was the situation left behind by the party sitting in front of him.

### **Order of Business**

**The Taoiseach:** It is proposed to take No. 26, statements on European Council, Brussels; and No. 11a, motion re promissory notes arrangements (resumed). It is proposed, notwithstanding anything in Standing Orders, that the Dáil shall sit later than 9 p.m. tonight and shall adjourn not later than 10.30 p.m.; the proceedings in relation to No. 26 shall, if not previously concluded, be brought to a conclusion after 85 minutes and the following arrangements shall apply: the statements shall be made by the Taoiseach 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 statement in reply which shall not exceed five minutes. Private Members' business shall be No. 93, notion re Magdalen laundries, resumed, to conclude at 9 p.m. tonight if not previously concluded.

**An Ceann Comhairle:** Is the proposal that the Dáil shall sit later than 9 p.m. tonight agreed? Agreed. Is the proposal for dealing with No. 26 agreed? Agreed.

**Deputy Micheál Martin:** In this evening's *Evening Herald*, there is an exclusive front-page article on the report into the death of Savita Halappanavar. The report has been leaked to the newspaper.

**An Ceann Comhairle:** What legislation is the Deputy talking about?

**Deputy Micheál Martin:** In respect of making time available in the House, will the Government publish the report immediately and facilitate opportunities for Deputies to speak on the report given the debate we have had so far on this very sensitive issue? I think the Taoiseach would agree that it is very unsatisfactory that it has been leaked in this manner, particularly when the Dáil has not had an opportunity to see it. I would appreciate if the Taoiseach could commit to publishing that report and providing an opportunity.

There is no intention in the section in the finance Bill dealing with amendments to the family home property tax to ease the burden for those in mortgage distress and arrears. We discussed this earlier. It is a significant crisis and many people will be amazed at that. Can the Taoiseach outline the legislative schedule for the finance Bill and give a commitment to the House that there will be no guillotining of the debate on the Bill as there was before Christmas in respect of the property tax when we got less than two days and no chance to table amendments or discuss anything to do with it? Will he state that there will be no such guillotine in place in respect of the finance Bill and that we will have an opportunity to put down amendments to exempt those in mortgage distress and arrears from having to pay the property tax? If one cannot pay one's mortgage and if one is between 90 days and two years in arrears, how in the name of God can

one be expected to pay the property tax on top of that?

**An Ceann Comhairle:** We cannot have a debate.

**The Taoiseach:** I did not realise that Deputy Martin had turned into St. Augustine as the Deputy signed on for this as part of the memorandum of understanding. He wants it but not just yet. Second Stage of the finance Bill will be held next week. The schedule will be available today at 1.30 p.m. when the Bill becomes available to Deputies.

**Deputy Micheál Martin:** And no guillotine.

**The Taoiseach:** Obviously, that is a matter for the Whips as long as people wish to discuss this issue.

**Deputy Micheál Martin:** The Government decides the guillotine.

**The Taoiseach:** No, I do not want any restriction on it.

**An Ceann Comhairle:** Could we avoid across the floor discussion?

**The Taoiseach:** We will have a full-scale debate next week on the Magdalen laundries, as I committed to when the report was published. I do not have any intention of guillotining the finance Bill. It is an important Bill and everybody should be allowed to have their say. I am sure we can make arrangements for that.

In respect of the report referred to by Deputy Martin appearing in an evening newspaper published today, I checked with the Minister for Finance this morning. That report has not been finalised and has not been received by the Minister. The Deputy is aware that following the unfortunate and tragic death of Savita Halappanavar that there are three investigations ongoing by the HSE, HIQA and the coroner's report. I would have expected, as normal courtesy should apply, that the husband of the late woman should be the first person briefed about what is happening. I will not make any comment about newspaper reports because this report is not concluded or finalised and has not been received by the Minister. I would expect that when it is, the first person to be briefed about it should be her husband.

**Deputy Gerry Adams:** Tá dhá cheist agam ar an Taoiseach faoi reachtaíocht atá forógraithe. Given the leak of the report - we must wait and see whether it is a real report or not - and the fact that the Halappanavar family will be put through another trauma, could the Taoiseach tell us when legislation for the X case will be brought forward by the Government given that on two occasions, it voted against a motion from Sinn Féin and legislation from Deputy Clare Daly?

We are advised that there will be some changes in family home tax introduced by the Government in the budget in the finance Bill. The Taoiseach will recall that in the programme for Government, the Government promised to take into account the situation of those in negative equity in any property tax proposal it brought forward. Yet the proposal now being put forward takes no account of mortgage distress or negative equity. Would the Taoiseach not use this opportunity given all the billions he says he gained last week to withdraw the proposal on a tax on the family home?

**The Taoiseach:** When I replied to Deputy Martin, I referred to the Minister for Finance when it is, of course, the Minister for Health who has not received the report. We set out a very clear process before Christmas with regard to dealing with the A, B and C case and the Su-

preme Court decision in the X case. The Oireachtas Committee on Health and Children under the chairmanship of Deputy Buttimer held its hearings on an information basis and presented that report to the Minister for Health. I can confirm that quite a deal of work has been done in preparation of the legislative heads that will be required. When they are completed, the Minister will bring that to Government for approval. The Deputy should not ask me the exact date but it is not too far away. As I said before to Deputies, we do not want to prolong this unduly but it is important that it be treated with the focus it obviously deserves. I am not giving a date for when the Minister will bring the heads of the Bill to Government but he has completed a deal of preparatory work in preparing them for approval.

**Deputy Gerry Adams:** An ceist eile.

**The Taoiseach:** In respect of the Deputy's question about the property tax, the big case made was for the people who had paid very high stamp duty on houses bought at the beginning of this boom. The people who have been most affected are middle-income families who bought houses as first-time buyers at the height of the boom. They did not have to pay stamp duty. The Government focused on those people by giving double mortgage interest relief for those who bought between 2004 and 2008. The Bill has been passed into law. At 1.30 p.m. today the Minister will publish the concessions which are being made available. As I informed Deputy Martin, the schedule will be laid out today.

**Deputy Richard Boyd Barrett:** Along with many others I have raised the fact that the exemptions proposed-----

**An Ceann Comhairle:** We are not having a debate now, Deputy.

**Deputy Richard Boyd Barrett:** -----in the finance Bill are inadequate and they do not deal with the distress-----

**An Ceann Comhairle:** We are not going there, Deputy. What Bill are we referring to?

**Deputy Richard Boyd Barrett:** The finance Bill.

**An Ceann Comhairle:** We have been told about the finance Bill.

**Deputy Richard Boyd Barrett:** Perhaps the Ceann Comhairle will allow me to finish because he has allowed everyone else go on.

**An Ceann Comhairle:** I have not.

**Deputy Richard Boyd Barrett:** You have, actually.

**An Ceann Comhairle:** I have not, actually.

**Deputy Richard Boyd Barrett:** If those in the Opposition are going to propose amendments allowing for further exemptions for those in mortgage distress, those who are unemployed and other groups whom we believe cannot afford to pay, will the Taoiseach give a commitment that those amendments will not be ruled out of order and that we will be allowed to put forward those amendments?

**An Ceann Comhairle:** That is not a matter for the Taoiseach. The ruling on amendments is not a matter for the Taoiseach.

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**The Taoiseach:** I cannot give the Deputy any such guarantee. That is a matter for the House.

**An Ceann Comhairle:** It is a matter for the House in accordance with Standing Orders. That is the way we deal with the disallowing of amendments and questions.

**Deputy Patrick Nulty:** I hope the Taoiseach is aware of the crisis in housing needs in this country with 100,000 people on the waiting list. There has been an increase of 5% in rents in Dublin yet people on rent allowance are being crippled-----

**An Ceann Comhairle:** Where is the Deputy going with this matter?

**Deputy Patrick Nulty:** I ask if a new social welfare (amendment) Bill will be published which takes account of the fact that rents are increasing while people are becoming homeless and children having to-----

**An Ceann Comhairle:** The Deputy should table a parliamentary question on the matter.

**Deputy Patrick Nulty:** It is because of the disastrous policy by the Government.

**An Ceann Comhairle:** Please resume your seat, Deputy. Is legislation promised in this area?

**The Taoiseach:** The social welfare Bill will be published next session. A housing Bill is promised for later in the year.

**Deputy Peadar Tóibín:** The programme for Government committed to dealing with the legacy of upward-only rents. Yesterday, 300 jobs were lost in HMV and another 600 jobs under threat in B&Q. These numbers are in addition to job losses in other organisations such as Black Tie, La Senza, Game, Pamela Scott, Atlantic Homecare and numerous other smaller Irish businesses-----

**An Ceann Comhairle:** What legislation is being referred to?

**Deputy Peadar Tóibín:** A total of 50,000 jobs have been lost in this sector in the past four years. Last week the Government published the Irish Bank Resolution Corporation Bill which recognises in its preamble that the common good may require permanent or temporary interference with the rights, including property rights, of persons. When will the Government bring legislation to deal with this serious disaster in the retail sector? If legislation cannot be brought forward under the current constitutional arrangements, when will the Taoiseach bring forward a constitutional amendment to deal with this issue?

**An Ceann Comhairle:** The Deputy should table a parliamentary question as there is no promised legislation in this area.

**Deputy Peadar Tóibín:** It was promised in the programme for Government.

**The Taoiseach:** The Government was unable to proceed with this matter because of its constitutional difficulties. It is unfortunate for all those workers mentioned by the Deputy. A total of 250,000 jobs were lost in the private sector for three years prior to this. A total of 12,000 jobs were created last year. I feel for those workers. I have spoken to company representatives and in many cases - in particular with regard to smaller companies - landlords are prepared to reduce rents rather than lose a tenant. It is more difficult for larger companies. Not all of these

job losses are exclusively due to upward-only rent agreements.

**An Ceann Comhairle:** I have a long list of Members who wish to speak. I do not want an abuse of the opportunity to ask about promised legislation. No more speeches, please. I want Members to ask about promised legislation only and to be fair to the other Members. Otherwise, we will run out of time.

**Deputy Mattie McGrath:** I will do my best to stay within guidelines. I refer to the recent McAleese report on the Magdalen laundries which apart from the trauma of the evidence, was value for money at €11,400. When will a review be undertaken of the Tribunals of Inquiry Act 2006 and the disbandment of tribunals? We need to learn from our very costly mistakes.

I have a question about the Animal Health and Welfare Bill. There is a new disease in sheep, the name of which I can hardly pronounce - Schmallerberg. It might sound funny but it is a very serious disease.

**An Ceann Comhairle:** The Deputy does not need to try to pronounce it.

**Deputy Mattie McGrath:** Perhaps the Government could look at it and pronounce it. This is a very bad year for sheep after such a wet year with fluke. This is a chronic disease.

**An Ceann Comhairle:** Please, Deputy. What legislation are you talking about?

**Deputy Mattie McGrath:** The Animal Health and Welfare Bill 2012. Where is that with regard to this item?

**The Taoiseach:** That Bill is on Report Stage. It was supposed to be taken this week but this has not been possible.

**An Ceann Comhairle:** If it is on Report Stage, it is not promised legislation.

**The Taoiseach:** I am not familiar with the disease mentioned by the Deputy but the Minister is well aware of it.

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

**The Taoiseach:** The report on the tribunals has been around since 2005. It is not possible to end tribunals just like that. Many of us would wish for the same value as given by the McAleese inquiry and report-----

**Deputy Mattie McGrath:** Who started it?

**Deputy Michael Healy-Rae:** I ask about the forestry Bill. I refer to an excellent document on the proposed sale of assets of Coillte which rightly and strongly condemns any suggestion that the assets should be sold. I plead with the Taoiseach not to sell the estates of timber or land.

**An Ceann Comhairle:** The Deputy can do so when the Bill is introduced.

**Deputy Michael Healy-Rae:** On a separate matter, another leading national retailer has had to close down citing high rents as a major contributory factor-----

**An Ceann Comhairle:** Please do not go there again, Deputy.

**Deputy Michael Healy-Rae:** I refer to the Government's pre-budget promise.

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**An Ceann Comhairle:** When is the forestry Bill due?

**Deputy Michael Healy-Rae:** I am asking about the environmental (miscellaneous provisions) Bill.

**An Ceann Comhairle:** That deals with high rents?

**Deputy Michael Healy-Rae:** The Government parties promised before the election that they would address the issue of upward-only rents but what did they do?

**An Ceann Comhairle:** We have dealt with that issue. We have been told about it.

**Deputy Michael Healy-Rae:** The Government did not deal with it.

**An Ceann Comhairle:** Deputy, please recognise your colleagues who are trying to contribute.

**The Taoiseach:** The forestry Bill is expected very shortly. It will deal with the sale of the timber and not the land.

**Deputy Micheál Martin:** Shame.

**Deputy Mattie McGrath:** One cannot get the wood for the trees.

**The Taoiseach:** The environmental (miscellaneous provisions) Bill is expected later this year.

**Deputy Charlie McConalogue:** In light of the problems with the administration of student grants this year through SUSI, when is the new grant scheme for the upcoming academic year to be laid before the Houses? I refer to the speculation that the Government plans to introduce a capital assets test as part of that grant scheme. Will legislative change be required if this is proceeded with?

**The Taoiseach:** I reported yesterday on the up-to-date situation with regard to the SUSI agency and the allocation of student grants. There are almost 6,000 cases where information required has not been submitted over the past six weeks. A total of 88% of applications have been processed and paid. The faults in the system have been identified. I hope it does not happen next year. The Minister for Education and Skills has not as yet brought any proposals to Cabinet for changes in the student grant scheme.

**An Ceann Comhairle:** I ask Members to try to remain within the Standing Orders, please.

**Deputy Willie O'Dea:** On promised legislation and to follow up on Deputy Martin's question this morning, on behalf of hundreds of thousands of people throughout the country, when will the Personal Insolvency Bill be commenced? When will people be able to avail of the procedures? From the Taoiseach's replies this morning it seems he has not grasped the fact that more and more people are falling into arrears.

**An Ceann Comhairle:** We will check that out for the Deputy. Please resume your seat.

**Deputy Willie O'Dea:** It was 90,000 three months ago and now it is 100,000. When will the legislation be in operation?

**The Taoiseach:** The legislation has been enacted. The director is in position and recruit-

ment of personnel is under way to staff the insolvency agency. I cannot give the Deputy an exact date. I expect it will be in early summer. I will come back to the Deputy with a more accurate date when the director has completed his recruitment process.

**Deputy Micheál Martin:** Given the recent Irish weather, when is summer?

**The Taoiseach:** I think the late Jim Tully answered that question.

**An Ceann Comhairle:** I do not think there is promised legislation in that area.

**The Taoiseach:** This is like that Fianna Fáil leadership thing about when is the close of business.

**Deputy Barry Cowen:** Will amendments be tabled in respect of the Planning and Development Act, particularly in view of the fact that the Government does not consider it worthwhile or necessary to instruct Wicklow County Council-----

**An Ceann Comhairle:** We cannot deal with proposed amendments, only proposed or promised legislation.

**Deputy Barry Cowen:** -----to withdraw from its pursuit of homeowners in respect of development charges?

**The Taoiseach:** This matter is before the courts. If the Deputy submits a request to raise it as a Topical Issue, the Minister for the Environment, Community and Local Government will deal with it.

**Deputy Barry Cowen:** I did so yesterday.

**Deputy Ray Butler:** When is it expected that the education (admission to school) Bill, the aim of which is to ensure the contents and process for enrolling by schools is more open, equitable and consistent, will be published? The Minister for Education and Skills recently encouraged parents, students and staff at Educate Together schools, including those in my area, to complete a questionnaire. Will a report issue in this regard or will the Minister come before the House to discuss the matter?

**An Ceann Comhairle:** The issue of the questionnaire is a separate matter. The Deputy should table a parliamentary question in respect of it.

**Deputy Ray Butler:** The two are intertwined.

**An Ceann Comhairle:** The Taoiseach can only deal with promised legislation.

**The Taoiseach:** The education (admission to school) Bill is being drafted and will be published later in the year. I will ask the Minister to contact the Deputy in respect of the second matter to which he refers.

**Deputy Seamus Healy:** Last week the Government agreed to pay every last cent of the private debts of bankers and bondholders. Those debts amount to many billions of euro. At the same time, the Minister for Social Protection so-called, Deputy Burton, issued an instruction that needy families-----

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

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**Deputy Seamus Healy:** There is legislation in this area and if the Ceann Comhairle allows me to continue, I will refer to it. The Minister for Social Protection so-called, Deputy Burton, issued an instruction to local community welfare officers to stop-----

**An Ceann Comhairle:** I will not ask the Deputy again. Will he please put his question about legislation to the Taoiseach?

**Deputy Seamus Healy:** I am doing so.

**An Ceann Comhairle:** We do not want speeches. Other Deputies are waiting.

**Deputy Seamus Healy:** The Minister issued an instruction to the effect that the payment of grants to needy families in respect of children making their Holy Community or confirmation should be stopped.

**An Ceann Comhairle:** The Deputy is not listening. Will he please resume his seat or indicate the legislation that is involved?

**Deputy Seamus Healy:** Legislation is not required to overturn the decision to which I refer. It can be reversed-----

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

**Deputy Seamus Healy:** If legislation is required, then the social welfare and pensions Bill should suffice. The Taoiseach should say that he is going to instruct the Minister to reverse-----

**An Ceann Comhairle:** The Taoiseach will not say anything. The Deputy is out of order and I will not ask him to sit down a third time.

**Deputy Seamus Healy:** -----this absolutely disgraceful decision which relates to needy people who have nothing left when they have paid their bills.

**The Taoiseach:** The social welfare and pensions Bill is due later this year.

**An Ceann Comhairle:** I ask Members to refrain from making any further speeches. They should recognise the authority of the Chair.

**Deputy Bernard J. Durkan:** I am not going to make a speech-----

**An Ceann Comhairle:** I was not referring just to the Deputy.

**Deputy Bernard J. Durkan:** -----but I have been obliged to listen to a lot of them.

**An Ceann Comhairle:** Exactly.

**Deputy Bernard J. Durkan:** I wish to inquire about two important items of legislation. The first is the sport Ireland Bill, which is to provide for the establishment of sport Ireland, a new organisation to replace the Irish Sports Council and the National Sports Campus Development Authority. Have the heads of this Bill been discussed by Cabinet, when is the legislation likely to be published and when will it be brought before the House? Will the Taoiseach also indicate when the inspection of places of detention Bill, which relates to prison visiting committees, will be published?

**The Taoiseach:** I do not have a date for the publication of the inspection of places of deten-

tion Bill. The heads of the sport Ireland Bill are being finalised and final version of the legislation should come before the Government in the near future. I cannot, however, provide an exact date in that regard.

**Deputy Martin Ferris:** In recent weeks we have witnessed the debacle relating to horse-meat being found in products emanating from the Irish food processing sector. Does the Government intend to introduce legislation relating to traceability and country-of-origin labelling in order to ensure there will not be a recurrence of the problem which has emerged in this regard?

**The Taoiseach:** This has become a pan-European problem. The matter was first brought to light by the quality and extent of tests carried out in Ireland. People had assumed that this was just an Irish issue but that is not the case. It is, in fact, a very complex matter. That is why the Minister for Agriculture, Food and the Marine has, under our Presidency of the EU, convened a meeting of the Ministers of all the countries involved in Brussels today. As Deputy Martin Ferris is well aware, we cannot afford to have any cowboys operating in this industry. We must ensure that the necessary practices are tightened up and that relevant regulations will be put in place in order to ensure that the food produced is consumer-safe in nature and that the very highest standards of professionalism and competency are met. In light of the number of countries now involved, I understand that this is an extremely complex matter. We will continue to work hard in respect of this matter and if legislation needs to be introduced, then it will be brought forward.

**Deputy Robert Dowds:** I realise the Government has a huge legislative programme but I urge the Taoiseach to prioritise, to the greatest extent possible, the noise nuisance Bill, particularly in light of the serious degree of anti-social behaviour which some communities continue to suffer.

**The Taoiseach:** I do not have a date for publication of that Bill. The Deputy has raised this matter on a few occasions and I understand the difficulties involved. I will get back to him in respect of the legislation.

**Deputy Brendan Griffin:** Before asking the Taoiseach about the universities (amendment) Bill, I take this opportunity formally to congratulate him, on behalf of the people of Kerry, on the work he did for our country in Europe last week. What he did last week represents a fantastic achievement. I would like that fact to be recorded.

**An Ceann Comhairle:** It will not be recorded because it is not relevant to the Order of Business. Will the Deputy indicate to which legislation he wishes to refer?

**Deputy Brendan Griffin:** In the context of the universities (amendment) Bill, there is a great deal of concern regarding the level of remuneration in the universities sector. When will the legislation be brought before the House?

**The Taoiseach:** The heads of the universities (amendment) Bill were cleared last October. It will be mid-year before the legislation is published.

**Deputy Pádraig Mac Lochlainn:** As the Taoiseach is aware, a referendum will be required in respect of regulations at European level relating to patent protection. When that referendum takes place, will the Government, as promised in its programme, also hold a referendum on upward-only rents?

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**An Ceann Comhairle:** I ask the Taoiseach not to revisit the issue of upward-only rents.

**Deputy Pádraig Mac Lochlainn:** It is a very fair question.

**An Ceann Comhairle:** We have been through the matter many times already this morning. The question has been answered.

**The Taoiseach:** The Government agreed to sign off on the matter relating to patents yesterday. We will consider when to hold a referendum but I hope it will occur in October.

**Deputy Micheál Martin:** What about upward-only rent reviews?

**The Taoiseach:** There will not be a referendum on upward-only rent reviews.

**Deputy Micheál Martin:** I thought we were going to get an announcement from the Taoiseach.

### **Rights of Grandparents Bill 2013: First Stage**

**Deputy Derek Keating:** I move:

That leave be granted to introduce a Bill entitled an Act to remove the obligation imposed on the grandparents of a child to first apply and obtain leave before exercising the right to apply for access to a grandchild, to regularise the day-to-day care of children in order to facilitate the development of a relationship or a bond between a grandparent and their grandchildren and persons *in locus parentis* where appropriate, to amend the Guardian of Infants Act 1964 and to provide for related matters.

**An Ceann Comhairle:** Is the Bill opposed?

**Minister of State at the Department of the Taoiseach (Deputy Paul Kehoe):** No.

Question put and agreed to.

**An Ceann Comhairle:** Since this is a Private Members' Bill, Second Stage must, under Standing Orders, be taken in Private Members' time.

**Deputy Derek Keating:** I move: "That the Bill be taken in Private Members' time."

Question put and agreed to.

### **European Council: Statements**

**The Taoiseach:** Last week was a momentous one for Ireland and the European Union. When we assumed the Presidency at the beginning of January, we stated that 2013 would mark a new phase in the EU's drive for recovery. We also stated that Ireland would be a recovery country and would drive recovery in Europe. On Thursday last I had the opportunity to come

before the House to report an outcome on the promissory notes which delivers a fairer and more sustainable arrangement for the Irish people. I said that the new plan will lead to a substantial improvement in the State's debt position over time and that it represents an historic step on the road to economic recovery. I also stated that it shows that the more Ireland is prepared to help itself, the more others will assist us along the difficult path we still have to travel: Ireland and Europe working hand in hand, making progress together towards recovery.

When I left the House, I travelled to Brussels for an important meeting of the European Council on the multi-annual financial framework. As stated last week, the main item on the agenda was the search for agreement on the Union's future budget. Nobody doubted that this would require long and difficult negotiations and this proved to be the case. However, following discussions which lasted through the night, we emerged on Friday with a result that is good for Ireland and good for Europe. That result fully secures our national interests. Under the new framework, our payments to the Union's budget will be of the order of €10 billion while our receipts will be in the region of €12 billion. Ireland will remain a net recipient, at least until 2020.

In the context of a budget that is smaller overall, the outcome provides for a strong Common Agricultural Policy, CAP, supporting a strong agricultural base and helping to drive economic growth and recovery. Ireland's key national priority was fully secured. The framework agreed to last week contains an allocation of over €343 billion for heading 2, Sustainable Growth and Natural Resources, delivering €1.5 billion per year in direct payments to Ireland.

In addition, in the negotiations the Irish team - I pay tribute to the role played by the Tánaiste and the Minister of State with responsibility for European Affairs - argued strongly that the impact of the economic crisis in this country had to be reflected in any deal. Our partners agreed with that assessment and in the agreement reached last Friday special allocation was made for the Border, midlands and western, BMW, region, in particular, which will receive an additional €100 million. We also secured an additional €100 million for Ireland under the heading of rural development. That is an important contribution which will help to underpin our efforts to make agriculture and agri-businesses important drivers of our economic recovery. We also stressed the need to tackle unemployment, specifically youth unemployment. As the House is aware, this is a problem that has reached unprecedented levels, with some member states experiencing rates well in excess of 50%. Europe cannot afford another lost generation, which situation is unacceptable. I very much welcome, therefore, the focus the issue has been given in the new budget and that Ireland will share in a €6 billion fund being set up to tackle youth unemployment in those countries in which the challenge is greatest.

Ireland strongly supported the original proposal for the multiannual financial framework, MFF, made by the Commission, but one way in which we considered it fell short was the absence of continued funding for the PEACE programme. In the context of recent events, it is clear that a job of work remains to be done if we are to secure lasting peace and reconciliation on the island. The Tánaiste and I advanced this case strongly throughout the negotiations and successfully secured a provision of €150 million for the PEACE programme in the new budget. That is a considerable sum which will be spent to best effect. As I have said, it is a good outcome for Ireland, but it is also a good outcome for Europe. It is a budget designed to help lift Europe out of the crisis it has faced in recent years. It is forward looking. It supports jobs, growth and economic recovery, the pillars of Ireland's Presidency. It has an emphasis on growth enhancing areas, including education, research and innovation. A total of €125 billion has been set aside for the area of competitiveness, growth and jobs, with the Erasmus programme and research and development being singled out for real growth. It is a budget that maintains solidarity with

the less developed member states of the European Union.

The House appreciates well the extent to which Ireland has been able to make good use of the funds it has received during the years through the European Union's Structural and Cohesion funding. Ireland is held out as one of the best examples of the effective spend of European moneys. Though we are no longer a large recipient, we argued throughout the negotiations that such funding was a win-win, allowing those member states that needed to catch up to do so, while providing new markets and opportunities for business in the more developed member states. Promoting economic, social and territorial cohesion is an important objective of the European Union. That cohesion policy is the main instrument through which it is pursued. I am pleased, therefore, that a significant portion of the budget agreed last week - €325 billion - will continue to be dedicated to that goal. The framework adopted last week also reflects current economic realities in making every euro count. At €960 billion, it represents a decrease of around 3% on the last MFF.

As the House will be aware, a number of member states argued very strongly for even more financial restraint and deeper cuts. This was a key issue in our discussions last week. While Ireland supported the proposal made by the Commission which was higher than the framework agreed to, I am confident that the right balance was struck in the compromise hammered out. The frank political reality is that Ireland is not alone among member states in having to take tough decisions to bring public spending into line and this was inevitably going to be reflected in any outcome. What we have now is a leaner budget but one with the right focus and emphasis. There will be less spent on administration and more on those areas with the potential to deliver jobs and growth.

I went to last week's European Council to seek a good deal for Ireland and a good deal for Europe and I am confident that these goals were secured. I also wanted to impress on colleagues the importance of the final deal being one that could secure the consent of the European Parliament. The days when member states can act alone on the budget are long gone. As Presidency, we have the responsibility of bringing the European Parliament on board. This is required since the Lisbon treaty was agreed to. Following last week's agreement, the Commission will prepare a draft regulation on the MFF and an inter-institutional agreement between the Council, the Commission and the Parliament. Once these are agreed in Council, we will bring them to the Parliament. In his presentation to the European Council last week President Schultz of the Parliament made it clear that the Parliament's support could not be taken for granted. In last week's negotiations it placed particular emphasis on the need for the budget to be realistic, as I believe it is, and for it to contain within it sufficient flexibility to deal with whatever lay ahead. The framework will be in place from 2014 until 2020 and it is difficult to predict with any degree of certainty the economic situation that will prevail over such a long horizon. In inviting the three institutions - the Council, the Commission and the Parliament - to come to an agreement on the funding of each programme and fund, it was, therefore, appropriate that the European Council suggested that, in doing so, they include the possibility of a review. That will enable us to reflect at mid-term on whether the assumptions on which the framework agreed last week were based remain valid.

The European Council has also agreed that within the new framework what it calls specific and maximum flexibility will be implemented to allow the European Union to fulfil its obligations. This is something we will explore with the Parliament in the negotiations ahead. While I recognise that these negotiations will not be easy, I have told President Schultz that the Irish Presidency stands ready to work co-operatively and in good faith to deliver an agreed outcome.

We will also do our very utmost to ensure the almost 70 separate pieces of sectoral legislation, or dossiers, on which the framework will rest are adopted by the Council and the Parliament in good time. That is a key task for us in holding the Presidency.

The outcome on the MFF was a good one for Ireland and Europe. That is true also of the substantial conclusions adopted on trade, with which I was very pleased. Consideration of trade issues at the first European Council meeting to be held during our Presidency of the Council was timely and welcome, getting well with the priorities we have set for our term. As I have said previously, an ambitious trade agenda is a critical element in our push for sustainable growth and job creation across the European Union. The scene for last week's consideration of trade issues was set by a useful European Commission paper which President Barroso shared with leaders ahead of the summit. The conclusions adopted reflect the real potential trade can deliver - potentially a 2% increase in growth in tandem with up to 2 million jobs. These are very serious numbers that we want to see turned into reality, with obvious beneficial effect in Ireland. It is estimated that in the next decade to decade and a half approximately 90% of global economic growth will be generated outside Europe. Europe must, therefore, position itself to take maximum advantage of these major external sources of growth. For Ireland, as a small, open trading economy, we have long seen and appreciated the way trade in goods and services can energise the economy. It is most welcome that that potential is reflected clearly in the European Council's decisions. While the European Union remains committed to further development of the multilateral trading system, last week's European Council agreed that our immediate priority must be developing our bilateral trade agenda. In doing so, we will prioritise negotiations that will provide most benefit in terms of growth and job creation. That has to be the right approach.

In setting out our Presidency programme we said the Irish Presidency would place a special focus on the European Union-United States trade relationship, with the aim of working towards a formal Council mandate for the start of negotiations on a new comprehensive EU-US free trade and investment agreement. There is now real momentum behind this project. Last week the European Council called for urgent follow-up during our Presidency to the report of the EU-US high level working group, expected to be published today. Last night it received a real boost in President Obama's State of the Union address when he gave his imprimatur to the launch of the talks because "Trade that is free and fair across the Atlantic supports millions of good-paying American jobs." It will also support good paying European and Irish jobs. Nobody knows better than us in Ireland that this is a two-way street. I commend the President on his early authorisation of the start of discussions here. In reply to him, I offer the absolute commitment of the Irish Presidency to taking this work as far forward as possible during its term.

Last week's European Council adopted conclusions on the Arab Spring, Syria and Mali, about which the Tánaiste will speak during his contribution to today's debate.

Last week was good for Ireland and Europe. The achievement of a positive outcome on the promissory note was, in no small part, a reflection of the slow and painstaking work that has been done to rebuild and restore Ireland's reputation in Europe. It demonstrates clearly that our partners appreciate our seriousness of intent and will row in behind Ireland in our efforts to secure our recovery. That commitment is also reflected in the outcome of the negotiations of the Union's budget, in which partners were prepared to take concrete steps to recognise the particular circumstances of this country and the impact the economic crisis has had on it.

Last week should help to restore confidence in Europe, both in Ireland and across the Union.

Despite the sometimes very different perspectives and interests that the Union's member states and institutions bring to the table, the capacity to reach compromise and to take difficult decisions remains very strong. We will continue in our efforts to secure our economic recovery, and we remain committed to delivering a Presidency that makes a real difference. As time passes, I will be happy to update the House on these developments.

**Deputy Micheál Martin:** There is clearly a lot of relief that the Council was able to agree a budget for the Union. However, the budget that has emerged is not one that will stimulate growth, create jobs or increase competitiveness. It could actually lead to a structural deficit and it does not help Ireland or any country that wants the European Union to help its citizens at this time of deep crisis. As we have heard from the Taoiseach, there are many claims being thrown around about a more dynamic Union, but at the heart of the budget agreement is a refusal to unleash the potential of collective action against recession and unemployment. One should remember that we in Europe are in an unprecedented recession and a set of circumstances not seen since the late 1920s. No matter how one dresses it up, at a time when the challenges faced by the Union are rising, its resources to tackle them will decrease.

There are 26 million people out of work in the Union today. Many live in regions that have little or no access to funding or opportunities to help create new jobs. This is the very moment at which the ideals of the Union should have come into play. At a time when faith in the Union has fallen, the most consistent hope of citizens is that it will help with jobs and growth. We should have had stronger countries accepting that we all benefit when we help the Union as a whole to prosper. Unfortunately, a deeply short-sighted approach has prevailed and it threatens to hold back the Union over the next seven years.

The communiqués from summits such as that under discussion are always padded with excess verbiage. Often the preambles bear almost no relation to the details of what has been agreed. The gap between the rhetoric of the leaders and the reality of their agreement has rarely been so large as in the case of this summit. In the opening paragraph of a 47-page document, the leaders state they have based their agreement on the fact that we must

ensure that the European Union's budget is geared to lifting Europe out of the crisis. The European Union's budget must be a catalyst for growth and jobs across Europe, notably by leveraging productive and human capital investments.

The headings of the agreement refer to "Smart and Inclusive Growth", "Sustainable Growth" and other worthy goals. At face value, one would imagine it marks a major departure for the Union, or that something big has been agreed.

The actual financial allocations detailed in the technical sections show that almost nothing will actually be done to fulfil the agreement's stated objectives. Leaders have not only decided to contain expenditure through the Union; they have actually agreed to start shrinking its significance within the European economy. The Union's budget will now fall as a percentage of Europe's gross national income, from 0.98% to 0.95%. How can anybody credibly claim that the Union will play a leading role in promoting jobs and growth when it represents such a tiny and falling percentage of Europe's economy?

The budget does include a number of new measures or expansions in important programmes. Added together, they will not make a significant difference. What makes this worse is that these expansions come at the price of significant cuts elsewhere in the budget, with agriculture taking

by far the biggest hit.

The leaders have agreed to cut funding for the Common Agricultural Policy, CAP, by 10% in today's prices, which amounts to €4 billion per annum. It is a very damaging decision. Many people across Europe like to dismiss the CAP as part of the old European Union and as getting in the way of more dynamic spending. This shows a complete misunderstanding of both the CAP and the basis upon which countries agreed to join the Union. Agriculture is the only area in which the Union has a fully funded policy which ranges across all issues in a sector. It has given Europe food security and it helped preserve much rural life which would otherwise have been under threat. It is flawed, but it should be valued as a great success and not put under constant pressure.

Our major concern is that the 10% cut that the Taoiseach and his colleagues agreed may lead to a restructuring of payments that does unacceptable damage to the livelihood of many farmers. We absolutely reject the idea that payments should be concentrated into fewer hands, prioritising so-called commercial farms at the expense of other farmers. This would be a betrayal of the small and medium farmers who are the lifeblood of much of our rural life and of the social dimension of the Union. Many small farmers must combine farming with other income-generating activity in order to keep going. An attack on their income-support payments could force many off the land. If we lose them now, we will have lost them forever and our country will always regret it.

The Taoiseach should be aware that no amount of spin will cover up a bad agreement in CAP reform. All classes of farmer deserve to be treated fairly and we will do everything we can, both here and in Europe, to support them.

The trade-off between agriculture and tokenistic increases for other policies is the dark reality of the agreed budget. One area that shows this very well is youth unemployment. This is supposedly a priority for our Presidency of the Council and for the entire budget. In the end, what has emerged is a grand total of €6 billion to be spent through the entire Union across the next seven years. The economic impact of this will be, at best, negligible.

The youth guarantee is one of many Union policies that cannot be achieved with the funding included in this budget. It is proposed that Europe take the lead in innovation through advanced research. The plans outlined by Commissioner Geoghegan-Quinn show how this could be done with genuinely world-beating collaborations across the Union. Unfortunately, her budget will not be near what is required to meet this objective.

A bad development in the agreement is the additional limit that has been placed on the total of payments, as opposed to commitments, that the Union can make. This was a crucial agenda item for British Prime Minister David Cameron. Unfortunately, he succeeded in this, and it will have very negative consequences for many EU citizens. The difference between total payments and commitments has traditionally allowed some flexibility to reward well-performing countries and to fund new initiatives. For example, the modest jobs-and-growth package agreed early last year was entirely funded this way. Ireland has also always done well out of this process because we run efficient and effective programmes. We always have, as the Taoiseach confirmed.

What is worst with this budget is that it has been significantly driven by an agenda that is not demonstrative of willingness to unleash the potential of the Union. A number of govern-

ments argued that the Union should be cut back just as they are cutting back. This is flawed analysis. What the countries did not acknowledge is that the Union never expanded in the way that governments did before this recession. The increases in the Union's budget over the years have never been dramatic and it has stayed at roughly 1% of its GDP. Equally, there is no country in the Union committing to keeping expenditure to a low set percentage of national income for seven years. The great straw man of eurocrats supposedly burning our money in a spree of waste falls apart when one sees an administrative budget set at 5% of the total. Certainly, many administrative reforms are still required, but there is no pot of gold waiting for us if we slash administrative costs.

President Van Rompuy had a difficult job getting the deal agreed at the Council. It might well be the case that no other agreement was possible, given the destructive agenda of some leaders who were looking for a reason to wield the veto. The best construction that can be put on this deal is that while it is not good, it is better than nothing. The early indications are that there will be some trouble during the process of getting the European Parliament's agreement to the budget. The group leaders reacted very strongly on Friday. They correctly believe that the Council is short-changing Europe and the citizens who look to the Union for help. Ultimately, the ratification process might involve some modifications of the deal. This will be no bad thing. However, it is unlikely that the money available to the Union will increase by more than a token amount.

We cannot wait for another seven years before a new and more ambitious approach is taken to the work of the Union. The lack of a strong fiscal base remains one of the core flaws in the working of the eurozone, and it is a great weakness for the Union at this time of crisis. This way of funding and limiting the Union's budget has failed and should be replaced. If this is to happen, Ireland must speak up and support more radical reform of the Union. We should abandon the policy of opposing reform if a treaty might be required, and say clearly that the current approach is not working. We should not sit on the sidelines when the British Tory Party works to push its destructive agenda of trying to gut the Union. The list of demands made by the Prime Minister, David Cameron, amounts to saying that Britain will only stay in the Union if it stops being the Union. The most recent opinion polls in his country suggest that his grand gamble is not working at home, and it should not be allowed to progress in Europe.

The summit did not address banking issues, including the slow and poor progress being made on the banking union. I will address this area in more detail later today in the debate on the promissory notes.

With regard to other matters, the summit made some reference to trade, although not of any great significance. Ireland should continue the policy of opposing the trade deals at any cost strategy of some. We should retain the right to prevent key parts of our societies from being undermined by unbalanced deals.

It is amazing that the escalating horsemeat controversy was not raised at the summit. Since the first days of the controversy I have been calling for concerted European action. The least that should have happened at the summit should have been an acknowledgement of what has happened and an agreement to call for a co-ordinated response. This is a very serious and grave issue. I believe the needs and concerns of consumers have not received the urgent attention that this crisis demands. It has exposed a very weak link in the food chain across Europe and, indeed, in this country. Nearly 12 months ago the Minister for Agriculture, Food and the Marine was warned by a *Sunday Times* exposé and some documentaries about the various scams

and criminal activity in respect of the trading of horses in this country. The issue of whether we can say with certainty that horsemeat has not been entered at will into the Irish food chain has never been seriously addressed.

Last February or March, Deputy Kelleher tabled a parliamentary question about the traceability of horsemeat and the need to establish such a regime. He received no affirmative response that this would be done. There are traceability regimes for cattle, pigs and sheep, but there is no such regime in respect of horses. The consequences of that are being seen now. There has been a lack of urgency on this issue. It has been a slow burner since last November. An understandable desire to protect the industry appears to have trumped the real need to protect the customer and to ensure the customer gets what he or she asks for in terms of what is printed on the tin when they buy food products in supermarkets. They have been let down very badly. For some reason the Government has waited until this week to do anything through its Presidency of the Council. I welcome the meeting of agriculture Ministers that has been arranged, but it is very late. Indeed, as with the entire European agenda, far more urgency and ambition are required, not just on this issue but on the wider economic area.

**Deputy Gerry Adams:** I am sharing time with Deputy Seán Crowe.

Last June, the Taoiseach returned to the Dáil and announced a “seismic shift” and “a game changer” which would separate bank debt from sovereign debt. Last week, in a total contradiction, the Government turned €28 billion of that bad bank debt into a sovereign debt, which the citizens of this State will be repaying for the next 40 years. The Irish people have taken on 43% of the total bank related debt that has been inflicted on taxpayers across Europe. While I accept that it was Fianna Fáil which placed a huge burden of bank debt on the shoulders of Irish taxpayers in the first instance, the reality is that after two years in government, Fine Gael and the Labour Party have refused to lift this debt burden and have, in fact, added to it. The Government refused to seek a write down of the promissory notes and instead, supported by Fianna Fáil in a cosy little consensus, has simply drawn out the period over which this unfair debt will be paid.

The other part of our bank debt crisis relates to the €30 billion which has gone into the State’s other covered institutions - Bank of Ireland, AIB and Irish Life & Permanent. We have heard very little since the Taoiseach’s pronouncements last June about whether the ESM will be used to recapitalise banks retrospectively. Is the Government still committed to securing at European level the retrospective recapitalisation of Irish banks to deal with legacy debt through the ESM, and can the Taoiseach give us an update on the current position with that process?

**The Taoiseach:** That is the Eurogroup and the Minister for Finance, Deputy Michael Noonan, is chairing those discussions.

**Deputy Gerry Adams:** The headline news from this summit is that for the first time in 56 years the EU has agreed to a budget decrease. It appears that Mr. Cameron got an agreement that will be good for him for the next election, but who knows? A €34 billion cut has been agreed. Sinn Féin supports cuts to wasteful spending. However, one big potential saving that has not been touched is the waste involved in having two locations for the European Parliament at Brussels and Strasbourg. A big saving could be made by scrapping the move to Strasbourg once a month.

The stark reality is that the budget agreement will do little to boost investment in jobs and

growth and will leave member states starved of strategic investment in key areas. There has been a great deal of rhetoric about jobs and growth being a priority for the EU, yet the details of the proposals are very limited. This is a missed opportunity to refocus on the need not to cut the budget but to grow the economy, retain jobs and to create new jobs. The measures in the budget do not go far enough to provide the type of stimulus and investment package needed to tackle the unemployment crisis. There are 26 million people unemployed; it is a huge number of citizens. Cuts to Cohesion and Structural Funds, the tools that implement the EU's regional policy, will hit Europe's poorest regions most.

I am also concerned about the impact cuts in the Common Agricultural Policy, CAP, will have on this island. There is a cut in the funding for rural development and the single farm payment. The forthcoming reform of the CAP is perhaps the single major issue facing Irish farming at present. Agriculture remains the most important indigenous sector of the Irish economy and is one that Sinn Féin believes, and the Government is with us on this, can become a key engine of recovery. The Government will have to step up to the plate to provide matched funding for rural development and support vital farming schemes. There is now an opportunity to decide on a system of direct farm payments that will limit the payments to some of the big farms in favour of smaller farms.

*12 o'clock*

There is a very strong case for moving to a more equitable distribution of payments and for capping the amount that any single claimant may receive.

Another victim of the cuts will be the PEACE Programme. While it is very welcome that the PEACE Programme will continue, the amount will be reduced not quite by half but from €225 million to €150 million which will undermine a great deal of the good work which has been done with peace funding.

I note that the Minister for Agriculture, Food and the Marine, Deputy Simon Coveney, is convening a meeting of agriculture Ministers tonight in Brussels. The horsemeat controversy appears to have widened following raids yesterday on a Welsh meat plant and a Yorkshire slaughterhouse on foot of claims that horses killed in Britain were used to make low-cost meat dishes. Given how widespread the incidence of horsemeat use appears to be, it is clearly now a European-wide issue. The Food Safety Authority in the South and the Food Standards Agency in the North have been proactive in identifying the fact that there was a problem and isolating the contamination. It is of critical importance that the issue is dealt with quickly and decisively but I note that it was not raised in the public agenda at the summit meeting. There are thousands of processing jobs and farm livelihoods which are dependent on the beef and food sector generally. There is understandable concern among workers and farmers. There is also particularly widespread concern among consumers. This is a scam of huge proportions. People expect to get what it says on the tin but there is ongoing and widespread fraud. Perhaps the Taoiseach can provide an update on the situation. There is a need for proper traceability and labelling to prevent manufacturers cutting corners by importing inferior or indeed totally different product than advertised. Falsely labelling all of this product as 100% Irish undermines the reputation of Irish food produce internationally.

The Taoiseach has a unique opportunity during the EU Presidency to advance the case for a just and lasting peace in the Middle East. Given the success of our peace process, I commend to him active promotion of a peace settlement in that region.

**Deputy Seán Crowe:** The European Council was finally able to bring in a seven-year EU budget at its last meeting. As Deputy Gerry Adams said, it is the first time in 56 years that the EU budget has been cut. The issue with the EU budget is not only the size of the expenditure but what the money is used for. Any independent analysis would show that the overall structure of the budget has been left untouched. The Council missed an historic opportunity to refocus the budget strategically to promote growth and jobs. Savings have been made in administration which we all welcome but a significant area which has not been addressed is the waste involved in having two seats for the European Parliament. The monthly charade of decamping thousands of officials, MEPs and their documents from Brussels to Strasbourg has not been ended in favour of a single seat for the European Parliament. A single location has the potential to save an estimated €200 million per annum or €1.4 billion over the seven-year period of the current budget. It would be a huge saving in anyone's estimation.

In reality, this is an austerity budget into which the EU will be locked for the next seven years on foot of the Council meeting. There were great expectations in various quarters on the budget in respect of which many of us argued that it should be fit for purpose and include a large stimulus element to kickstart an economic recovery across Europe. The budget does not contain sufficient spending to boost investment in jobs and growth and will leave many member states starved of strategic investment in key areas. The Government told us repeatedly that the top priority for EU leaders was jobs and growth but the proposals for investment in jobs and growth in the budget are very limited. While €6 billion has been allocated to the European youth guarantee, only €3 billion is new money. The other €3 billion has been taken from the European Social Fund and would otherwise have filtered back into many communities across Europe.

There are 26 million unemployed people across the 27 member states of the EU. Nearly 6 million young people under the age of 25 years are unemployed across the EU. The money provided is definitely not enough given that the youth unemployment rate averages 23.4% across the EU. In some member states, the rate is a lot higher. At current unemployment rates, the EU will only invest €1,000 per unemployed youth over seven years, which amounts to €142 per unemployed person per year. Does the Taoiseach seriously believe this funding is enough to tackle a European-wide crisis? No one in his right mind could believe it will tackle the problem of youth unemployment across Europe. While there are other measures which may not have a cost element, no one can seriously argue this will solve the crisis all European leaders believe exists and made their number one priority going into the Council meeting. The minor measures being adopted in the EU budget do not come anywhere near the level of stimulus and investment needed to tackle the crisis facing the 26 million unemployed and their families. Only significant investment in young people will provide a pathway out of the crisis and build a prosperous and inclusive Europe.

The heading of competitiveness for growth and jobs, which covers funding for research, enterprise, small and medium enterprises or SMEs, Erasmus for All, Horizon 2020 and developing the social agenda, sees an increase of €34 billion. While this is welcome, the increase must also cover programmes including global monitoring for environment and security, the Galileo global navigation system, and ITER fusion energy research. That will suck up a great deal of the funds which would otherwise have been available for SMEs which we know have the potential to create jobs and increase growth.

The Council pledged its support for the Syrian people's aspirations and for a Syrian national coalition as their legitimate representative. The Council also stressed the need for a political

transition. How does the Council believe this transition will happen? Is the EU helping to develop a workable, inclusive peace process in the region or are we again wringing our hands on the sidelines and watching with horror as the crisis unfolds and escalates?

The Council welcomed the actions of the Malian army and French forces in their mission to restore the integrity and authority of the Malian state. Is the EU listening to the needs and concerns of the Tuareg population of north Mali? Are their political, social and political grievances being taken into account by EU leaders and what plans are in place to stop their repression by the state? While secular Tuaregs say they want to take part in the fight to liberate the north, they have essentially been told to shut up and pushed to the side by other elements. Experts and reports from the region suggest that the next move by Islamic militants will be to try to blend into the population and launch a bloody conflict. If this is the case, it will be very painful and bloody for everyone involved. Experts and locals have been very vocal on this in recent months and believe militants have been making tunnels in the region. While it will be easy enough for French forces to move in, the question is what will happen afterwards. That is the big concern. It was not mentioned by the European Council. Maybe the Tánaiste will go into this in more detail. Should the immediate strategy be to focus on pressurising the governing junta in Mali to step down while bringing the secular Tuareg into the fold in the north?

**Deputy Joe Higgins:** The rotating Presidency is designed to give a semblance of democracy to the European Union. The reality, however, is that the Irish Government is a puppet on the string of the European Union's establishment, which represents primarily high finance and big business. Could anybody doubt that after seeing the President of the European Central Bank last Thursday morning when questioned about the legacy of Anglo Irish Bank's toxic debts? Mr. Draghi remarked that his board had "noted the Irish operation", with all the ill-concealed contempt that a Mafioso boss might display towards some troublesome villagers in his fiefdom. Mr. Draghi was vice chairman and managing director of Goldman Sachs International, the vampire squid bank which reaped obscene profits from a ten-year frenzy of speculation on the world's money markets and then with supreme cynicism bet against the crash and made a fortune on the crash as well, as the inevitable bubble burst. The European political and financial establishment rewarded this anti-social speculation by drafting the Goldman Sachs executive to the top position in European banking, just as President Bush did with his colleagues in the United States. We are supposed to believe that the ECB rules for the benefit of the majority of the ordinary people of Europe, yet two Irish Governments, made up of Fianna Fáil and the hapless Green Party, and now Fine Gael and the Labour Party, have humiliated themselves in obeying the diktats of this institution's bureaucracy and imposed savage austerity on the Irish people on its instruction. The Government has supported a cut in real terms to the 2014-2020 budget of the EU at exactly the time that more public investment is needed to address in particular the scandal of 26 million unemployed. Scandalously, some of that budget goes to the armaments industry for research into weapons of mass destruction. McKinsey Global Institute, in a report of December 2012, points out how EU private investment has collapsed catastrophically and is now 15% below 2007 levels. The international financial press reported at the same time that €3 trillion in profits accumulated by EU big business lies uninvested in bank accounts. The motor force of capitalist development was previously that it developed the productive forces of humanity. Now they stagnate, yet that is where the Government looks for a solution to the catastrophe.

Against this diseased system and its failure, working people and the unemployed all over Europe need a fundamental democratic and socialist alternative. The dictatorship of the finan-

cial markets, which brings unending misery, has to be broken. Banks in high finance should be brought into public ownership but under genuine democratic control; similarly, major industries. With democratic planning for the needs of the majority of European citizens it would be possible to bring resources together with the workers of Europe engaging the unemployed, particularly the youth unemployed. It would be possible on that basis to create a Europe with jobs for all, dignity for all, a decent life and reasonable comfort for every citizen while protecting the environment. That is the alternative to the catastrophic failure of the financial market system and the diseased failure of European capitalism at present. Working-class people all over Europe and in this country really need to mobilise behind these radical alternatives because there is no solution on the basis of the present system.

**Deputy Seamus Healy:** This reduced budget is a recipe for continued and deepening recession. At a time when we need growth and stimulus we are getting further reductions and austerity. That austerity takes more money out of the economy of Europe and the Irish economy and as a result involves more closures and increased unemployment. We are in fact continuing the current situation of austerity, stagnation and recession. The EU claims that its budget is a reduction in current budget terms, in absolute terms and as a percentage of the total income of member states. This is a disastrous response to the unprecedented levels of unemployment we see throughout the EU and in Ireland. Our situation is that 26 million are unemployed throughout Europe, over 12% of the population. Six million people under the age of 25, or 23.7%, are unemployed. In Ireland the figures are even worse, with 14.6% unemployed, over 50% of whom are long-term unemployed. Youth unemployment, while high, would be even higher but for the significant numbers emigrating, with 250 people per day leaving the country for the United States, Canada, Australia, New Zealand and further afield. This budget creates more austerity and recession and less employment. We need the opposite. Last night the President of the United States announced major infrastructural spending across America, in stark contrast to what is being done in Europe.

Growth is vitally important, all the more so when we see the targets we must meet after 2015 in the fiscal treaty, particularly the reduction in the debt-to-GDP ratio from 120% to 60%. Without growth it will be impossible to pay the €4.5 billion that we will have to pay as a result.

A further effect of this counter-cyclical reduction is the appreciation of the euro against sterling and the dollar. This is very bad news for Irish exporters and Irish employment. The Government's claims to have minimised Ireland's losses or even increased our share of reduced funds ring hollow and are akin to getting a better seat on the deck of a sinking Titanic. Irish MEPs, particularly the Labour Party MEPs Nessa Childers and Phil Prendergast, should vote against this budget.

Before I finish I want to refer to the slashing of the redundant workers' fund in this budget. Support programmes for workers made redundant due to trade liberalisation have been slashed under this seven-year budget. The figure has been reduced from €3.57 billion to €1.05 billion, a reduction of €2.5 billion to less than a third of its previous value. Around 13,500 former workers at Dell, SR Technics, Waterford Crystal and others, and in the construction sector, were to be provided with tailor-made support programmes to get them back to work under the current programme. The fact that the Government did not claim the full amount under these programmes has not helped but the reduction is further compounded by the extension of the fund to cover the farming population. Farmers who effectively become redundant are of course also entitled to support, but the outcome of the new budgetary provision is that there will be very little for anybody. This is a major failure of Government and particularly of the Labour Party. I call on

Irish and Labour Party MEPs to vote against the EU budget.

**Deputy Stephen S. Donnelly:** I congratulate the Tánaiste and Minister for Foreign Affairs and Trade for presiding over some extremely difficult and complex negotiations. He has managed to preside over an agreement on the MFF, multi-annual financial framework, for the period 2014 to 2020, which did not prove possible for other countries for several months. It was an extremely difficult task. I extend my congratulations to him as it was not an easy agreement to achieve.

The focus on economic growth, education, research and innovation and the new initiative designed to attack youth unemployment are particularly welcome. Obviously, we are dealing with horrific youth unemployment in Ireland, but partners such as Spain are dealing with issues which are much worse. I wonder if we would have got a better deal on the promissory notes had the Tánaiste been there negotiating rather than some of his colleagues.

**Deputy Eamon Gilmore:** I was.

**Deputy Stephen S. Donnelly:** In the light of the promissory notes vote we are taking tomorrow which is critical for Ireland, I note that the President of the European Council, Herman Van Rompuy, said, "This compromise shows a sense of collective responsibility from Europe's leaders." We in Ireland understand this. In a time of deep economic crisis Fianna Fáil, on behalf of the people, committed €35 billion to Anglo Irish Bank and Irish Nationwide Building Society. Why? The answer is to secure the eurozone banking system. That is collective responsibility and solidarity. However, collective responsibility and solidarity are a two-way street. I do not believe we are seeing a return on the collective responsibility and solidarity we showed in 2008 and 2010. At 1.30 p.m. tomorrow Dáil Éireann will be asked to welcome the restructuring of the promissory note deal. The Governor of the Central Bank, Professor Patrick Honohan's comments yesterday were interesting in the light of this. He is clearly frustrated at the banks because they refuse to engage in a meaningful way on the issue of debt write-downs and are instead keeping people on the never-never of interest-only mortgages. The Government, with most of Dáil Éireann, is rightly with Professor Honohan that this is not acceptable. One cannot solve debt problems by keeping people on interest-only mortgages that go on forever. That, however, is exactly what is the new restructuring of the promissory notes.

The Dáil is being asked to welcome a deal for the people on €31 billion of other people's debts which we are in agreement at the same time is not how they should be treated by the banks regarding their own debts. This does not seem right to me. Should we welcome this promissory notes deal? Perhaps it was the best deal that could ever have been got. We will never know. I do not think it is the best deal, but I fully accept it may be. The reason I do not think it is the best deal is we know the Minister for Finance, Deputy Michael Noonan, never asked for a write-down on the principal of €31 billion. He got very upset with me here yesterday evening when I pointed out that Greece had asked for a write-down of €110 billion on its sovereign debt. He was right to point out that the Greek situation had to do with private holders of sovereign debt but so are the promissory notes. The promissory notes are not owed to the European Central Bank - not yet anyway - but to two dead banks, just like the Greek sovereign debt was owed to banks. Greece secured a 53% reduction in the principal. If this had happened for Ireland, the Government could have announced the sum of €31 billion had been shared with the European Union and that we were now on the hook for €14 billion. Greece achieved this on its sovereign debt, but we did not achieve on the promissory notes which are not the same as real debt, as they are an IOU. We did not get anything in exchange. Anglo Irish Bank did not give us €31 billion

in cash; we just offered it to the bank. In law a contract in which one party promises something but gets nothing in return is not always enforceable.

Regardless of where any of us stands on this deal, it is fair to say we would all prefer to see a write-down of debt and lower funding costs. What would happen if instead of voting “Yes” tomorrow Dáil Éireann voted “No”? Let us imagine if Deputies on all sides of the House were allowed to vote based on their own analysis of Ireland’s best interests. If we vote “Yes”, we will send a message to the people, the ECB, Angela Merkel and the rest of Europe that we welcome this deal with its lower funding costs and turning dodgy banking debt into gold-plated sovereign debt. What if we say “No”? As this is not the Finance Bill, just a motion, the Government would not collapse. It will say Dáil Éireann does not welcome this deal with the people taking on the losses of Anglo Irish Bank and Irish Nationwide Building Society or the abandonment of solidarity in Europe. If we vote “No”, we will be saying we may end up having to swallow this bitterest of pills but, by God, we do not welcome it. It is for that reason we should vote against the promissory notes deal tomorrow.

**Deputy Micheál Martin:** The opening paragraph of the 47 page document agreed at the European Council on the EU budget states, “We must ensure the European Union’s budget is geared to lifting Europe out of the crisis”. With 26 million people out of work, how can a fall in the European Union budget, as a percentage of gross European national income, from 0.98% to 0.95%, actually represent an attempt to lift Europe out of the crisis? Is it not the case that the first reduction in the European Union budget is the completely wrong response to the unprecedented economic crisis in which Europe has found itself since the late 1920s? It beggars belief that there will be a reduction in the budget when the only opportunity to have a pan-European stimulus was through the EU budget. Will the Tánaiste and Minister for Foreign Affairs and Trade address this fundamental issue of the European Union budget becoming a tiny and a falling percentage of the value of the wider European economy? Will he confirm that the agreed budget represents a 10% decline in the Common Agricultural Policy budget, or a reduction of €4 billion per annum? Will he confirm that there will be a restructuring of payments under the CAP? When will we see details of this? Does he accept that the youth guarantee cannot be achieved within the figure of €6 billion allocated to it, given the enormity of the youth unemployment problem across the Union? As has been said, €3 billion of this amount will come from the Social Fund.

An additional limit has been placed on the total payments as opposed to commitments. That is a crucial issue such that the British Prime Minister, Mr. David Cameron, moved might and main to have additional limits on payments that could actually be made as opposed to commitments. It removes a vital area of flexibility and the destructive agenda of the Tory Party gained much ground in the budget negotiations. What engagement did the Government have with the British Prime Minister in pointing out to him that his agenda which seems to be fuelled by electoral considerations in Britain is having a genuinely damaging impact on Europe and Irish citizens?

**Deputy Seán Crowe:** It is welcome that tackling youth unemployment is a priority and that a figure of €3 billion has been allocated to it. The problem is that when one does the sums, it will not have a significant impact on unemployment levels and the 26 million who are unemployed. It works out as €142 per unemployed person per year, which is not sufficient.

There is an allocation of €150 million for the PEACE Programme over the seven year period. Do we have any idea how many programmes and organisations are relying on this pro-

gramme for funding?

Funding in the area of connectivity has been slashed. This is where the savings will be made. Do we have any idea how this will impact on programmes in Ireland? Have we made a case for relevant programmes?

The horsemeat controversy has been mentioned. It seems strange that this was not one of the issues addressed, especially with regard to the need for proper traceability, labelling and so on. I would have thought there would have been a public relations campaign to encourage people to eat burgers to send the message that food was safe to eat. It is emerging clearly that there are difficulties and it appears criminal elements are involved.

The Council is sending the wrong message on the issue of youth unemployment. There is no sense from the negotiations that we are on the side of increasing funding. The Strasbourg-Brussels charade continues. Was this issue discussed? Was it ever going to be a runner in the discussions? I have referred to the fact that some €1.5 billion is to be saved over a seven year period. We are discussing cuts to be made, but what is being done in this area does not add up.

**Deputy Eamon Gilmore:** It is important to put the negotiations in context, especially with reference to where we started from. This country supported the original Commission proposals on the European Union budget. There is no secret about the fact that the Government would prefer and would like to have seen a larger budget. However, we had to try to achieve agreement among 27 member states and do so in a way that would enable agreement to be reached with the European Parliament in the course of time. What was facing European leaders last week at the conclusion of the discussions was not a choice between this budget and a larger one or this budget and the original budget proposed by the Commission but whether there would be agreement on any budget. Given that in recent years Europe has been mired in economic crisis, it is, above all, desirable and an advance that the European Council was able to agree to a budget. There has been a clear message that the European Union is able to conclude a budget.

We should not lose sight of the scale of what has been agreed. The total amount committed to in the budget is €960 billion which, by any standards, is a very large sum to be mobilised to address economic issues in Europe.

With regard to the Irish position, we emerged from the budget negotiations as a net recipient of European Union funding. If we factor out the period 2014 to 2020, based on current growth assumptions, we will contribute in the order of €10 billion to the EU budget at 2011 prices, but we will be a beneficiary or the recipient of €12 billion. That will be our net position as a country. Some 40 years after taking out membership of the European Economic Community we remain a net recipient of European Union funding. The bulk of the funding we receive comes through the Common Agricultural Policy, for which there is a shrinking budget. There was a good deal of pressure for further reductions. The reduction under the Commission's proposal is 7.2%. The figure under heading 2 represents a reduction of 4.5% and in the case of direct payments, 1.8%.

The representatives of this country have made it clear from an early stage that we want the issue of youth unemployment to be addressed. It is the greatest social-----

**Deputy Micheál Martin:** That is the percentage under the Commission's proposal. What is the percentage in the context of the outgoing programme?

**Deputy Eamon Gilmore:** I do not have that figure.

**Deputy Micheál Martin:** The figure for the past seven years was 10%.

**Deputy Eamon Gilmore:** I am working from the Commission's figures.

**Deputy Micheál Martin:** Will the Tánaiste provide me with the details later?

**Deputy Eamon Gilmore:** There is a shrinking.

**Deputy Micheál Martin:** Will the Tánaiste provide me with the details later to confirm that the figure represents a reduction of 10% on the figure for the last programme? That is what the *Financial Times* stated and I wish to confirm it.

**Deputy Eamon Gilmore:** The figures are available, about which there is no doubt.

We have sought to have a specific provision made in the European Union budget to do two things to address the issue of youth unemployment. First, during the course of our Presidency of the European Union we will seek to make tackling youth unemployment a priority. One of the issues being advanced through the Employment, Social Policy, Health and Consumer Affairs Council is a youth guarantee. There are proposals from the European Commission on the issue of youth unemployment that we are keen to see progressed, but we wish to see them backed up by a budgetary provision. It is welcome that agreement was secured on a budget provision of €6 billion in the lifetime of the budget.

The Minister for Agriculture, Food and the Marine has convened a meeting today to consider the horsemeat issue which is now very much a European issue. We should acknowledge that the testing and food safety system in this country has worked and that the Minister for Agriculture, Food and the Marine has made this a European issue for discussion at the meeting he has convened for today.

**Acting Chairman (Deputy Catherine Byrne):** I am sorry to interrupt, but there are three more speakers, Deputies Joe Higgins, Richard Boyd Barrett and Stephen Donnelly. As there are approximately nine minutes left, if they make short contributions, the Tánaiste will be able to reply.

**Deputy Joe Higgins:** The McKinsey Global Institute has pointed out that there was a catastrophic 15% fall in private investment in the European Union from 2007 to 2012. In the course of the past year the international financial press, including the *Wall Street Journal* and the *Financial Times*, for example, has pointed to a vast hoarding of profits, amounting to some €3 billion on a total EU-wide basis, by big business which is essentially refusing to invest because of a belief it will not make sufficient profits for boardrooms and investors. In view of this paralysis or semi-paralysis of European capitalisation, how can the Tánaiste justify particularly sharp cuts in the EU budget when a significant increase in public investment is what is needed? Is it not clear that the millions of young unemployed people cannot rely on private or big business to secure their future? Is it not the case that in the public good the State and public enterprise should provide the resources, investment and jobs needed? Therefore, the Government has failed the young people of Europe. How can the Tánaiste justify continued significant funding for the European armaments industry for research into developing even more horrific weapons of mass destruction in view of the social funding that is so desperately needed?

**Deputy Richard Boyd Barrett:** In his State of the Union address yesterday President

Obama who is not a radical left winger argued strongly against the Republican majority in Congress which is seeking further spending cuts. He argued that spending cuts would be a disaster for the American economy and that what was needed was a stimulus and certainly not retrenchment. Is he not right in this regard? He does not go as far as I would prefer but he is at least moving in the right direction. This is in sharp contrast to what is being done in Europe, which is all about retrenchment. If stimulation for the European economy is needed, it will have to come from private or public investment, or increased consumer demand. Increases in consumer demand are being prevented by the debt burdens people face as well as high levels of unemployment and further austerity measures. Public investment is prevented by retrenchment and austerity, while the private investment on which the Tánaiste and other European leaders seem to rely is not forthcoming. What is the Irish Government going to propose during its Presidency in order to break this stranglehold? Surely the only way we can do so is by forcing the financial institutions to take a hit and lifting the debt burden over people in order to stimulate consumer demand. We need more public investment financed by higher taxes on the corporate sector.

**Deputy Stephen S. Donnelly:** I ask the Tánaiste's opinion on the potential for reputational damage to Ireland in light of the ongoing negotiations on our situation. It is great that we are still net recipients but I imagine some of our partners will point out that, notwithstanding the economic crisis, we are one of the wealthiest countries in Europe. How does he see youth unemployment funding being deployed in Ireland to provide tangible benefits over the next one to five years?

**Deputy Micheál Martin:** I acknowledge that the Tánaiste has several questions to answer but he did not address two issues in particular. First, I ask about the huge emphasis placed on additional limits to payments as opposed to commitments, which is a real difference in this budget. Second, how has the Irish Government engaged with the British Government in regard to Prime Minister Cameron's very destructive agenda on Europe? Essentially, his vision of a new Europe is to gut the Union. He wants it to cease to exist as we know it today. It is time for the Irish Government to make a more robust response to his agenda. The approach appears to be all about electoral advancement in the UK.

**Tánaiste and Minister for Foreign Affairs and Trade (Deputy Eamon Gilmore):** I agree that we need more investment in the European Union. During the period of the crisis there was a reduction in private investment across member states. In order to encourage investment we need stability in the Union and for its currency in particular. That is something that has largely been achieved. The agreement on a European Union budget will contribute to that stability and will hopefully encourage additional investment in Europe. The statement by President Obama on the prospects for an EU-US trade agreement was positive and will be very much part of our agenda.

We should also consider what has already been agreed. Some of the comments made by Deputies would lead one to believe money is being taken out of the European Union budget. The agreement last week was for a total commitment of €960 billion between now and 2020. That is a significant sum of money by any standard. We can all make the case as to whether we would like it to be more and it is no secret that Ireland would have liked a larger budget but it is a lot of money nonetheless. The choice faced last weekend was not between €960 million and a larger figure; it was a choice between a commitment to that budget between now and 2020 or no agreement at all. By any measure, it is preferable to have the agreement.

In regard to the issue raised by Deputy Martin on payments and commitments, a degree of

flexibility is built into the agreement in terms of individual headings, the transfer of money between headings and the movement of money between one year and another. That flexibility will become an important consideration when we come to more detailed discussions with the European Parliament. We have already been holding discussions on the matter with the Parliament.

The Taoiseach and I have commented publicly on the announcement by the Prime Minister, Mr. Cameron, of his intention to hold a referendum and to make it an issue in the next British general election. It is ultimately a matter for the British people but we have made it clear that there cannot be 27 different conditions of membership of the European Union. The core conditions of membership are the same for all member states. While there is flexibility in the treaties - we have benefited from that in terms of protocols on various issues - we cannot have a European Union with 27 different sets of membership. The Taoiseach has spoken directly with the Prime Minister about the issue and I have spoken with the Deputy Prime Minister and the Foreign Secretary. We are in ongoing discussions with the British Government.

Last week's meeting gave rise to an important decision for the European Union as we seek to emerge from one of the most severe economic crises to have faced Europe in living memory. It is significant that the European Council has reached an agreement on the Multi-annual Financial Framework. Leaders also adopted a comprehensive set of conclusions on trade related issues and external relations issues, including the Arab Spring, Syria and Mali. As the Taoiseach has made clear, the Multi-annual Financial Framework is a good deal for Ireland. We will continue to be a net recipient, CAP funding has been secured for direct payments and rural development and the challenge of youth unemployment has been recognised in the special allocation for the Border, midlands and western region and the new youth employment initiative.

I was particularly glad to see the focus in the outcome on youth unemployment. Together with my colleagues in government, including in particular the Minister for Social Protection, I have been arguing strongly for such a focus. We are working hard in the Presidency to ensure the youth guarantee is adopted and last week partners agreed that the Union's budget should be mobilised in support of these efforts. The new youth employment initiative will be open to regions where youth unemployment exceeds 25%, including in Ireland, and will make €6 billion available over the term of the new framework. This is a welcome recognition of the new realities for the Union and the urgent need to support those who have borne much of the brunt of the economic downturn.

I am also glad that €150 million is being provided for the PEACE programme, through which the European Union has done such good work in Northern Ireland and the Border region. I welcome that the funding devoted to the Union's external actions has been increased. The EU has a greater global role than ever before and this funding will enable it to discharge its responsibilities. The bulk of this funding will be spent on humanitarian and development aid. Even at a time of economic crisis, the Union does not make the mistake of thinking that its responsibilities stop at its borders.

As Presidency, we will take on new responsibilities as we work on reaching agreement with the Council on the new money market fund, MMF, regulation and then on gaining the assent of the European Parliament to the regulation. This is no light task. I fully respect the role and responsibilities of the Parliament in the process that lies ahead and I assure it that the Irish Presidency will be a good and straightforward partner in the discussions ahead. The Council and the Parliament have a shared interest in a positive outcome. I firmly believe that the deal reached last week can secure the level of support needed in the Parliament.

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With regard to trade, I warmly welcome the explicit appreciation of leaders of the key role that trade can play in supporting sustainable growth and jobs. Similarly welcome was the acknowledgement that while the EU remains committed to the further development of the multi-lateral trading system, our immediate focus must be on developing the Union's bilateral trading relations. Leaders went further in stating that priority in the EU's bilateral trade agenda should be given to negotiations that will provide most benefit in terms of growth and jobs. With regard to one of the EU's most important bilateral trade processes, the European Union-United States trade process, I was pleased to hear in President Obama's state of the union speech last night that the US Administration supports the launching of talks on a comprehensive, transatlantic trade and investment partnership. Progress on an EU-US trade deal represents very good news for the EU and for the US. The announcement in Washington last night resonates with what EU leaders agreed in Brussels last week, that the Commission and the Council should follow up on this strand of the EU's bilateral trade negotiations without delay and during the Irish Presidency.

I assure the House that as Presidency, we will make every effort to progress this agenda, including by seeking an agreement in the Council on a mandate for the negotiation of a free trade agreement, should that be recommended by the EU-US high level working group whose report is expected to be published today. This is a priority for us.

### **Promissory Notes: Motion (Resumed)**

The following motion was moved by the Minister for Finance, Deputy Michael Noonan, on Tuesday, 12 February 2012:

That:

Dáil Éireann welcomes the restructuring of the promissory notes provided for the IBRC, based on the outcome of discussions with the European Central Bank;

— recognises the benefit of the restructured arrangement for the State and its citizens, particularly:

— the removal of the promissory notes which will be exchanged for long-term Government bonds, with an average maturity of 34 to 35 years, as opposed to the promissory notes' seven to eight year average maturity;

— the reduction in the State's general Government deficit of approximately €1 billion, 0.6% of GDP, per annum over the coming years, which will bring us €1 billion closer to attaining our 3% deficit target by 2015;

— the reduction in the State's cash borrowing requirement over the next ten years by €20 billion;

— the significant element of the interest payments on the Government bonds that is expected ultimately to be returned to the Exchequer in the form of Central Bank dividends, while these bonds are retained by the Central Bank;

— the substantial improvement in the State's debt position over time;

— the removal of the remnants of the former Anglo Irish Bank and Irish Nationwide Building Society from the Irish financial system;

— the housing of all “wind down assets” in one entity, the National Asset Management Agency, which should lead to greater efficiency in their workout;

— commends the Government for progressing the commitment “*to secure a Programme of Support and solution to the banking crisis that is perceived as more affordable by both the Irish public and international markets, thereby restoring confidence, growth, job creation and the State’s access to affordable credit from private lenders*”; and

— supports the Government’s continuing efforts to foster economic growth and job creation which, in tandem with ongoing discussions on the extended remit of the European Stability Mechanism, will further improve the State’s debt sustainability.

Debate resumed on amendment No. 4:

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

“recognises that the replacement of the promissory notes provided to the Irish Bank Resolution Corporation (IBRC) with long-term Government bonds announced by an Taoiseach on Thursday, 7th February, 2013 provides important benefits to the State including:

— a reduction in the general Government deficit of approximately €1 billion per annum over the coming years and will bring the State approximately €1 billion closer to attaining the 3% general Government deficit target by 2015; and

— a reduction in the State’s cash borrowing requirement over the next 10 years by €20 billion by virtue of paying interest only on Government bonds rather than capital and interest on the promissory notes;

acknowledges the considerable efforts made in recent months by those who negotiated on Ireland’s behalf including the Minister for Finance, the Governor of the Central Bank and officials from the Department of Finance and the National Treasury Management Agency;

calls on the Government to use the €1 billion gain on the general Government deficit to ease the planned budget adjustments and to invest further in job creation measures without compromising the achievement of the 3% deficit target by 2015;

notes that the Government has not sought or received any write down whatsoever of the legacy debt associated with the rescue of the former Anglo Irish Bank and Irish Nationwide Building Society;

notes that the Euro Area Summit Statement of 29th June, 2012 reaffirming the imperative need to ‘break the vicious circle between the banks and the sovereigns’ has not been implemented in this case;

notes that the conversion of the promissory notes to long-term Government bonds means that there will be no further easement of this debt as a result of evolving European policy;

believes that the Central Bank should be permitted to retain the Government bonds for

longer than the period agreed which would yield additional savings to the State;

calls on the Government to publish a detailed analysis of the full impact of the deal on Ireland's debt and deficit figures over the full course of the deal including, for example, sensitivity analysis for varying interest rates on the Government bonds and possible payments to the National Asset Management Agency to cover any shortfall (should one arise) following the sale of IBRC assets by the Special Liquidator; and

believes that the justice of Ireland's case deserves further relief from the impact of bank-related debt and, in particular, that the Government should be seeking to have the cost of bailing out AIB, Bank of Ireland and Permanent TSB lifted from the shoulders of the State through the European Stability Mechanism."

(Deputy Michael McGrath).

**Acting Chairman (Deputy Catherine Byrne):** The Government is in possession and the Minister for Social Protection, Deputy Joan Burton, is sharing time with Deputies Olivia Mitchell and Tom Barry.

**Minister for Social Protection (Deputy Joan Burton):** I welcome this motion and the landmark deal that the Government has secured to ease the debt burden we inherited from Fianna Fáil. In March 2010, when the chaotic Fianna Fáil-led Government cooked up the promissory note to recapitalise Anglo and Irish Nationwide, I warned of the consequences. Fianna Fáil still seemed to think at that time that Mr. Fingleton and Mr. Fitzpatrick were some kind of economic whiz kids who had reinvented banking so that it only produced profits and never caused any issues around debt or sustainability. Following the disastrous bank guarantee, Fianna Fáil announced it was immediately pumping €8.3 billion into Anglo by way of a promissory note, with a further €10 billion to come, and a separate €2.6 billion for Irish Nationwide. I remember the gasps in this Chamber when those figures were announced. Fianna Fáil then compounded this dodgy deal by taking a two-year repayment holiday, thereby passing its poison pill on to this Government, in what I suppose was considered a neat piece of political footwork.

At that time, I was clear about what such a toxic arrangement would mean - a €2.1 billion payment a year by taxpayers to cover the costs of crony capitalism. As we all know now, thanks to Fianna Fáil's breathtaking incompetence and Anglo's rogue banking, the bill grew even higher. When all was done and dusted, taxpayers were left on the hook for €31 billion in promissory notes - and a €3.1 billion annual payment before a cent was spent on health, education or welfare. Anyone who has ever been involved in running a household budget or a business knows that cashflow is vital. The annual payment of €3.1 billion was a crippling amount of cash for any Government to pony up each year. The fact we do not now need to borrow and pay the interest on that annual cashflow requirement of €3.1 billion is an enormous improvement in Ireland's debt sustainability and is critical to getting us out of our difficulties.

As the Labour Party spokesperson on finance in 2008, I opposed the bank guarantee because I knew it was a reckless gamble through which Fianna Fáil essentially bet the public purse on Mr. Fitzpatrick and Mr. Fingleton and their like. At the time, I warned that the Exchequer, or some specially created public agency, might become an owner of vast amounts of dodgy debts and the property associated with them, which is exactly what happened with NAMA. Once the disastrous promissory note was put in place, I consistently argued that it needed to be renegotiated so that Ireland could repay over a longer term in a way that did not inhibit recovery or debt

sustainability.

I have never been an advocate of default. As the former IMF director, Donal Donovan, pointed out last week, the effects of a default would have been catastrophic - fatal to the Government's efforts to re-enter the bond markets and disastrous to our reputation as a stable location for foreign investment and as an open trading economy. We are incredibly dependent on trading to make our living. It is a fiction perpetrated by certain commentators and Opposition Members that a default would make all our problems disappear in a puff of smoke. One should ask the Argentinians about that. More than a decade after Argentina defaulted, hedge fund creditors are still chasing it through the international courts and the country is indefinitely shut out of international financial markets. Recently, the Argentinian President was concerned that if she left the country on the government jet, it would be seized by creditors. Do the same commentators and Members of the Opposition wish to reduce Ireland to such pariah status? These are inconvenient truths that the default vigilantes on the Opposition benches are never prepared to address.

Rather than default, I often cited the example of the Marshall plan and the follow-on 1953 London debt agreement, which allowed Germany repay its legacy debts over a much longer period and rebuild after the war. Such a deal, I argued, would be crucial to Ireland's recovery and would be a demonstration of European solidarity. I am very happy to say that the Government has now secured precisely such a deal, through careful negotiation, persistence and determination. The deal will ensure that Anglo has been wiped off the map and the promissory note torn up. It will ensure that the IBRC-related debt is tucked into a long-term bond which will allow the State to pay over a much longer period at a lower rate of interest. This will mean a cashflow benefit of €20 billion over the next decade and deficit reduction of up to €1 billion per year over the coming years. This is a key milestone on Ireland's road to recovery, significantly enhancing our debt sustainability along the lines I advocated. We will not have to pay the first principal payment until 2038, and the last in 2053, by which time inflation will have ensured that the real value of these payments has lowered significantly.

Members on the opposite side of the House will understand the mathematical facts around the time value of money. In 1973, 40 years ago, Irish GDP was €3.76 billion. Today it stands at €168 billion. In other words, over that 40 year span, we had an average 10% annual increase in our GDP. Therefore, the debt which seems so sizeable now will eventually be dwarfed by economic growth and inflation. This assumes we will have to pay the principal from 2038 onwards. Once the country is sustainable, there will be a strong market for our bonds. Therefore, it is more than likely that if future governments wish at that time, the debt will be rolled over, the normal course of action for many countries.

There is further to go. We must continue to negotiate on the rest of our bank-related debt and must seek solutions that will further improve our debt sustainability, in particular the extension of our bailout loans. As Members know, the Government has work in progress on that.

*1 o'clock*

All of this effort will be in vain if we cannot use the improvements in our debt position to ease the burden on our hard-pressed citizens. The people of this country have stayed the course throughout the financial collapse, the economic upheaval that followed and the austerity budgets that were an unfortunate and inevitable consequence.

There is a limit beyond which additional austerity becomes counterproductive. After five years of a European response centred on austerity, we are close to that point now. The IMF has admitted in its staff reports and other reports that it underestimated the effects of austerity on economies throughout the financial crisis. As someone who has argued for a long time that deficit reduction is sensible but should not be implemented too quickly, I welcome that admission. It is inescapable that Ireland has to get its deficit down. We are spending more than we are taking in and borrowing to plug the gap. This Government is committed to tackling that issue and putting the public finances in order.

The proponents of austerity seem to think deficit reduction can only be done by cutting endlessly. I suggest that the best way to reduce the deficit is to get more people back into work, thereby boosting consumer spending, increasing the State's tax take and reducing the borrowing requirement. That is why, in my capacity as Minister for Social Protection, I have sought to protect the welfare budget and core weekly rates, reform employment supports and significantly increase the number of activation places to help people get back into work, training or education. Data published by the CSO today underline the crucial importance of welfare payments in reducing poverty. They show that in 2011, welfare payments reduced this country's at-risk-of-poverty rate from 51% to 16%, which was the best outcome in the EU.

The welfare budget is not just to protect the most vulnerable people in society. The €20 billion that is spent on welfare acts as a Keynesian automatic stabiliser; it supports the economy by putting money into the hands of consumers who need it. That money goes through their hands and into the tills of businesses, shops, pubs and enterprises throughout the country on a regional and island-wide basis. The role of the welfare system in stabilising economic demand is acknowledged internationally. The US Congressional Budget Office has noted the impact of expenditure on welfare in stabilising European economies. We have to use the proceeds from the promissory note deal to invest in our people and our economy. We need to start that process this year. We have a very good base from which to ensure the Irish economy grows again, get people back to work and invest in the country.

**Deputy Olivia Mitchell:** We do not often see exuberant celebration and delight in the halls of Leinster House. We seem to think we are far too sophisticated for that sort of display. Perhaps we regard it as a little naff. I have no hesitation in declaring my unashamed delight about last week's deal. When the Taoiseach read the terms of what had been agreed, it brought a sense of relief to this side of the House. In fairness, I think that was shared on the Fianna Fáil benches. It was almost as if we were able to begin to breathe a little more easily, having been holding our breath since that fateful day in November 2010 when the IMF arrived here. The day we lost our financial independence was the saddest day this country had seen since Independence. We had lost our sovereignty after less than 90 years of independence. Until last week, it did not look as though we were going to get it back any time soon, and certainly not in 2014. Now there is a chance that we will. Perhaps the small and positive signs of recovery that are evident at present will grow into something that puts people back to work and offers our children the prospect of a future at home.

I would like to take my hat off to the Taoiseach, the Minister for Finance, the regulator and the staff of the Central Bank and the Department of Finance for securing this deal. I salute them for the sheer ingenuity of the arcane and complex device that is being used to get rid of the promissory notes, which means we are staying on the right side of what might be regarded as quantitative easing. I applaud them for keeping their heads in recent months when they faced a barrage of constant criticism from those who suggested the Government was doing nothing or,

if it was doing something, was doing the wrong thing. I congratulate the Government on the slow but incremental progress it made by engaging in targeted lobbying and persuasion and by building a consensus in Europe around the validity of our case.

Not everybody appreciates these efforts as much as I do. Fintan O'Toole accused the Government in yesterday's *The Irish Times* of raising "expectations of the end of so-called austerity" and suggested that the deal is generally being oversold. I thought it was rich of him to write that "calling it a 'milestone' is ridiculous hyperbole". I looked up "milestone" in the dictionary to see whether it might mean something other than what I take it to mean. It is defined as something that indicates the distance to a certain point, which is exactly what the Government has been saying in this regard. This deal is an important development on our way to somewhere else.

Other speakers - Deputy Halligan yesterday and Deputy Boyd Barrett this morning - have accused the Government of "back-slapping" and overstating what has been achieved. Every Government spokesman I have heard has played down the immediate impact of the deal on austerity. I would be the first to caution those who are looking for tax reductions or spending increases that there is no new pot of money. I believe they know that. The impact of this deal is that less money will have to be borrowed. It is not the case that more money will be available to be spent as a result of the deal. The Opposition cannot have it both ways. They cannot claim the deal has no merit while looking for the proceeds of the deal, as they see it, to be spent and frittered away.

The Government must decide whether to stick to the original budgetary adjustment so that the deficit target of 3% of GDP can be reached, or ease up on the spending cuts and tax increases that are planned. The correct course is by no means obvious at this stage. One could argue that the quicker we cut the deficit, the quicker we will get back to normal budgeting and normal interest rates and the greater the possibility of a reflationary Government stimulus package. One could equally argue that such an approach runs the risk of having a deflationary effect on an economy that is already flagging. I do not know what the Minister for Finance is thinking. His mind may be made up for him by the growth rates in Europe, which will affect our ability to achieve the 3% GDP target.

Fintan O'Toole is not the only naysayer. The many people who say this was not our debt are right. The problem is that it is now our debt. There is no getting away from that. It was not our debt originally. Railing against it now is like railing against last year's weather. It is just as futile and just as corrosive to national morale. We should never have agreed to take on the liabilities of Anglo Irish Bank, but unfortunately we did. We copperfastened the underwriting of its liabilities when we took the money for the bailout.

As I have run out of time, I will conclude by saying we got the best deal we could in the circumstances. That can be judged from the reaction of the markets and the rating agencies. This deal improves our chances of getting back into the markets and saying goodbye to the troika for once and for all, something for which we all wish.

**Deputy Tom Barry:** I am delighted to speak on this motion. I will not go into the minute details of the deal. This is a very good deal for business and for jobs. People are wondering whether this will benefit them. Of course it will. Last Monday, I spoke to a business person in Cork with whom I deal regularly. He said he had been contacted by one of the pillar banks for the first time in almost four years. An official in the bank asked to call out to his business

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to discuss his finance needs with him, which was absolutely momentous. This is what happens at the cutting edge. The businessman in question said it was fantastic that he could finally stop living in a shell and start expanding his business in a proper fashion. This is what it is about. It did not happen by accident. It happened because confidence is building in our society, regardless of what some people say.

I will set out what has been achieved here. When I was a young nipper 40 years ago, I used to go into my local shop, which was run by a lovely woman who has now passed on to her eternal reward. In the shop were packets of crisps which, at the time, had a price of 2 pence written on the packet. The price should be written on the packet today also, as this might get rid of some of the price variations, but that is another story. In any case, crisps were 2 pence a packet, whereas today a packet would cost north of 80 cent. Inflation happens whether we like it or not, and growth rates also happen. That 40-year period is almost half the existence of this State, yet that is how far it is being pushed out.

It is a bad day for the Opposition. I am not particularly referring to Fianna Fáil, which recognises the validity of this, but to those who oppose it. It is bad day for Opposition Members in a number of ways because it exposes the very people who oppose everything. I am sure that some day they will look up and oppose the colour of the sky. It shows their lack of credibility and lack of business awareness. This is a great day for business - that is a fact.

I will simplify this even further for those people because I do not believe they understand. There is an Irish phrase, if the House will pardon the pun in these times, "Live horse and you will eat grass". Essentially, we must get through today if we want to have a future. There is no point in sinking the ship today and having no future ahead.

There are some who complain their children will be paying for this yet, at the same time, they say they will not pay their taxes. I suggest that if the children take after the parents, they will not be paying for anything at all. One cannot be a member of society and not pay taxes. Some people just do not want to contribute to society and all they want to do is criticise.

To use the celebrity model, which we have often seen on television, in dealing with financial problems, people are told, first, to cut up the plastic cards and live within their means. This country is €12 billion beyond its means so we must get to that point. Second, they are told to renegotiate their debts and stretch them over a longer period of time. I am surprised some of the Deputies who have criticised this have not even watched Eddie Hobbs on television as they might have learned a lesson. I am trying to make it as simple as I can for them because they cannot grasp the concept.

The rating agencies, the most serious of people, have looked at this and said it is going in the right direction. We secured a banking deal and a CAP budget deal last week. This is an indication of how seriously the Government is being taken in Europe. We are 40 years in Europe and, thanks be to God, our experience is showing now and we are leading the way.

In conclusion, I ask that we look at the people who created this mess. We cannot, in conscience, let the people who created this mess away with it. Now that the financial side is being sorted, I suggest we spend the time to bring those people to justice. What they have done to this country is simply unforgivable.

**Deputy Sean Fleming:** I wish to share time with Deputy John McGuinness.

**Acting Chairman (Deputy Catherine Byrne):** Is that agreed? Agreed.

**Deputy Sean Fleming:** I welcome the opportunity to speak on the motion. In particular, I want to support the amendment put forward by Deputy Michael McGrath and Fianna Fáil, which states that Dáil Éireann:

“recognises that the replacement of the promissory notes provided to the Irish Bank Resolution Corporation (IBRC) with long-term Government bonds announced by an Taoiseach on Thursday, 7th February, 2013 provides important benefits to the State including:

— a reduction in the general Government deficit of approximately €1 billion per annum over the coming years...

— calls on the Government to use the €1 billion gain on the general Government deficit to ease the planned budget adjustments and to invest further in job creation measures without compromising the achievement of the 3% deficit target by 2015;

— notes that the Government has not sought or received any write down whatsoever of the legacy debt associated with the rescue of the former Anglo Irish Bank and Irish Nationwide Building Society;

— calls on the Government to publish a detailed analysis of the full impact of the deal on Ireland’s debt and deficit figures over the full course of the deal...

— believes that the justice of Ireland’s case deserves further relief from the impact of bank-related debt and, in particular, that the Government should be seeking to have the cost of bailing out AIB, Bank of Ireland and Permanent TSB lifted from the shoulders of the State through the European Stability Mechanism.”

A key element of this whole process is the liquidation of IBRC, formerly Anglo Irish Bank and Irish Nationwide. Personally, I believe this is a good, practical, businesslike, common-sense decision as well as being a good legal decision and in the best interests of the Irish taxpayer. I say that because NAMA and IBRC have essentially been in the same space over the past couple of years. They are dealing with various high-worth individuals who are involved in development loans and some property portfolios, and in many cases they are dealing with the same individuals. NAMA and IBRC have separate mandates, however, and they each seek the best return for their own organisation. On occasions, as I have pointed out, the overall interest of the State was not served by their objective to receive funds for their separate organisations, sometimes compromising the debt of the other State organisation.

I believe the decision to liquidate IBRC is long overdue and it is a good decision in its own right, regardless of the bigger issue of the promissory note deal. Although I know the two are inextricably linked, it is the right thing to do. I personally called for this bank to be liquidated years ago, initially when it was Anglo Irish Bank. On 7 November 2012, speaking at the Oireachtas Committee on Finance, Public Expenditure and Reform when we met the gentlemen from NAMA, I specifically said: “I think NAMA and the IBRC are in a similar space from the point of view of the Irish taxpayer and I believe it would be better ... if the two organisations were under the one umbrella and working together rather than, on occasion, working to separate agendas.” In the Dáil Chamber on 2 November 2011, I said “the liquidator should be called in”. In 2010, while we were in government, I personally called for this, and I know the then Minister, the late Brian Lenihan, considered this as an option when considering nationalising

or liquidating the bank. He chose the nationalisation approach because he obviously felt the risk of liquidation, at that stage, would have been too severe. As time has passed, however, and the bank situation has become more clear, I think it right that we have now come to this place.

It is good that there is a consensus on this issue at last and that the right decision has been made. However, it is important that we learn lessons for corporate governance. With regard to what went wrong in Ireland, three names stand out in the public mind - Seán Fitzpatrick, Michael Fingleton and Seán Quinn. While they are separate people, they were three powerful men who had absolute, complete and total control over their organisations. Nobody dared question their authority. When one person has absolute control of a multi-billion euro industry or organisation, the outcome can in some cases be catastrophic, as we saw in regard to the three organisations those people absolutely controlled. That is the lesson. People, including the regulators, should have seen there is a risk in such situations.

The gross value of the loan book of IBRC is €25 billion but there are impairments of 44% already provided for in its accounts, and the value that is now showing in its balance sheet is €14 billion. The big question of the valuation of the loan book has now to be dealt with because, ultimately, it will be sold or transferred to NAMA. Section 14 of the IBRC Bill, "Determination of consideration for bank assets to be acquired by NAMA", states: "For the purposes of the valuation ... loan assets shall be valued using discounted cash flow analysis". While we all understand this, it is not the valuation method that was used by all of the other banks, including Anglo Irish Bank, when they were transferring their earlier loans to NAMA. Instead, the method used was long-term economic value rather than the market value or current value, and this was approved by the EU in order to assist those transfers. In effect, NAMA will end up with some loan assets valued under this discounted cashflow method and others valued under long-term economic value, which could mean a difference of 20%. Will NAMA have a veto over these new values? The Minister must clarify this point.

NAMA will inevitably want the lowest value so the amount it pays will be low, but the lower the value it accepts, the greater the amount local creditors will be left short, while bondholder payments are guaranteed by the Minister and some are even being brought forward from 2014 and 2015. As we speak, this includes all unsecured bondholders, who will be paid - the Minister will ensure that. However, there was no guarantee for local Irish suppliers of goods and services to IBRC when it went into liquidation last week. The value of the loans has been transferred from IBRC to NAMA. If there is a further write-down when they are revalued, it will have implications for other NAMA loans and the pillar banks. In a nutshell, if it transpires that the figure showing in its balance sheet is not €14 billion but turns out to be €11 billion or €12 billion and there is a write-down by 10% or 20%, it will call into question how assets are valued on the balance sheets of the pillar banks and in NAMA. If we see a loan book of this size in the economy which needed a write-down having to be forensically examined again, one cannot say it has no bearing on every other institution. I worry that the new values will cause knock-on problems. This issue must be looked at.

On page 17 of the most recently published financial statement by IBRC, its interim report for the six months to 30 June 2012, published in August, the directors talk about the risks associated with IBRC and Government policy and restructuring as a possible risk. They also say that "if new governmental policies were to require the Bank to resolve its position over a shorter than expected time frame, projected asset recovery values could be negatively impacted". Clearly, the fact that we are now to telescope the closing down of the bank will have a negative impact. On page 20, it is stated:

As NAMA reserves the right to adjust the consideration paid for assets previously transferred when the due diligence is completed, the final adjustment to transfer values will only be determined when full due diligence in respect of the assets has been completed. These adjustments have the potential to be either positive or negative, depending on the assessment of the underlying loans.

What IBRC is confirming is that if NAMA believes what it paid for the loans already transferred in the past couple of years worth tens of billions of euro has been overstated, it can come back to the original transferring institution to make an adjustment. My question is how this can happen if IBRC no longer exists? NAMA must reassess and revalue everything it has taken from Anglo Irish Bank in the past couple of years, not just what it is taking now. This is because that if there is a shortfall when NAMA comes to realise the value of these assets in the year or two ahead, it will not be able to go back to IBRC in the way it can with AIB or Bank of Ireland because IBRC will not exist and it will be left with the shortfall. It is up to NAMA to assess any potential shortfall. I am not saying there is one, but it would be a crazy risk to take without examining the matter and it could have further implications in terms of the actual cost involved.

A few issues arise from the liquidation, one of which is the question of legal actions involving IBRC. I do not know what is going to happen with pending legal actions and legal actions in train, but I want the Minister to look at this issue. We are all aware that the Director of Corporate Enforcement is looking at former directors and the Minister, in reply to a parliamentary question last year, said that as a result of investigations carried out on behalf of the Central Bank, information on Irish Nationwide Building Society had been relayed to the Garda. The Office of the Director of Corporate Enforcement cannot look at Irish Nationwide Building Society because it was not covered under the Companies Act as it was a building society; therefore, the issue must be dealt with by the Garda. I am not saying there will be legal challenges, but I want to ensure the passing of the legislation will not compromise that process. Those watching “Primetime” the other night will have been shocked and I want the Minister to re-examine the matter. When everyone in the country was affected by the 2% pension levy in 2011, approved retirement funds were excluded from it. This specifically includes the pension pot of €27 million for Mr. Michael Fingleton. The Minister specifically allowed that to happen and we discussed the issue. These issues must be revisited because people would have been aghast had they been told on television that Mr. Fingleton’s pension pot had been exempted from the pension levy everyone else paid.

We must try to secure a deal with the ESM for the other banks. The IMF-EU-ECB deal was a three-year programme from the end of 2010 to the end of 2013. We are nearing the end of that programme. The troika has told the Fianna Fáil delegation that at this stage it is looking at exit strategies. It is essential, therefore, that no action is taken by the Government which will prevent the orderly exit from the programme at the end of 2013, a date established prior to the Government coming to office.

**Deputy John McGuinness:** Deputy Sean Fleming reminded me of the debate that took place around that time on his suggestion regarding Anglo Irish Bank. I was one of those who supported his point of view. There is not one person in the country who would not be happy that Anglo Irish Bank and IBRC have been removed from the banking landscape and that this deal is in place. I respect the work done by the officials, the Minister and the Government to achieve what they have achieved. I was conscious as we went into the final session of this debate that we should be talking about a debt write-down and debt forgiveness. I say this because as we make the deal for the bank and look towards finding ways of supporting the other pillar

banks, we must turn and face citizens and ask what are we going to do for them because they are asking us the same question. If we can kick the can down the road for the banks for 40 years, why can we not adopt a similar approach to personal and mortgage debt within the banks for citizens? This would give them the same opportunity that the country is getting. With the kicking in of the increase in inflation, we would see the debt come down to a rate with which we could easily deal and numbers we could easily comprehend. If we do not take a stern hand to the banks, they will continue to penalise those who have mortgages and are in personal debt. The Taoiseach made the case this morning that the banks were dealing with this issue and that the Personal Insolvency Act 2012 was in place, but this is happening too late for them. If we can conclude a deal for the country, as we did with the European Union on IBRC, surely as a Parliament, we can turn around and kick the banks into shape, provide the legislation that will give relief to all those in serious personal and mortgage debt and turn to the banks and insist on they ding business with SMEs?

Deputy Barry mentioned the bank that was looking for business. When I watched television last night I saw the French owner of a business on Moore Street declare that he received no support from the bank in question. The general consensus in the SME sector is that the banks are simply not supporting Irish businesses directly by giving loans. The man to whom I refer is one example who was clear in his position and had proved to the banks that he had a successful model, yet they refused to give him money. Many with Chambers Ireland and other national organisations who represent small firms will tell us that the banks are not lending.

I will turn to the television programme broadcast last night which examined Irish Nationwide Building Society under Mr. Michael Fingleton and on which witnesses spoke about their involvement in the company and the lending practices followed at the time. I find it amazing that in spite of the best efforts of committees of the Houses, we cannot get to the point where all of these witnesses can be brought before them to outline their experiences within the company, their misgivings about it and their explanations for banking practices and loans given at the time. As time passes, we will find that the main players who were central to the banking crisis will move off the stage and not have to account for themselves before a committee of the Houses. If RTE can do it, surely there is a way for the Government to provide the legislation to allow the committees to conduct such inquiries? I have serious misgivings about the Oireachtas (Inquiries, Privileges and Procedures) Bill that will be brought before us shortly. However, as RTE unfolds the story, we should seek out those who are willing to participate at committee level and who were central and on the boards of banks to allow them to come forward and give their side of the story before it is too late and we have nothing left but a bad memory. Memory lapses can cause loose facts to be placed on record. This is the time to do it and it should happen sooner rather than later. I look forward to seeing the analysis asked for by Deputy Sean Fleming of the deal put before the House in order that we can understand what the plan is for the next two to ten years.

Debate adjourned.

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

## **Priority Questions**

### **Early Years Strategy**

1. **Deputy Robert Troy** asked the Minister for Children and Youth Affairs when she will publish the Early Years Strategy; and if she will make a statement on the matter. [7478/13]

**Minister for Children and Youth Affairs (Deputy Frances Fitzgerald):** My Department is developing a new children and young people's policy framework which will set out high level goals for both my own and other Departments for the next five years. The policy framework is expected to be published in mid-2013 and will build on *Our Children - Their Lives*, Ireland's first children's strategy which was published in 2000. This is relevant to the early years strategy, as the strategy is one of three, more detailed strategies which will be developed under the framework.

The early years strategy which will be Ireland's first ever national strategy focused on the early years is under development. It is expected to be completed and published later this year. It is expected that it will cover a range of issues affecting children in their first years of life such as child health and well-being, parenting and family support, learning and development, play and recreation and early childhood care and education. The strategy will further recognise and highlight the economic imperative and benefits accruing from targeted investment in interventions in the early years. While we previously relied on American research, we now have our own Irish research, as well as international research which highlight the benefits of investment in children in their early years.

Some of the key issues to be addressed in the strategy include the further development of early childhood care and education programmes; the need to enhance quality provision, curricular support and workforce capacity in the early years services. The question of training standards and support for those working in early childhood care and education has been highlighted by the working group. The strategy will also address the support and regulation of the childminding sector. The Deputy has tabled a question on this subject. The strategy will also examine the future development of early intervention, therapeutic and family support services to support young children and their parents.

We will bring together the research I have mentioned such as the research conducted for the study of growing up in Ireland. The strategy will also be informed by the evaluations from the prevention and early intervention projects, PEIP. We have funded this research and the results are available for the three Dublin areas of Ballymun, Darndale and Tallaght.

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

The major programme of institutional change under way, including the establishment of the child and family support agency, will also be taken into account. The results of a public consultation, undertaken as part of the development of the children and young people policy framework, are being analysed and will inform both the framework and the early years strategy.

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I have appointed an expert advisory group, chaired by Dr. Eilis Hennessy, head of the school of psychology at UCD, to advise on the preparation of the strategy. The group comprises external experts from a range of specialties, including paediatrics, early childhood care and education, child protection and public health nursing, and is continuing to meet on a regular basis. I have met the expert advisory group on a number of occasions, most recently on 21 January, and I am very satisfied with the progress being made in developing Ireland's first early years strategy.

**Deputy Robert Troy:** Fianna Fáil welcomes and supports the establishment of the expert advisory group and the Minister's commitment to develop a national early years strategy which is the first of its kind. The strategy should support families bringing up children, identify the services they require and cover all aspects of children's experience such as health, education, family support and care. I refer to the delay in publication of the strategy. On 25 January 2012 the Minister announced that her Department would develop an early years strategy. On 6 March 2012 the strategy was approved by the Government and the Minister announced that it would be completed by the end of 2012. On 21 April 2012 the details of the expert group were announced and on 18 June the Minister hosted the first meeting of the group. Last December, when the strategy should have been published, the Minister said she expected it to be completed in the first half of 2013. There seems to be a theme to the Minister's ministry; she is fond of announcing but not good at following through. The child and family support agency was announced last year, but we are still waiting for the legislation. The legislation dealing with Children First was announced last year, but we are still waiting for it. What is the reason for the delay? Will the strategy be published in the first or second half of the year? Will the Minister comment on reports that there is deep discontent in the expert advisory group about its level of input into the strategy? How many meetings have been held by the group since its initial meeting in June last year? Will it submit a document to the Department prior to the formal publication of the strategy?

**Deputy Frances Fitzgerald:** I am very pleased to say a great deal of work has been done by the expert group I appointed and which is chaired by Dr. Eilis Hennessy, the head of the school of psychology at UCD. I reject absolutely the Deputy's remarks about implementation. This is the first strategy of its kind and we have had a series of meetings to examine very important issues. I am very pleased to say the members of the group are working in a voluntary capacity and can confirm that a report will be published this year. I am very grateful to the members of the group for their work. I had a meeting with the group on 21 January to see a presentation on parenting programmes which are very important. Funding has been provided for a range of groups around the country which are carrying out very valuable work in providing parenting supports and courses. However, we need a national policy. It is clear that in the areas for which I have responsibility very often there has not been a national policy. This is the first ever national early years strategy and the work involved is ongoing. Future meetings are planned. I believe the group is quite satisfied with its input into the strategy. A number of formal presentations have been made and early meetings held. The group will be giving consideration to publication of its report and ensuring its priorities are reflected. It will be a most useful report and I envisage it will be published in the first half of the year.

**Deputy Robert Troy:** I too compliment the group. I am pleased to note its members are working in a voluntary capacity. Will the Minister categorically refute the claim that there is discontent within the group? Will she confirm that the views of its members are being considered and that a document will be submitted to her Department and considered? Does she blame

me for being sceptical? At the outset she stated the report would be published by the end of 2012. We are now in February 2013 and today she is unable to give a definitive timeframe for publication of the report. I ask her to correct this in the House today.

**Deputy Frances Fitzgerald:** I established and selected such an expert group which represents a wide area. It includes people from local family resource centres, Barnardos, the DIT, child care committees and Childminding Ireland. I brought the group together in order to hear and take note of their expert views and experiences. The views of its members will certainly be taken on board. The reason for having an expert group on childhood early years is to hear its views on what should be our policy in this regard. The work has been broader than what was envisaged at the beginning of the process. I am very satisfied that the group is working very hard on the report, as are my own departmental staff, and the work is progressing satisfactorily. The input of the expert group will be part and parcel of the report to be published. This will be the first ever early years strategy.

### **Child and Family Support Agency**

2. **Deputy Caoimhghín Ó Caoláin** asked the Minister for Children and Youth Affairs when she expects to publish the facilitating legislation for the establishment of the Child and Family Support Agency; the anticipated date on which the Child and Family Support Agency will be established; and if she will make a statement on the matter. [7444/13]

**Deputy Frances Fitzgerald:** I am firmly committed to the transformation of Ireland's child and family services and, in this context, the establishment as a priority of the new child and family support agency. The agency, on its establishment, will assume full statutory responsibility for a range of child and family services currently provided by three separate agencies, namely, the HSE, the Family Support Agency and the National Educational Welfare Board.

Last July I published the report of the task force on the establishment of the child and family support agency. Following consideration of the task force's detailed recommendations, in November the Government approved the general scheme and heads of the Child and Family Support Agency Bill. Drafting of the legislation necessary to establish the agency in line with the general scheme is at an advanced stage. This will be very comprehensive legislation, providing as it does for subsuming functions from three separate agencies and assigning very onerous responsibilities relating to the care and protection of children and the promotion of their welfare. Subject to finalisation and approval by the Government, it is my intention to present the legislation to the Oireachtas during the current term.

I thank the Deputy for his support in respect of the establishment of the new agency. A precise date in respect of its establishment will be set when consideration of the legislation by the Oireachtas has advanced. While the legislative process is under way, all necessary organisational preparations will continue in parallel. It is important not to underestimate the scale of the work which must be done in terms of setting up the agency or the level of change that will be involved. We want a carefully planned approach to be adopted in respect of such large-scale change within this crucial area of the public service.

When established, the agency will constitute one of the largest public bodies in the State and will have a staff of over 4,000 and a budget of over €550 million. This is one of the largest and most ambitious public sector reform projects being undertaken by the Government. A

number of significant milestones have already been achieved. These include the separation of children and family services within the HSE from other health and personal social services and a national change programme. In addition, an industrial relations, IR, process is under way and I thank those involved with this because they have resolved many of the issues which have inevitably arisen along the way. Furthermore, the development of dedicated children and families responsibility and accountability at area, regional and national management team levels is ongoing. Much of what will be reflected in the legislation has already been done and many of the systems that will have to be put in place either have been or are currently being developed. A team is working on these matters at present. I will certainly provide the Deputy with further details on the other aspects of the work which have been progressed.

**Deputy Caoimhghín Ó Caoláin:** The content of the Minister's reply has not changed very much since the previous occasion on which we addressed this issue. She is quite correct in stating that I remain fully supportive of the new agency. I look forward to it commencing operations. However, as she indicated in the previous reply she gave last July, almost eight months ago, the purpose of the task force's report was to inform the preparation of legislation in respect of all the areas to which she referred. These include bringing together the roles played by three separate agencies, namely, the HSE, the Family Support Agency and the National Educational Welfare Board, under a single entity, which is a huge undertaking.

We are halfway through February and the Minister indicated that the Bill will be forthcoming during the current term. Does this mean it will be published prior to Easter? It is extremely important that we should have sight of the legislation. Many of the stakeholders involved are continually inquiring with Deputies as to the exact position and there is huge concern among them as to the future of the various component parts that are going to be brought together under one agency. Would it be possible for the Minister to publish the heads of the child and family support agency Bill? She indicated that the Cabinet has agreed the heads and that the preparation and publication of the legislation is to be prioritised. Will she publish the heads of the Bill? The previous Government committed to doing so during the years when Bertie Ahern was Taoiseach. Publishing the heads would be of assistance.

Will the Minister address the position with regard to the board of the new agency, particularly in light of the continuing concerns of the 106 family resource centres, FRCs, throughout the country and the Family Resource Centre National Forum's current representation in the context of the Family Support Agency? Is she in a position to provide an assurance that the entities to which I refer will continue to be represented on the board of the child and family support agency when it is established?

**Deputy Frances Fitzgerald:** There is a huge amount of work being done in respect of the finalisation of the legislation. In view of the fact that we are close to completion, I am of the view that it would be preferable to publish the legislation in full. I appreciate the response of the staff involved to date. Last month we issued personal letters to almost 4,000 staff informing them of the plans to establish the new agency. It is intended that their employment will transfer upon establishment. A communication and information exercise is taking place in respect of all of the staff who will be involved with the new agency. I appreciate that they want the agency to be formally established through legislation. We are doing everything possible to ensure that the legislation will be brought before the House as soon as possible.

The Deputy will appreciate the scale of both the legislation and the work involved. As outlined, this is one of the largest public sector reform projects with which the Government is

engaged. There is a need to get matters right. For example, we must ensure that the necessary financial systems will be ready and available to allow the agency to do its work. This is just one of a number of elements involved. Quite an amount of work has already been done. The senior management team has been recruited and negotiations with staff and unions are ongoing. The reform project in this area is being driven forward strongly by the CEO of the child and family support agency. A number of areas, including the reform of residential care, are being considered in this regard. There will be a need for national campaigns on a number of issues. In addition, reform is taking place in respect of data management. The latter was a major issue in the past, particularly as it was not possible to obtain consistent data. All of the background work is being done in respect of this matter, which is an absolute priority within my Department. As already highlighted, the scale of the work involved is very large. However, that work is being done and I hope the legislation will be brought before the House this term.

**Deputy Caoimhghín Ó Caoláin:** If any further delay were to occur, I would be obliged to resubmit to the Minister my plea to the effect that the heads of the Bill should be published. I do not believe that doing so would in any way inhibit progress relating to the preparation of the legislation. It is my view that publishing the heads of Bills is good practice in all instances. I argued the matter with the previous Administration which, in principle at least, acceded to my request in terms of publication.

In the context of my question regarding the board of the new child and family support agency, the Minister did not refer to the position of the FRCs or the Family Resource Centre National Forum's representation within the current structure. Is she in a position to provide any certainty with regard to whether this important strata of service and support for families and children throughout the country at present will continue to be represented? There are four very fine FRCs in my constituency for which I have the highest regard and which I support. I will actually be visiting one of the centres - that which is located in Clones - on Monday next for its open day. Is the Minister in a position to provide an assurance that, in the context of the new arrangements, the existing level of board representation will continue and that the ethos and culture of FRCs and the programme of work they have already adopted will be maintained?

**Deputy Frances Fitzgerald:** From the beginning of our discussions in respect of the establishment of the new agency, I made it clear that I consider the provision of family support to be an absolutely critical part of the new agency's work. Equally, it is clear that child protection is a priority. In order to ensure that child protection systems operate effectively, the efforts of the family resource centres and others who work in providing support to families and children throughout the country will continue to be required. Expertise in this area will certainly be reflected in the composition of the new board. Gordon Jeyes and I are absolutely committed to ensuring that the ethos relating to family support will continue to be a key aspect of the new agency's work. If one wants child protection to operate effectively, then the necessary family support services must be in place. I will ensure that the board of the new agency will have available to it the necessary expertise relating to family support. We have expertise in family support services that will continue to influence, but at ministerial and management level there is a clear understanding that the ethos of resource centres and family support services will be reflected in the management structure of the new agency and at board level. It will extend to having managers with responsibility for family support services throughout the country.

## **Adoption Legislation**

3. **Deputy Joan Collins** asked the Minister for Children and Youth Affairs further to Parliamentary Question No. 90 of 15 May 2012, when she reported that work was underway preparing a proposed Adoption (Information and Tracing) Bill, and that the Bill was part of the legislative programme for 2012 which she intended to bring it forward during 2012, if she will state the reason the Bill was not brought forward during 2012; and the progress made during the nine months since May 2012. [7571/13]

**(Deputy Frances Fitzgerald):** Work is continuing in the preparation of the Adoption (Information and Tracing) Bill which will provide for a structured and regulated approach to providing access to adoption information and facilitate contact for those affected by adoption, including in circumstances where an adoption order was not effected. It is intended that the Bill will provide for the Adoption Authority to have access to all adoption records. The Bill will provide for a national index of adoption records to be maintained by the Adoption Authority containing information on the whereabouts of all known adoption records located within the State. Currently, they are located in many settings. It is envisaged that only the Adoption Authority, the Health Service Executive and accredited bodies will hold adoption records and that the Adoption Authority will have overall charge of these records. Much concern has been expressed that the records are held in many places. The Bill will ensure they are gathered together.

It is also intended that the Bill will provide for placing the National Contact Preference Register which is on a voluntary basis on a statutory basis. The purpose of the register is to allow persons affected by adoption to register their names with a view to receiving information on a person from whom they have been separated as a result of adoption and will allow for the registering of a preference as to whether they want to have contact with that person.

A national tracing service will be established, the operation of which will be subject to guidelines which will be set out in regulations. It is intended that the tracing service will be made available to adopted persons, birth parents and relatives, with the Adoption Authority having overarching responsibility for the service.

It is intended that prior to the release of adoption information, counselling will be offered by the Adoption Authority, the HSE or an accredited body to an adopted person, a birth parent or an adoptive parent if, in the opinion of the Adoption Authority, the HSE or an accredited body, such counselling would be beneficial in the circumstances or if such counselling is requested by the applicant seeking adoption information.

Consideration of the legal and policy issues involved is ongoing and once these have been satisfactorily resolved, I intend to seek Government approval to publish the heads of the Bill. It is my intention to bring the Bill before the Houses of the Oireachtas in 2013.

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

Complex issues have arisen during the course of preparation of the Bill, including the criteria for balancing an adopted person's right to information on his or her identity against a birth parent's right to privacy. My view is that persons affected by adoption should be provided with as much information as possible within permissible constitutional boundaries.

**Deputy Joan Collins:** As other Deputies mentioned, the question arises about the length of time it is taking for these issues to be processed. We tabled a question in May 2012, the reply to which indicated that the work was under way and that the heads of the Bill would be published

in 2012, but nine months later we are still waiting for the Bill to be brought forward. I do not know whether the Minister saw the report in the newspapers on 13 January on people's testimonies, including on the experiences of Phil Lynott's mother and others in trying to trace their parents. This is not good enough. Since 1975 people in Britain have had access to their birth certificates, yet 40 years on people here are still waiting for that opportunity, about which they are very stressed. Their parents are getting older and they want to find them. Unfortunately, in some cases, they have passed on. I hope the heads of the Bill will be introduced in this term.

**Deputy Frances Fitzgerald:** I take the point the Deputy is making. This issue has been ignored for decades, but I am determined to put an end to this. My view continues to be that an adopted person over the age of 18 years should have an unrestricted right to attain a copy of his or her birth certificate and that an adopted person under 18 years should have a qualified right, perhaps subject to the consent of his or her adoptive parents. However, unlike in the United Kingdom, serious constitutional issues arise. There is strong advice from a previous Attorney General that because of the constitutional position of the family, in respect of open access to birth certificates for adopted persons, constitutional difficulties arise. What I want to do and what I am discussing with the Attorney General is bring forward legislation that will give scope to adopted persons to track their records and have access to as much of the information as possible, but I will be limited in what I can do by constitutional constraints. The current Attorney General has been examining these issues also and advises me on these constitutional limitations. We are in a different situation from that in the North of Ireland or elsewhere in the United Kingdom, which we must keep in mind. I want to bring forward legislation as strong as I possibly can make it, but the judgment in a Supreme Court case in the 1980s made it very clear that the mother's right to privacy would have to be balanced against the adopted person's right to know.

**Deputy Joan Collins:** Obviously, the constitutional issue has to be addressed, but the National Adoption Contact Preference Register is available-----

**Deputy Frances Fitzgerald:** Yes.

**Deputy Joan Collins:** -----to try to put the framework in place for those persons who do not want their information to be given out. However, it is important that individuals should have access to their parental history, including their medical history and so on. There should not be a delay in bringing forward the general legislation the Minister wants to introduce; it should be brought forward quickly. Does she envisage that because of the constitutional problems the issue could continue for longer or less robust legislation being forward brought this year?

**Deputy Frances Fitzgerald:** It is my intention that the legislation will be brought forward this year. I do not have any doubt about this, but I am alerting the Deputy to the constitutional difficulties inherent in producing the legislation. Obviously, I will bring forward the strongest possible legislation, but there are clear constitutional constraints. Having access to medical records is critical, but whether this can be provided for, within the confines of the Constitution, remains to be seen. It is extremely difficult, given the constitutional position on the family, to have the open access to information the Deputy desires and to which adoptive persons ought to have access. It is a complex issue, but work is being done on the legislation which I will bring to the House. Last week I met a number of people who, unfortunately, had been the victims of illegal registrations. That is another serious issue we must address.

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## Early Years Strategy

4. **Deputy Robert Troy** asked the Minister for Children and Youth Affairs her plans to update the regulation of childcare and childminding; and if she will make a statement on the matter. [7479/13]

**(Deputy Frances Fitzgerald):** Work on the development of the early years strategy is under way and the approach I am taking has received Government approval. I want an innovative and dynamic blueprint for the development of Ireland's early years sector and a coherent approach to seeking to do the very best for children and young people. A broad range of issues is being examined by the early years group. I want to see very high standards in the early years sector, as I am sure the Deputy does, both in terms of care and the curriculum. The issue of quality provision is one with which the group is concerned.

One of the specific issues of policy I have identified for consideration in the preparation of the new strategy is the future role and regulation of the childminding sector, already an important component of early childhood care and education. Pre-school services are subject to the Child Care (Pre-School Services) (No.2) Regulations 2006, as provided for under the Child Care Act 1991. Services providing care for children who have not yet commenced primary school are required to notify the pre-school inspectorate. The services covered include full-time, part-time and sessional services, as well as childminders who are taking care of more than three pre-school children from different families in the childminder's home.

There are a number of ways of supporting childminders. The national guidelines for childminders, compiled by the national childcare co-ordinating committee, are very helpful for childminders who seek support. In 2011 over 1,200 services were notified voluntarily and work to encourage voluntary notification and the active involvement of childminders in training and information activities continues. The take-up represents only a very small proportion of the number of childminders in the country. Therefore, further work is to be done.

The child care regulations set the minimum standards with which services are legally required to comply. The issue of childminding will be examined by the early years group and I look forward to hearing its recommendations. Last year I restored the grant of €1,000 for childminders which had been cut in 2011. It is a question of quality provision by the childminder. The grant was helpful and to enable the childminder to invest in materials, for example, and enhance the activity of children in his or her care. It will be available in 2013 also.

*3 o'clock*

**Deputy Robert Troy:** Some 50,000 children are cared for by childminders every day. The Minister alluded to the fact that the vast majority of the childminders are exempt from regulation and operate without any supervision or support. It is unacceptable that most childminders are exempt from inspection, child protection legislation and Garda vetting. Will the Minister commit to amending the Child Care Act 1991 to ensure that all paid childminders will be subject to regulation and inspection? We are still waiting to see in the Oireachtas the Children First legislation, whose heads were published in the middle of last year. Can the Minister give us a commitment that it will include all paid childminders? Could she state definitively when this important Bill will be dealt with in the Oireachtas?

Childminders were not included in the National Vetting Bureau (Children and Vulnerable

Persons) Bill, whose heads, incidentally, were published at the same time as those of the Children First legislation. It has passed through the Houses. One wonders why it was prioritised over the Children First Bill. Are childminders to be excluded from the Children First legislation? Will the Minister consider making the regulatory requirements for childminders the equivalent of those for centre-based services while reflecting that most childminders are self-employed?

**Deputy Frances Fitzgerald:** It is not correct to state there has been no support for childminders. Clearly, a decision was taken to exempt childminders who are looking after fewer than three children. I take it from the Deputy's question that he and his party support the regulation of childminders and babysitters. Very different views have been expressed on this by parents. Many parents want to make their own decisions on whether they want a particular individual minding their child. There are many different views on the question of State intervention in the decision by parents. It is a question of what is in the best interest of the child. I want to see the best supports possible put in place for childminders.

The question of the type of regulation that is most suitable is one that requires serious consideration. Some countries have opted for very heavy regulation in this area while others have opted for none at all. In Ireland, we have encouraged childminders to register voluntarily. We have given them tax relief on earnings and have set up supports for them in the form of the local child care committees. It is interesting that only 1,200 have registered. This is an area on which we need to focus more to ensure women minding children in their homes feel supported, if they are seeking support, and have expertise available to them. Parents will become increasingly interested in more regulation in this area given some of the recent incidents about which we have heard, although not so much in Ireland. Clearly, this is an area of concern. We must strike a balance in the regulation and this is why I have asked the early-years group to examine the matter. I include Childminding Ireland, with which I have had much contact.

The point raised by the Deputy is certainly one we need to examine. We will need to examine carefully the precise form of regulation and its depth. Many parents have expressed the view that they do not want to see heavy regulation as they believe regulation should be left to parents themselves. We will examine the matter. The early-years group is doing so and I look forward to seeing the recommendations it brings forward. I take it that the Deputy is proposing regulation of the entire sector.

**Deputy Robert Troy:** The Minister is trying to put words in my mouth. The type of regulation is key and we need to debate it. When we have a debate, I will make my party's position thereon known. I am not talking about increased State intervention, as the Minister knows, but about the fact that 50,000 children are minded by childminders who are not subject to child protection legislation or Garda vetting. The vetting legislation passed through the House last year and childminders were exempt from it. I asked the Minister quite clearly why this was the case. I asked her whether she will commit to amending the Child Care Act 1991 and to ensuring that childminders will be included in the Children First legislation to guarantee that childminders, be they minding one, two or three children, will be fit to practise, vetted by the Garda and adhere to the highest standards of child protection legislation.

**Deputy Frances Fitzgerald:** There is a key question to be considered. As the Deputy stated, it is a question of the type of regulation. Nobody in the country is exempt from reporting under the Children First guidelines. Childminders, given the work they do, have a serious obligation to report concerns in regard to child protection. If a parent has concerns about the

childminder, the Children First guidelines clearly apply, irrespective of whether they are on a statutory basis. The Deputy's point begs the question as to whether every childminder in the country should be subject to vetting. This is part of what needs to be examined. The Deputy is proposing that every childminder should be subject to vetting. As I stated, I have asked the early-years group to examine this to determine whether it is the best way forward.

I absolutely agree that the central point concerns the protection of children. To date, families and parents have been making the decision privately as to who should mind their child. The question of the State's role in the vetting of the childminder is one that has not been on the table to date. It has not been examined over the past 12 years. However, I have asked the early-years group to examine the matter and report to me on what it believes appropriate regulation to be. Some argue that light-touch regulation is required because families are making decisions on who should mind their child and they believe the State should not be interfering unduly. This is certainly an area that requires examination. Of course, child protection issues are central and must be so.

It is a case of what type of regulation, if any, should apply. The question of vetting is one for the group to examine. It will revert to me with some recommendations and I will be happy to discuss the issue on the floor of the House when it does so.

### **Adoption Legislation**

5. **Deputy Caoimhghín Ó Caoláin** asked the Minister for Children and Youth Affairs when she intends publishing the Adoption (Amendment) Bill to give legislative effect to the changes promised in the Children's Rights Constitutional Amendment passed by referendum last November; and if she will make a statement on the matter. [7445/13]

**(Deputy Frances Fitzgerald):** The general scheme and heads of the proposed Adoption (Amendment) Bill were published in September 2012 in conjunction with the referendum proposal to inform the public of proposed changes to adoption law envisaged if the constitutional amendment was approved.

The Joint Committee on the Constitutional Amendment on Children was established in 2007 to examine the proposals to introduce a constitutional amendment on children and to make recommendations, as appropriate. The final report of that committee recommended, with regard to adoption, that legislation should be introduced to provide for the adoption of any child, whether from a marital or non-marital family, where the parents of that child have failed in their responsibility to that child for such a period of time as may be prescribed by law, and where adoption is considered to be in the best interests of the child. The report also recommended that provision be made by law for voluntary placement for adoption and the adoption of any child.

The adoption (amendment) Bill 2013 proposes to make important changes to adoption law to provide the option of adoption for a child who has been placed in long-term foster care. The provisions of the proposed Bill will amend the Adoption Act 2010 to provide for the non-voluntary adoption of a child where his or her parents have failed in their duty towards that child. The draft Bill will change the criteria, applicable under section 54 of the 2010 Act, under which the High Court may authorise the making of an adoption order without parental consent in the case of a child who is in the care of prospective adopters and where that child's parents have failed in their parental duty to the child. The proposed legislation is not intended to provide that

a child who has contact with and a strong beneficial relationship with his or her birth parents and wider family may be adopted, unless that child's parents have voluntarily placed the child for adoption and have consented to the adoption order being made in respect of the child.

It is my intention to bring the adoption (amendment) Bill before the Houses of the Oireachtas as soon as possible following the conclusion of all proceedings and processes relevant to the referendum. In addition to the provisions included in the draft Bill, my Department is separately examining further possible changes to the Adoption Act 2010.

**Deputy Caoimhghín Ó Caoláin:** It is over three months since the electorate passed the children's referendum, on 10 November last. I would have hoped that by now we would have seen the publication of the necessary amending legislation to give effect to the wishes of the people in the new Article 42A.2.2°, which requires the State to put laws in place allowing for the adoption of any child, regardless of whether the parents are married to each other, where the conditions are clear and specified that the parents have failed in their duty towards the child for a period of time and where the best interests of the child require that adoption take place. That period of time is as yet unspecified. It is to be specified in law, so will the Minister clarify what is being considered in that respect? Article 42A.3 requires that laws must be passed to allow for any child to be adopted by being voluntarily placed for adoption by the parent or parents. These are important changes which the electorate supported and passed by a substantial majority last November. It is critical that this legislation is equally prioritised and fast-tracked, like the legislation I discussed earlier relating to the child and family support agency. Will the Minister give a more precise indication of how long she expects the continued preparatory work to take? That might be helpful.

The Minister indicated that consideration is being given to other areas which have not been clear heretofore. In fact, I highlighted to the Minister prior to the referendum some aspects of concern in adoption law that were not being provided for in the proposals put to the electorate in the constitutional amendment. Could she elaborate on what she is referring to and whether there is any linkage with the adoption (tracing and information) Bill which Deputy Joan Collins highlighted? Is there a link between what was proposed or planned in that regard and the current consideration of the proposed adoption (amendment) Bill?

**Deputy Frances Fitzgerald:** I published this legislation last year. I considered it important that the public be aware, in advance of the referendum, of the changes we would be introducing in respect of adoption. The Deputy asked about the period of time. Under the draft Bill, children will have to be at least 18 months in the care of those who apply to adopt them. Parents will have to have failed in their duty towards the child for three years and have no reasonable prospect of resuming care of the child. I will remain true in the legislation to the provisional legislation I published before the referendum. I made it clear at the time that we would hold faith with the electorate and the legislation that was published, and that is what we will bring to the House. However, we might take the opportunity of the introduction of an adoption Bill to the House to deal with some issues that must be dealt with at present - for example, with regard to declarations. Following the signing of the Hague Convention, inter-country adoption has become much more complex in this country, given the need to have bilateral arrangements with countries that have not signed the convention. This has led to a very difficult situation for couples who wish to adopt, particularly from Russia, Ethiopia and a number of other countries. Ireland is one of the few countries that have such strict adoption legislation. Our legislation provides that there has to be a bilateral agreement with countries that have not signed the Hague Convention. Some other countries did not go down that route, but we did. It means we are

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left in a situation in which we have had to negotiate some very difficult bilateral agreements if adoptions are to continue, particularly from the countries I mentioned. If there are some issues I can deal with in this legislation, such as the one relating to declaration, I will take that opportunity. The declarations of couples will run out later this year, but because of the signing of the Hague Convention and the subsequent delays, the adoptions that those couples might have envisaged taking place have not taken place. We must address the issue of the timeframe of the declarations and I might take the opportunity of this legislation to do that when the proceedings are complete and it is brought before the House.

There is no connection to the legislation Deputy Joan Collins mentioned. That is separate legislation to provide for the tracing service.

**Deputy Caoimhghín Ó Caoláin:** The provisional legislation published prior to the referendum was very straightforward. It was within the confines of what I once again put on the record of the House in my first question. Why we cannot proceed to address that three months later concerns me. Regarding the other matters the Minister is hoping to address in tandem with this legislation, what further delay will that cause in allowing the Houses of the Oireachtas to give effect to the views of the electorate as expressed on 10 November last? I would be disappointed, rather than concerned, if there were any further delay in giving effect to what was a historic decision and one that all opinion in this House fully and fulsomely supported.

**Deputy Frances Fitzgerald:** The Deputy knows my commitment to the issues raised in the referendum and the importance of this adoption legislation. As soon as all the proceedings and processes relevant to the referendum are completed, I will bring the legislation to the House as quickly as possible. Clearly, my Department has a number of significant reforms under way and there is a heavy workload relating to legislation, including the referendum last year, the establishment of the new agency and the legislation we have been discussing. I emphasise that a huge amount of work has been completed on this legislation.

## Other Questions

### Child Detention Centres

6. **Deputy Thomas P. Broughan** asked the Minister for Children and Youth Affairs in line with the requirements of the judgement in the case of Health Service Executive v WR (Neutral Citation (2007) IEHC 459) that the HSE would, among other things, undertake to conduct a process of identifying need for special care and high support by December 2007 and that it would produce a report on an annual basis in July of each year dealing with the manner in which the needs of young persons at risk were being fulfilled in the provision of these services, if annual reports of this kind have been published by the HSE; and if so, the locations at which copies may be obtained; and if such reports have not been published, the reasons for non-publication. [6996/13]

**Deputy Frances Fitzgerald:** Special care involves the detention of a child for his or her own welfare and protection in a special care unit with on-site educational and therapeutic sup-

ports. Special care units provide secure residential services to children and young people who are in need of specialised targeted intervention. Children are detained in special care if their behaviour is deemed to pose a risk to themselves. The detention by order of the High Court of a child in a special care unit is considered as a last resort and is intended to be for as short a time as possible. Such detention is resorted to when other forms of residential or community care are considered to be unsuitable. Special care units are inspected annually by HIQA pursuant to section 69 of the Child Care Act 1991 and the inspection reports are published. I note that I have just signed a letter for Deputy Thomas Broughan on a question he put down last week on the number of children who are receiving care abroad. He will receive the letter today.

The Deputy refers to the judgment in the case of *Health Service Executive v. WR (2007) IEHC 459*. I understand the judge in the case was complimentary of the HSE on the manner in which cases were being dealt with and the offer of the HSE to produce an annual report on these matters was not taken up by the court. I emphasise that since the delivery of that judgment, the ongoing procedures for dealing with special care applications to the High Court have evolved. All cases in which the inherent jurisdiction of the High Court has been invoked to effect special care placements are now listed for mention before the court on a monthly basis. Deputy Caoimhghín Ó Caoláin asked a priority question on this topic previously and I am happy to confirm to the House that there are no children on the waiting list currently. Any child in need of special care is receiving it. In circumstances in which each case comes before the High Court every month, the need for an annual report has been obviated.

The HSE produces an annual review-of-adequacy report pursuant to section 8 of the Child Care Act 1991. The report includes a particular chapter on special care. There is ongoing examination by both HIQA and the HSE. A great deal of work has been done by HIQA examining standards in the three special care units and there have been significant and necessary improvements in recent times.

**Deputy Thomas P. Broughan:** I thank the Minister of State for her reply and the information she provided. What is the current capacity of Ballydowd, Gleann Alainn and Coovagh special care units? How many children can they cater for and how many staff do they have? While it is welcome that there is no waiting list and that the problems identified in 2007 by the High Court appear to have been ameliorated, how many children pass through the special care units each year? How many children passed through the units in 2011 and 2012 for example? I note Gordon Jeyes's point on the use of agency staff. The children in these units have very challenging behavioural issues and there was an issue in 2007 and onwards about agency staff. I note that Jennifer Hough in the *Irish Examiner* made a particular study of Gleann Alainn and reported publicly on a number of occasions about some of the things that had happened there. I have seen a recent estimate that there are approximately 104 staff across the three centres. Can we take it that agency staff are no longer used and that all staff are qualified?

The Minister of State referred to *HSE v. WR* and said that annual reports are provided by HIQA now. Is the Minister of State happy with that or would she have preferred that reports would have been compiled for the High Court?

**Deputy Frances Fitzgerald:** I am satisfied with the HIQA standards inspection that takes place now. There are three designated special care units in the State which are operated by the HSE subject to a single national governance arrangement. As of this year, we have adopted a national governance approach to special care which was needed. There is a unit in Ballydowd in Dublin which has a capacity of ten beds and is fully occupied. There is another unit in

Gleann Alaiinn in Cork with a capacity of four beds where three children are currently placed. The third unit is at Coovagh whose three beds are fully occupied.

Deputy Thomas Broughan asked about the numbers in special care, which is a very tiny proportion of all children in care. Approximately 0.4% of children in care are in special care which equated in 2011 to 38 children. These are children with very special needs who require careful therapeutic help. They return to the High Court every month for very careful supervision. Providing this type of special care for children with such special needs is very demanding. Deputy Thomas Broughan is right to point to the supports staff need. I am not in a position to answer him on the issue of agency staff today but can communicate with him on it.

**Deputy Thomas P. Broughan:** Or unqualified staff.

**Deputy Frances Fitzgerald:** I will revert to the Deputy on the staffing issues he raised. I do not have the information with me. HIQA has raised the issue of staff support in its inspection reports. The HSE has done a lot of work to ensure that staff have the support and supervision they need. Gordon Jeyes has led the national approach to special care and taken a particular interest in the matter to ensure that we move to greater consistency in standards. The issues identified in previous HIQA reports, which were serious, are being addressed. The most recent report I have on one of the centres shows that more and more of HIQA's recommendations are being implemented.

**Deputy Thomas P. Broughan:** Is there more the Minister of State has to do to ensure that there is a substantive legislative basis in this area in addition to the Child Care (Amendment) Act 2011? Are the national special care admission and discharge criteria used by social workers to assess children known to the Minister of State and in the public domain? The Minister of State mentioned children who have been referred to special care units in Scotland and Sweden. Are there children who are abroad at the moment and what kind of resources has the State spent on their care? Did the Minister of State ask for additional resources in the 2013 budget to deal with the critical needs of these children?

**Deputy Frances Fitzgerald:** I was pleased to be able to maintain the budget in the face of huge difficulties nationally. The budget for the new child and family support agency was slightly increased in fact. It was very important to have that stability.

There are approximately ten children receiving services abroad. This care tends to be very expensive as the Deputy knows. I have given him the details in reply to the question he asked. These are highly specialised placements for children with behavioural and sexual difficulties. The cost per month varies from €26,000 per month to \$10,400 per month at the facility in Nebraska where one child is placed. We are still using some services abroad. I would like to examine whether we have the capacity to deliver these services domestically to the small number of children who need them. The services are not available currently. Under High Court supervision, the decision has been taken in relation to a small number of children to place them abroad.

### **Child and Family Support Agency**

7. **Deputy Tom Fleming** asked the Minister for Children and Youth Affairs the way she will justify salaries for the new position of head of organisation at €186,000 in the new section of her

Department being devolved from the Health Service Executive, salaries of more than €100,000 for directors of services and a fixed term appointment for three year contract at €150,000 a year which is in breach of salary level for that job; and if she will make a statement on the matter. [3053/13]

**Deputy Frances Fitzgerald:** The new child and family support agency will be established by way of primary legislation and will assume full statutory responsibility for a range of services including child welfare and protection services which are currently provided by the HSE, the National Educational Welfare Board and the Family Support Agency. When the agency is established it will constitute one of the largest public agencies in the State with a staff of more than 4,000 employees and a budget of over €550 million. It represents one of the largest and most ambitious areas of public sector reform under way. Furthermore, the agency's onerous responsibilities in promoting the welfare of children are widely recognised as a priority.

As the majority of staff will transfer from the HSE, the established HSE salary structure is being used in respect of senior management positions. Mr. Gordon Jeyes is CEO—designate of the agency. Mr. Jeyes was recruited by the HSE in January 2011 as National Director, Children and Family Services. His recruitment followed an international search process and he brings with him experience of leading children's services in two other jurisdictions. We are very fortunate to have a man of his calibre leading our new agency given the legacy we have of child protection and the huge amount of work to be done. The salary rate approved for Mr. Jeyes' position with the HSE was agreed in 2011. The child and family support agency will have additional responsibility in terms of services and accountability and the salary for the CEO would be equivalent to that previously paid by the HSE.

With regard to the post of head of quality assurance in the new agency, it was not possible following a competitive process to source a candidate with the required professional and senior management expertise, on the advertised terms. It was imperative that the senior management team be in place to progress the necessary preparatory work for the agency's establishment, and in these circumstances approval was subsequently granted by the Department of Public Expenditure and Reform for the filling of the quality assurance post on a once-off three year fixed-term contract basis, at the rate of €145,000 per annum. The post holder brings very significant international experience in the quality improvement of children's services. We badly need this as is very clear from the range of reports that we have all read that. The post will be re-advertised by way of open competition in advance of the expiry of the fixed-term contract. All requirements for approval of this salary were fully complied with in advance of the post holder's taking up duties.

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

The other senior management posts of head of policy and planning, head of corporate and human resources, and head of finance were filled at the advertised terms, which are equivalent to the salary scale for the grade of assistant national director in the HSE. The post of chief operations officer remains to be filled, having previously been advertised unsuccessfully. The post of chief executive of the National Education Welfare Board is filled on a temporary-acting basis and it is also envisaged that this will be advertised at management team level prior to the functions of the board transferring to the new agency on its establishment.

I am satisfied that the above arrangements equip the agency with the necessary management skills and experience to discharge its onerous responsibilities on behalf of children and families

in this crucial start-up phase of the agency's existence.

**Deputy Tom Fleming:** I thank the Minister for her reply. I submitted this question to the Minister for Public Expenditure and Reform, Deputy Howlin. In the course of her reply the Minister said that he played a role in at least one of these appointments. Given the economic climate and the level of debt in this country it is hard for the Government to justify transferring a person from the HSE at such an exorbitant salary. It is the same as, if not more than, the salary of the President of France. The head of the family support agency may even be earning €5,000 or €6,000 more than the President of France who holds a very responsible position.

The appointment is for three years. I find it hard to comprehend that a suitable person could not be appointed on a full-time basis. There may have been efforts made in advertising. That person is probably receiving something in the region of what the Prime Minister of Britain receives. I am glad to hear that there will be a further recruitment of some suitable person at a later date. We are a bankrupt country and we are weakening our hand in negotiating in Europe and are severely hindered.

**Deputy Frances Fitzgerald:** Since 1980 we have had 17 major reports on child protection failings in Ireland. There is a huge job to be done to change that situation. It is a shameful legacy. The reform of child protection and of children's services is a key priority for me and the Government. The establishment of the new child and family support agency is a key step in this ambitious and comprehensive reform programme. The majority of staff will transfer from the HSE whose salary structure was being used for the senior management positions. An independent process was put in place to recruit the staff. It was independent of the Department. It is extremely important that we have the very best managers to do the task that needs to be done to manage the services. I have already outlined to the House on several occasions the huge job that must be done to disaggregate the work of the child and family services within the HSE and the difficulties in doing that. I have highlighted the need for a national finance system, for accountability and reforms at national level and for policy to be outlined at national level. This management team is undertaking all of that. I am very confident that the team will deliver a world-class service which is what we should have for children, particularly the most vulnerable ones.

**Deputy Tom Fleming:** I wish the Minister well with her added responsibilities. There are several salaried positions offered at over €100,000, for example for director of services. I presume that these people were formerly in the HSE where at the other end of the scale nurses are being recruited at 20% less than the standard salary these people are being offered. Many of them are mature students. There is gross inequity across the board. The Minister's colleague, the Minister for Health, Deputy Reilly, is presiding over a situation in which the director-designate of the new agency replacing the HSE is appointing five directors again at salaries in the region of over €150,000. People find it hard to digest and accept what the Government is doing with regard to these appointments particularly in these straitened times when austerity measures affect people particularly those at the lower levels of the HSE.

**Deputy Robert Troy:** As Deputy Tom Fleming says when one sees the reduction in wages for highly qualified nursing staff I do not know how the Minister can stand over a further breach in a salary cap. The salaries that were on offer were considerable and I do not see the necessity to exceed them at a time when we are talking about fairness and equality. This is not sending out the right message. No one disagrees with the Minister and everyone will support her endeavours in reforming child protection measures with the establishment of the child and family

support agency. That is not in question. How can the Minister stand over a breach in the salary cap that the Government imposed while at the same time cutting the salaries of those working at the lowest levels of the health service?

**Deputy Thomas P. Broughan:** No one doubts the excellence of the appointment but is it appropriate that a director should be appointed who is earning more than the Minister? The Minister is responsible to this House for children's matters. She bears a very heavy responsibility and Deputy Tom Fleming's premise is almost unanswerable in current circumstances.

**Deputy Michael Healy-Rae:** I want to support Deputy Tom Fleming very strongly because this Government sold the people a pup.

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

**Deputy Michael Healy-Rae:** How can the Minister stand over doing this at a time when her Government sold the people a pup? Her party said that it would do everything correctly and the people who supported it thought they were doing the right thing. The Government imposed the cap and every now and then, when it so wishes, it flouts it, which is wrong and outrageous. If it had stated it was never going to introduce a cap, it would be fine, as it could set salary figures at whatever level it wanted, but why did the Minister make a rule for salary caps one day only for it to be broken by the Government on another?

**Deputy Frances Fitzgerald:** The point I made was that the chief executive officer designate of the agency had been recruited prior to my taking up office in January 2011 on the salary commented on by Deputies. His recruitment followed an international search process and he brought with him enormous experience. It is important we realise the challenges he will face in the child and family support agency.

I take some of the points made on the difficult economic situation we face. However, every effort was made to recruit in Ireland to fill the post of quality assurance manager in the new agency. That, however, was not possible following the competition process. Every Member knows that having someone in place who understands quality assurance in this area is absolutely necessary. It was in these circumstances and because of the need to fill the post that a decision was taken to offer a three-year fixed-term contract. The person who has taken up the job brings significant international experience. The future development of the child and family support agency will be greatly enhanced by the work done by the people concerned. The post will be readvertised to be filled by way of open competition in advance of the expiry of the fixed-term contract.

## **Youth Services**

8. **Deputy Kevin Humphreys** asked the Minister for Children and Youth Affairs when the application process will begin and be published for the €1.75 million in funding available for youth capital projects in 2013 such as youth cafe and play and recreation initiatives that were previously announced; and if she will make a statement on the matter. [6998/13]

**(Deputy Frances Fitzgerald):** The youth affairs unit of my Department supports the delivery of a range of youth work programmes and services for all young people, including those from disadvantaged communities, by the voluntary youth sector. As part of this, my Depart-

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ment and I have actively supported the nationwide development of youth cafe facilities, given the considerable benefits they offer for young people to meet in safe drug and alcohol free spaces.

In 2012 I provided €500,000 in capital funding for eight youth projects around the country to support the development of youth cafés for young people. The projects selected are eight new youth cafés which had originally applied under the original youth café scheme in 2010. This latest round of funding builds on the €1.7 million previously provided, from which a total of 75 projects have received funding.

For 2013 I am providing a further €1.5 million in capital funding for youth cafés and youth projects. Criteria for these funding schemes are being developed and my Department will be announcing details in the near future. They are a great extra resource. I am further providing capital funding of €250,000 for play and recreational initiatives during 2013. In February 2012 I launched the first ever national local authority play and recreation network, which brings together the recreation officers from local authorities around the country. More local authorities are getting involved in the project and some excellent work is being done by the network. To date, it has taken initiatives to promote and expand national play day and national recreation week, introduced improved co-ordination between local authorities and training and information sharing to develop staff expertise. I met representatives of the network last week to discuss their future work programme. I urge Deputies to encourage their local authorities to take part in the network.

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

I have been delighted to officially open many of the new youth cafés supported by my Department and hope the additional funding provided in 2012 and 2013 will allow for the opening of many more youth cafés in communities across the country.

The development of play and recreation policy is an equally important objective for my Department because of the positive social and developmental impact of play in the lives of children and young people and its significance in promoting active healthy lifestyles. National play and recreation policies are implemented by local authorities. Many have developed world class recreational facilities and integrated play plans benefiting thousands of children and their families. My Department's role is to encourage innovation and a joined-up approach to the development and use of the extensive range of facilities available throughout the country.

A record 25 local authorities participated in National Play Day on 4 July 2012. National Recreation Week 2012 took place at the end of October. In excess of €70,000 was provided by my Department for local authorities in 2012 to help with these initiatives.

**Deputy Caoimhghín Ó Caoláin:** When does the Minister expect the roll-out of the signalled new youth cafés to commence? Will she share with the House the locations of these new initiatives? How many youth cafés will be *in situ* with the advent of the additional eight indicated? Regarding the area-based approach to the child poverty initiative that she announced as part of the two new strands to deal with child deprivation and marginalisation, she has supported projects through the Prevention and Early Intervention Programme for Children in Tallaght, Ballymun and Darndale. She indicated recently that she expected to increase the number from three to six. Has she been able to conclude that further section? If not, when will she be in a position to do so? If she has, will she share with us where the new projects will get under way?

**Deputy Patrick O'Donovan:** It is fitting that the Minister referred to the issues of exclusion and marginalisation. Given the success of youth cafés in bringing young people in from the margins, will she consider ring-fencing part of the funding for young people with intellectual and physical disabilities on a regional, county or city basis? Often people with intellectual disabilities find that youth cafés and other youth networks can unintentionally exclude them, as most of those attending would not have an intellectual disability or learning difficulty. Will she consider ring-fencing moneys on a pilot basis for facilities for young people with specific intellectual or physical disabilities?

**Deputy Frances Fitzgerald:** On Deputy Caoimhghín Ó Caoláin's question about the €2.5 million provided in the budget for early intervention programmes, a lot of the preliminary work has been done in the rolling out of these projects and a project team will meet next Friday to take it further. There has been some engagement with philanthropic organisations because we have been looking for co-funding. I hope the scheme will develop next year with more funding provided.

It is important clear and transparent criteria are put in place for the selection of sites. This is part of what the interdepartmental group will examine and I will inform the House as the work develops. I certainly want to have the projects in place by the end of the 2013, with the sites selected by then. We will also look at how we can mainstream some of what has been learned from the three Prevention and Early Intervention Programme for Children projects under way. The research findings are being received on their successes and there are clear indications as to how we should move forward nationwide, not just in six areas. I hope we will be able to develop projects in three new areas and, equally, roll out initiatives which will have a national impact from what we have learned from the projects in Darndale, Tallaght and Ballymun which received considerable funding. The areas have not yet been selected, but transparent criteria will be used in their selection based on the poverty index and other indices.

Ring-fencing funding for more specialist youth cafés can certainly be considered and I would be happy to consider a specific request for such a youth café. The approach to date has been to support the integration of children with disabilities in youth cafés. That is preferable, but if a case can be made for a particular facility that meets the needs of a particular group of young people with either physical or intellectual disabilities, it can be considered.

**Deputy Caoimhghín Ó Caoláin:** What about the new locations?

**Deputy Frances Fitzgerald:** They will be available in the rest of my reply.

*Written Answers follow Adjournment.*

### **Topical Issue Matters**

**An Leas-Cheann Comhairle:** I wish to advise the House of the following matters in respect of which notice has been given under Standing Order 27A and the name of the Member in each case: (1) Deputy Michael Moynihan - the need to grant additional time to Presentation Convent national school, Millstreet, County Cork to consider its grant application; (2) Deputy Colm Keaveney - the plans by the HSE to fill positions using the JobsBridge scheme and whether those

hired will progress to full contracts; (3) Deputy Dan Neville - the relationship between alcohol and suicide and self-harming; (4) Deputy Arthur Spring - the terms of redundancy offered to the staff of the IBRC; (5) Deputy Michael McNamara - the need for constitutional change on upward-only rent reviews; (6) Deputy Joan Collins - the levels of dampness and condensation in local authority and voluntary housing agency housing stock; (7) Deputy Jim Daly - the need to provide emergency funding for Cork County Council to deal with the crumbling road network in west Cork; (8) Deputy Ann Phelan - the need to lower the rate of VAT on nicotine replacement patches and similar technology to a special rate of 5%; (9) Deputy Michael Healy-Rae - the need to exempt from the property charge houses affected by radon gas; (10) Deputy Thomas P. Broughan - the introduction of measures to ensure the robustness of the system to endorse the licences of motorists who have incurred penalty points for driving offences; (11) Deputy Eamonn Maloney - the need for best practice in the employment policies of Irish Water; (12) Deputy Patrick O'Donovan - the need for the inclusion of motor neuron disease as one of the medical conditions that qualify under the long-term illness scheme; (13) Deputy Robert Troy - the need to act on upward-only rent reviews; (14) Deputy Caoimhghín Ó Caoláin - the need to discuss the case of a person, details supplied, in County Monaghan diagnosed with autism; (15) Deputy Seán Kyne - the need to ensure the speedy implementation of Delivering a Connected Society: A National Broadband Plan for Ireland; (16) Deputy Mattie McGrath - the need to extend the fuel rebate announced in budget 2013 to agricultural contractors; (17) Deputy Michael McGrath - the legacy issues at the former Irish Nationwide Building Society and the need to publish the reports by McCann Fitzgerald and Ernst & Young concerning corporate governance issues at the society; (18) Deputy Aodhán Ó Ríordáin - the lack of availability of electronic ramps in Irish Rail stations; (19) Deputy Niall Collins - the need to address the concerns of rank and file gardaí about the future of community policing; (20) Deputy Barry Cowen - the need to boost competition in the electricity market by giving the go-ahead for new power plants such as at Lumcloon in Ferbane, County Offaly; (21) Deputy Richard Boyd Barrett - the proposed property tax exemptions; (22) Deputy Finian McGrath - the burning of a Traveller's home in County Donegal; and (23) Deputy Seán Ó Feargháil - the need for the HSE to restore funding to the Helping Hands Adoption Agency.

The matters raised by Deputies Ann Phelan, Michael Healy-Rae, Deputy Dan Neville and Seán Ó Feargháil have been selected for discussion.

## Topical Issue Debate

### VAT Rates

**Deputy Ann Phelan:** On the day that is in it, Ash Wednesday, I thank the Leas-Cheann Comhairle for allowing me to introduce this Topical Issue. I am keen to discuss how we might be able to help people. I know many are struggling with their conscience today and trying to decide whether they should give up cigarettes. Taking up smoking is easy, but it is remarkably difficult to give it up.

Like many others, I took up smoking in my teens because my peers smoked. We were all trying to look cool at the time. Unfortunately, the years have proved it to be a rather unwise

decision. Like anyone else of that age, I never looked to the future and was oblivious to any harm caused, but harm was being done unbeknownst to me.

Science has come up with new methods aimed at helping people to give up smoking. A range of products are now available for sale to help those who find themselves hooked on cigarettes to such an extent that it is a multimillion dollar worldwide industry. If the Government and society seriously want people to give up smoking and live healthier lives, they should try their best to help those who wish to stop. Currently, all of the products aimed at helping people to give up smoking, including mouth sprays, patches, chewing gum and artificial cigarettes, are subject to a full VAT rate of 23%, whereas over the Border in Northern Ireland and Britain the Chancellor of the Exchequer has reduced the VAT rate on these products to a special rate of 5%.

I call on the Minister of Finance to consider introducing a special rate of VAT to encourage people to kick the habit. This may seem like a costly move, but it should be weighed against the current spend on trying to heal those with smoking-related illnesses, estimated to be €1.5 billion. According to figures released by the Irish Heart Foundation today, the Government spends over 100 times more on treating tobacco-related illnesses than on services designed to help people to quit. The foundation has also stated more resources are needed if we are to reduce the 14 deaths every day from smoking-related illnesses.

Owing to legislation enacted in recent years we have made great strides in reducing the number who smoke, but we have a long way to go. The problem with smoking is that the damage is often incremental and, therefore, giving up is put on the long finger. Thankfully, new legislation means that, from now on, all cigarette packets must display graphic images illustrating the long-term effects of nicotine and tar on our vital organs. This method has proved to be effective in communicating the true consequences of smoking and has worked especially well in Australia.

Figures from ASH Ireland indicate the prevalence of smoking in Ireland is somewhere in the region of 26% to 29%. These rates are far too high. The banning of smoking in public places has been a tremendous success. I have remarked already that a special rate of VAT would be of great assistance in helping people to stop. It has been noted that the cost of using therapies to help people to stop smoking has kept some from giving it up. Furthermore, nicotine replacement therapies are sold from behind the counter in pharmacies, whereas in the United Kingdom and other countries they are sold off the shelf in a wide variety of stores, not only in chemists, thereby easing the burden of buying them. I hope the Minister of State will take my suggestion on board.

**Minister of State at the Department of Finance (Deputy Brian Hayes):** I am pleased to take the opportunity to speak on behalf of the Minister for Finance on the question of the VAT treatment of nicotine replacement patches posed by the Deputy. I thank her for raising the matter on the day in question. It is apt, given the importance of today, a campaign day to encourage people to give up smoking. I congratulate the Deputy on raising the matter on the floor of the House.

The VAT rating of goods and services is governed by the requirements of the EU VAT directive, with which Irish VAT law must comply. In this regard, it may be useful to remind the House of the structure of Ireland's VAT regime. Deputies will be aware that Ireland operates several VAT rates as follows: the standard VAT rate of 23% applies to the majority of goods and services, including cars, petrol, diesel, alcohol, tobacco, electrical equipment, CDs and DVDs;

a reduced rate of 13.5% applies mainly to fuel used for heat or light, construction, housing, labour intensive services and general repairs and maintenance; a second reduced rate of 9%, introduced as part of the jobs initiative, applies mainly to tourism-related services, including hotel and holiday accommodation, restaurant services and some entertainment services; while the zero VAT rate applies to most food, children's clothes and shoes and oral medicines.

As the Deputy has correctly pointed out, nicotine replacement patches are subject to the standard rate of VAT of 23%. Unlike other nicotine products such as nicotine inhalers, tablets and chewing gum which are categorised as oral medicines and thereby qualify for the zero rate of VAT, nicotine replacement patches do not fall into this category of oral medicines and are, therefore, correctly subject to the 23% rate of VAT. However, I understand from the Revenue Commissioners that member states have the option under annexe III of the EU VAT directive to apply a reduced rate of VAT to pharmaceutical products of a type normally used for health care, prevention of illness or as treatment for medical purposes. In this regard, since nicotine replacement patches could be considered to meet such criteria, Ireland would have the option to apply a reduced rate to such products. However, constraints imposed by the VAT directive on the number of reduced VAT rates which a member state can operate at any one time do not allow for the possibility of a special reduced VAT rate of 5% to match the treatment in the United Kingdom, as suggested by the Deputy. Article 98 of the VAT directive provides that member states may apply either one or two reduced rates to the goods and services listed in annexe III of the VAT directive. The introduction of a third reduced VAT rate would, therefore, not be possible under EU VAT rules. Accordingly, any reduction in the VAT rate on nicotine replacement patches would, therefore, have to be considered in the context of the existing 9% or 13.5% reduced rates.

Naturally, any proposal to reduce the VAT rate applying to any good or service raises several questions. The Deputy will not be surprised that I emphasise the need to maintain VAT revenues and the need to ensure losses to the Exchequer in these difficult economic times are avoided. Notwithstanding the potential health benefits that may accrue from the use of nicotine replacement patches, any losses in one area must be balanced with savings or increased taxes in another. The issue of the degree to which the consumer might benefit from a reduction in VAT on nicotine replacement patches also arises. Unfortunately in this regard, there is no guarantee that moving standard rated products to a reduced VAT rate would necessarily be reflected in full in the retail prices charged to consumers. Any dilution of the potential benefit to the consumer would be a major concern and effectively negate the promotion of the use of nicotine patch technology.

I thank the Deputy for proposing the issue and hope I have clarified the VAT treatment of nicotine replacement patches and the position on the possibilities available under the EU VAT directive.

**Deputy Ann Phelan:** I take on board the comments of the Minister of State on the constraints under which he is operating. However, I maintain that we should pursue the option, even under a pilot scheme. If the rate was reduced to 9% or if the products were more freely available and not limited to purchase in pharmacies, it would go a long way. If someone wants to make a change, we should ensure the pain of changing is mitigated. We need to make it easier, particularly for anyone in receipt of benefits, as many are. Cigarette smoking represents a substantial loss of income for such persons.

*4 o'clock*

It also keeps them in a poverty trap. We need to keep our eye on the issue. I do not want to preach because, as an ex-smoker, I may sound like the reformed person. At the risk of sounding funny, perhaps we could put the patches on their mouths so they could be covered by the zero rate of VAT on oral medicines.

**Deputy Brian Hayes:** I suspect the useful suggestion by the Deputy would be a winner with the public if it was followed in this House.

**An Leas-Cheann Comhairle:** It would make my job very easy.

**Deputy Brian Hayes:** I am taken by the Deputy's argument for health and prevention. She accepts that the rate cannot be reduced to zero under the confines of the directive but it could be set at 9% or 13.5% if the Minister for Finance was so minded. She will be aware that we had to increase VAT in budget 2012 as part of the adjustment process. She might put her argument to the Minister, who I understand has published the Finance Bill today. It is also open to her to table an amendment in order to tease out the issue in greater detail. Two clear strictures apply to these matters, namely, the VAT directive and the potential loss in a circumstance where every subhead is closely monitored not only by us but also our friends from abroad. However, she made a solid argument and, while I would never attempt to advise someone with such a zeal for reform on the day that is in it, it is an issue she might pursue with the Minister. I will brief him on her contribution and we will keep the matter under review.

### **Radon Gas Levels**

**Deputy Michael Healy-Rae:** I compliment Deputy Phelan on an excellent contribution and her article in *The Irish Times* of yesterday. I am grateful for the opportunity to raise the issue of radon gas and the property tax. Houses that have been affected by radon should be exempt from the property tax. To support my argument I have permission to read into the record the following letter I have received from a constituent:

In this paragraph I will give you a brief outline of my own personal situation with radon, a similar situation having been endured by some of my neighbours.

In August 2007 my wife was diagnosed with lung cancer...She had been a smoker for many years but was off them since January 2000. We were aware that houses in the area were affected by radon gas and the type of cancer contracted by my wife can be attributed directly to radon so we decided to get our house tested. We began testing in December 2007 with a kit provided to us by the RPII...In March 2008 we returned the detectors to the RPII and the readings came back excessively high...After getting advice from the RPII I called in an expert to carry out remediation work on the house and he told me it would cost 3,000 euro. As I am a tradesman I carried out the remediation work myself with help from the RPII at a cost to myself of 750 euro (the work involved included the coring of 2x4 inch holes, one at each gable to go under the floor of the house and 2 fans and associated pipe-work fitted to evacuate the gas and create negative pressure so the gas would no longer leak into the house.) We then commenced a re-test in April 2008 and the results came back July 2008...In 2012 we carried out another re-test to ensure our fans were working properly and they were...It is costing on average approximately 290 euro per year to run the 2 fans...and approximately 140 euro each to replace every 3.5 years. (I also wish to include that my wife passed away in March 2010 from the cancer she contracted, age 44).

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As can be seen from the above I am in a predicament:

1. I have a cancer causing gas under my house which is not going away.
2. I have fairly hefty costs associated with keeping this poisonous gas out of my house.
3. My house, as is every other house affected by radon in this country, is effectively worthless not unlike the people affected by pyrite, so I ask you how can I put a value on a house that is unsaleable for the purpose of the property tax as nobody would buy it because of the risks associated with living in it?

**Deputy Brian Hayes:** Ireland has comparatively high levels of radon, which is a naturally occurring radioactive gas with no colour, taste or smell. Ireland's unique geology, while providing us with our beautiful landscape, also gives rise to indoor radon levels that are above the European average. Homes in Ireland with radon concentrations above the national reference level of 200 becquerels per metre cubed are quite commonly encountered. Most exposure occurs in the home. Radon gas is the main source of radiation exposure in Ireland and represents over half of the average yearly dose of radiation across the population. It is estimated that exposure to radon gas contributes to approximately 200 lung cancer deaths in Ireland each year.

However, it is possible to deal with this problem. I am advised by the Minister for the Environment, Community and Local Government that high radon levels in homes are easy to identify and relatively simple to fix. The testing of houses for radon is a relatively straightforward and non-invasive process. It is also inexpensive, costing around €56, and if the radon levels are found to be below the national reference levels, no further action is necessary. Where radon levels are found to be high, the installation of an active radon sump is the most common and effective remediation method in Ireland. A sump can be installed in a day with little disruption because the work is carried out outside the house. This method typically reduces the highest radon concentrations by 90%. An alternative approach is to increase indoor ventilation. This can reduce radon levels by up to 50% and is thus suitable for homes with up to twice the national reference Level.

Despite good progress on radon control in schools and in social housing, testing and remediation rates in private homes remain low. The Government believes that the public profile of this silent killer needs to be raised significantly. We need to encourage more householders to test for radon, particularly those living in older housing stock, as for more than a decade it has been mandatory under the building regulations to install a radon barrier in all new homes built in high radon areas as identified by the Radiological Protection Institute of Ireland, RPII. The RPII is the statutory body under the aegis of the Department of the Environment, Community and Local Government with the role of ensuring that people and the environment are adequately protected from the harmful effects of ionising radiation. The real challenge is tackling the radon problem in older buildings, and particularly homes.

On the question of whether an exemption from local property tax should apply to properties affected by radon gas, the Government agreed with the recommendation of the Thornhill group that the local property tax should be centred on the principles of equity, transparency and simplicity and that a universal liability should apply to all owners of residential property with a limited number of exemptions. The local property tax is a self-assessed tax and will be coming before the House by way of the Bill that the Minister published today. As the Minister indicated

to Deputy Healy-Rae on 22 January 2013, he has no plans to provide for an exemption from property tax for properties affected by radon gas.

I believe the national radon control strategy for Ireland is the most effective and appropriate way to address the issue of radon contamination and I do not feel it is appropriate to provide exemptions from the local property tax to cater for every possible adverse circumstance, particularly one which may be capable of relatively simple remediation.

**Deputy Michael Healy-Rae:** While I appreciate the Minister of State's preparation and delivery of his response, it is factually incorrect. I have documentation in front of me that states a person was quoted €3,000 to deal with and address the problem in his house. I also read into the record the ongoing maintenance costs for ensuring the gas is kept at bay in the house. However, the Minister of State's report suggests remediation is inexpensive and costs approximately €56. Who is right and who is wrong? This man is a case study. Unfortunately, his wife died because of living in this property. Many other people have also died. The Minister of State stated in his reply that 200 people are dying every year because of this poisonous gas.

**Deputy Brian Hayes:** I said they are dying from lung cancer.

**Deputy Michael Healy-Rae:** I appreciate that the Ceann Comhairle has allowed this issue be debated today as it is appropriate to raise it on the day the details of the property tax are being issued. When it comes to valuing a house for the property tax, it is wrong that these houses are not being treated in the same way as houses affected by pyrite. To look at it logically, we are telling people to value their houses at proper market value, and I believe the lowest value they can put forward is €100,000, which would mean they would pay €90 tax per year. How could we possibly tell a person that a property affected by this poisonous gas is worth €100,000? How can we say that when it would not make €100,000 on the open market? Surely be to God some amendment could be made to the legislation whereby a nominal fee could be charged on such houses. Perhaps the house might be valued at €40,000 or €50,000, but if it came up for sale who would want to buy it knowing somebody had died in it because of radon gas? I would not take ten such properties if I got them for nothing and I doubt the Chairman would either.

**Deputy Brian Hayes:** There are two issues here. The first issue falls under the remit of the Minister for the Environment, Community and Local Government as his Department has responsibility for the Radiological Protection Institute of Ireland and for how we deal with high levels of radon gas in domestic homes. The second issue is the treatment of the property tax. When the Revenue Commissioners values a group or cluster of homes in an area, it will put a valuation on the properties. However, as the Deputy is aware, under the legislation set out by the Minister for Finance, it is then up to individuals to challenge that valuation by way of a valuation through other means. If, as the Deputy suggests, the house in question is virtually worthless because of the circumstances, that will follow from a professional evaluation of the property.

The Deputy is concerned that this individual is in an appalling situation and I sympathise with the individual on the tragic death of his wife. In circumstances in which the individual can challenge the valuation, which he can under the legislation, he will argue that the property is near worthless and, consequently, will not have the liability others will have. It is set out in the legislation that anyone can challenge the valuation put on a property by the Revenue Commissioners. This applies to this individual just as it does to anybody else.

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**Deputy Michael Healy-Rae:** Why was that not done with regard to the houses affected by pyrite then? A special exemption was made for those houses.

**Deputy Brian Hayes:** The Deputy is aware that the Finance Bill is published today. I would advise him to submit an amendment on the issue and I am sure the Minister will deal with the matter when the Bill comes before the House.

### **Suicide Prevention**

**Deputy Dan Neville:** I thank the Ceann Comhairle for allowing me to raise this issue.

While the connection between alcohol abuse, suicide, attempted suicide and self-harm is internationally recognised, it is not highlighted often enough. Alcohol dependence often leads to social decline and isolation, which is a potent cause of suicide. Alcohol dependence leads to loss of self-esteem and, hence, depression. These psychological changes predispose people to suicide. Intoxication produces increased impulsiveness and the weakening of normal restraints against dangerous behaviour. This is very important in the context of suicide. Alcohol abuse may be secondary to and an attempt to cope with recurrent episodes of depression.

Little information is available on the position or role of alcohol in the suicides of non-alcoholics, but some studies indicate that a proportion of these people had been drinking shortly before their deaths, perhaps to bolster their courage. It is well established that people who become dependent on alcohol have a high mortality rate through suicide. We also know that if a person who is mildly depressed, particularly a young person, is involved in heavy binge drinking, a period of severe depression can follow for a period. Long after the effects of the alcohol have waned, depression remains. Some research indicates that this could last for from eight to more than 12 hours after a binge drinking session.

With regard to self-harm, the Minister of State is aware that last year, 2011, there were 12,216 presentations to hospital emergency departments in this regard, involving 983 individuals. These presentations demonstrated repeated acts of self-harm and the impact of alcohol on self-harming. During the period 2006 to 2011, the National Suicide Research Foundation in Cork, which keeps the register on this, identified 45,284 individuals involved in 69,581 self-harming presentations. Some 35% of presentations within this period were due to repeat acts. A total of 374 individuals were involved in ten or more repeated acts of self-harm during that period.

Nationally, overdose involving either prescribed drugs or over-the-counter medication, or both, was the most frequently used method of self-harm across all repeated presentations. However, people who had used alcohol at the time of the indexed self-harm act engaged significantly more often in intentional overdose compared with those who had not. Those who used alcohol had also engaged more often in highly lethal methods when they presented after repeat self-harm incidents. People who had not used alcohol in the indexed self-harm act had engaged in self-cutting significantly more often when they presented for repeat incidences. Therefore, those who used alcohol had more serious and more dangerous attempts at self-harm than those who did not abuse alcohol in the same way.

**Minister of State at the Department of Health (Deputy Kathleen Lynch):** I know there is limited time for these issues, but I would like to say that the figures Deputy Neville has

given are simply the tip of the iceberg. Presentations to hospital emergency units are simply a reflection of the depth and scale of the difficulty. Deputy Neville will agree that when we talk about self-harm, it is not just about people who cut themselves or people who take deliberate overdoses, but also people who drink heavily on a regular basis. I commend Deputy Neville for having been speaking about this issue at a time when most of us found it uncomfortable to do so. I commend him on his work in this area down through the years.

The misuse of alcohol has long been recognised as a contributing factor in many suicides. Our national strategy for action on suicide prevention, Reach Out, recognises that alcohol and substance misuse are strongly related to deliberate self-harm and suicidal behaviour. The Government recognises that we can no longer be tolerant or ambivalent when it comes to the pattern of alcohol consumption and the problems for which alcohol is responsible. A survey on alcohol consumption and alcohol-related harm in Ireland, which was published last year, found that alcohol-related harm is not restricted to the drinker but has negative consequences for families, friends and the wider community. Approximately 20% of respondents experienced some form of harm as a result of their drinking, with men twice as likely as women to report harm. Harm of others as a result of drinking was experienced by 27% of respondents.

In order to counteract the harm caused by the use and misuse of alcohol, real and tangible proposals are being finalised on foot of the recommendations in the national substance misuse strategy report, which was published last year. These proposals cover all the areas mentioned in the report, including legislation on minimum unit pricing, which is about setting a statutory floor price per gram of alcohol. There are also proposals relating to access to and availability of alcohol, including structural separation in retail units where alcohol is sold, as well as advertising and sponsorship. Following consideration by the Cabinet committee on social policy and liaison with other Departments, my colleague, the Minister of State, Deputy White, intends to introduce specific proposals for consideration by the Government as soon as possible.

Suicide is a tragedy that we are constantly working to prevent. We are also working to give more support to families affected by suicide. Reach Out makes a number of recommendations with regard to fast-track referrals to community-based mental health services, effective responses to incidents of deliberate self-harm, training and stigma reduction, etc. As a consequence, the HSE's National Office for Suicide Prevention has developed a range of initiatives to support people who are suicidal. The office is also working to help the families, friends and peers of such people to recognise and respond appropriately to signs of emotional distress and suicidal thoughts. In 2012, the office made progress with a number of key initiatives, including the provision of a wide range of awareness and training programmes, the continuation of the national awareness campaigns, the funding of partner agencies and projects and the development of the recently launched guidance for post-primary schools on mental health and suicide prevention, which were developed with the Department of Education and Skills.

The annual budget for suicide prevention increased this year to over €13 million, with €8.1 million available to the National Office for Suicide Prevention to fund voluntary and statutory agencies' delivery of services in the areas of prevention, intervention, post-intervention and research. The remaining €5 million is available regionally to fund resource officers for suicide prevention, self-harm liaison nurses in hospital emergency departments and local suicide prevention initiatives. The office is working to integrate current programmes within the sector and to provide a strategic framework for co-ordination of the extensive range of actions in this area.

**Deputy Dan Neville:** I thank the Minister of State for her reply. I recognise the work she

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has done to develop the National Office for Suicide Prevention over the past two years. The office's budget has doubled from €4.1 million in 2012 to €8.1 million in 2013. Our ambition is to see the level of funding increase to €10 million. I am sure we are on the way to doing that. The Minister of State referred to those who do not attend accident and emergency departments after attempting suicide or self-harming. Research conducted in the UK by Professor Keith Hawton, who is a great friend of the Irish Association of Suicidology, shows that for every one person who presents at an accident and emergency department in these circumstances, eight people do not present. They might go to their general practitioner, or they might not inform anybody of what has happened because of the stigma surrounding these matters. Dr. Ella Arensman, the director of research at the National Suicide Research Foundation, has confirmed that international research corroborates Professor Hawton's figure. If international research by such distinguished scholars and suicidologists is indicating that between 60,000 and 80,000 people deliberately self-harm in Ireland every year, it is clear that we have a serious problem in this regard. I would like the Minister of State to respond to some of the recommendations that have been made by the National Suicide Research Foundation on foot of its work in this area. The foundation recommends that starting at pre-adolescent age, national strategies should be intensified to increase awareness of the risks involved in the use and misuse of alcohol. It also recommends that we should escalate our efforts to reduce access to alcohol and arrange active consultation and collaboration between mental health services and addiction treatment services in the best interests of patients who present with dual diagnoses, such as psychiatric disorder and alcohol abuse. Finally, it recommends that assessment of alcohol misuse and abuse should be a structural part of the work that is done when the risk of repeated self-harm and suicide attempts is being determined.

**Deputy Kathleen Lynch:** I thank the Deputy for his work in this area. I fully agree with the final point the Deputy made about the need to include excessive alcohol consumption and abuse of alcohol in our consideration of the definition of self-harm. When people who have engaged in self-harm present themselves at accident and emergency departments or general practitioners' surgeries, or contact the health services in some other way, we should take that as an early warning and ensure not only that they are referred to the appropriate services but also that their cases are followed up. That is why, in conjunction with the National Office for Suicide Prevention, we are putting specifically trained nurses into our accident and emergency departments. In the immediate aftermath of incidents of self-harm, the people in question might be traumatised because of the harm they have inflicted on themselves or might be quite drunk and therefore incapable of responding. The following morning, when they have been stabilised, these specially trained nurses will bring them through a follow-on process to ensure they keep the appointments that are made for them with more appropriate services.

I will take on board everything the Deputy has said. Everyone in the country is determined to come to grips with this problem, and any input is very welcome. I thank the Deputy.

### **Inter-Country Adoptions**

**Deputy Seán Ó Fearghail:** I thank the Ceann Comhairle for giving me an opportunity to raise the important issue of international adoption, which affects hundreds of families across the country. I had thought the Minister of State, Deputy Kathleen Lynch, might be with us for this debate because she has had a long interest in this matter. Nonetheless, I am happy that the Minister of State, Deputy Costello, is here to advise us on the Helping Hands adoption agency.

This Government has continued the considerable efforts of its predecessor to ensure Ireland's adoption regime complies fully with the Hague Convention. It is of vital importance that all adoptions entered into nationally and internationally have an unassailable legal basis. My party, and perhaps others as well, has received a number of e-mails about issues relating to the Helping Hands adoption agency. I was particularly struck by an e-mail from a woman who, with her husband, is part of a group of 20 couples that have been involved with the Vietnam adoption process for almost seven years. Their packs were in Vietnam when the adoption process was closed, and they have been advised that they will be among the first couples to be processed now that it has reopened. These couples will be travelling to Vietnam along with the approved and licensed mediation agency in this instance, which is the Helping Hands agency. This adoption agency has been working with Irish couples on Vietnamese adoptions for many years. It has a good knowledge of the process and a good relationship with the Vietnamese authorities. The director of the agency, Ms Sharon O'Driscoll, recently returned from Vietnam having travelled there to participate in the interview process required to secure her licence. All went well and she hopes to receive her licence in March.

Helping Hands was financed by the HSE until 2011, but it has not received any funding since then. The HSE had advised that it would reinstate the funding when Helping Hands was reaccredited. This happened last October but we have yet to see white smoke from the HSE. Helping Hands may have to close because its creditors and the Revenue Commissioners are demanding overdue payments. Without the HSE funding, however, Helping Hands cannot pay its bills. The recent visit to Vietnam was paid for out of lottery funding and this was arranged by the office of the Minister for Children and Youth Affairs. In fairness to the Minister, Deputy Fitzgerald, I understand she has always supported the Helping Hands case and has worked in the past to move this issue forward.

Last year, a new agreement on adoption was announced between Ireland and Vietnam, and Helping Hands attended the announcement in Farmleigh. This received considerable media and television coverage in both Ireland and Vietnam. It will reflect badly in both Ireland and in Vietnam if, having gone through the process of audit, Helping Hands does not receive from the Irish Government the funding it requires in order to operate as an intermediary. This funding should be State-supplied, as per the Hague conditions. If this is privately funded, one gets into the area of business or adoption for profit, which is contrary to international adoption aims.

The situation for Helping Hands and the 100-plus couples who are registered with it is critical and will come to a head in the very near future. To offer a direct quote from the couple who contacted us: "We are so close to completing our long journey and do not want this delay to jeopardise the conclusion of our adoption". I understand the Minister for Children and Youth Affairs may be working towards a resolution of this and I hope the Minister of State, Deputy Costello, is in a position to indicate to us that real and achievable progress is imminent.

**Minister of State at the Department of Foreign Affairs and Trade (Deputy Joe Costello):** I thank Deputy Ó Fearghaíl for raising this important issue. I apologise for the fact the Minister, Deputy Frances Fitzgerald, cannot be present. I have a tenuous relationship with the adoption process in Vietnam in that I met the authorities from Vietnam when they were here last year. I visited Vietnam subsequently on a trade mission and met them again in another capacity and discussed the adoption process, so I know they are extraordinarily happy that it has been put on a proper structured basis.

In September 2012 the Adoption Authority of Ireland, AAI, and the Vietnamese Central

Authority for Adoption signed an administrative arrangement on intercountry adoption. This is a significant milestone as it is the first international administrative arrangement for intercountry adoption entered into by the AAI and the Socialist Republic of Vietnam since both countries ratified the Hague Convention. The AAI has accredited two agencies to perform activities in regard to facilitating adoptions from Vietnam. One of these organisations, the Helping Hands Adoption Mediation Agency, is now in the process of applying for licensing by the Vietnamese authorities as an accredited body for the purposes of intercountry adoption in Vietnam.

The appointment of accredited agencies to facilitate intercountry adoption is in line with the requirements of the Hague Convention. However, there is no stipulation in the Hague Convention that such bodies should be state-funded. The Guide to Good Practice No. 1 for the Hague Convention states:

It is reasonable to expect that payments will be necessary for both government and non-government services connected with intercountry adoptions. Both receiving States and States of origin are permitted to charge reasonable fees for services provided.

Guide No. 2 elaborates on the type of costs that prospective adopters can be charged and on the need for co-operation between states in order to develop this transparency and monitor it on an ongoing basis. It also states: “The prospective adoptive parents should, to the extent possible, pay for all expenses involved in the adoption, through the accredited body”.

Historically, intercountry adoption has involved a substantial level of expenditure for prospective adoptive parents, mostly emanating in the sending country. The increased level of scrutiny of the adoption process and the professionalism demanded at all stages of the intercountry adoption process, as required by the Hague Convention, has understandably led to increased costs. The Adoption Act 2010 envisages a model that incorporates the use of accredited agencies in both the sending and receiving country. The AAI has to date accredited three agencies for the purposes of intercountry adoption and these agencies intend operating in a range of countries. The AAI has advised the Minister, Deputy Fitzgerald, that it is not its intention, in the short term, to accredit any more agencies for this purpose.

With this in mind, the AAI and the HSE, in co-operation with accredited agencies, are examining the costs related to intercountry adoption in Ireland. Initial indications are that fees outlined by accredited agencies are in line with international norms. The Minister will ensure that actions taken by all agencies involved in this process, both governmental and non-governmental, are monitored so as to ensure transparency and cost-effectiveness. This will serve to protect prospective adoptive parents and all involved in intercountry adoption but, most importantly, to ensure the safety and welfare of children at the centre of the intercountry adoption process.

Helping Hands has previously received a total of €400,000 in lottery funding from the Department of Health and Children - some €100,000 in 2008 and €300,000 in 2007. In addition, Helping Hands has received funding from the HSE since 2009 in the order of €782,000 - some €297,000 in 2009, €280,000 in 2010 and €205,170 in 2011. The Minister, Deputy Fitzgerald, has asked the HSE to make every effort to secure the position of Helping Hands in regard to the immediate issue of its activities in Vietnam. She has been informed by the HSE that it will meet Helping Hands later in the week with a view to resolving the issue.

The Department of Children and Youth Affairs is currently reviewing policy in regard to the funding of accredited agencies in conjunction with the AAI and the HSE. While accredited

bodies are required to be not-for-profit organisations, it is open to them to charge reasonable amounts for services provided to applicants. A number of issues in regard to accredited agencies are being examined by the Department in consultation with the AAI and the HSE. However, no decision in regard to future funding of accredited agencies has been made.

**Deputy Seán Ó Fearghail:** I welcome the fact the HSE proposes to meet Helping Hands next week. However, I must say the Minister of State's response alarms me. The last thing we need to see happening in this country is that intercountry adoption becomes the sole preserve of those who are very well-off. Anyone who engages in an intercountry adoption, by virtue of the number of trips to the country of origin of the child and the degree of preparation that must go into this, incurs very significant cost in any case.

It is appropriate in all circumstances that there is a recognised and authorised mediation service and it is reasonable to expect that couples make some contribution towards that cost. However, it is absolutely unreasonable to expect that the entirety of the cost of the process, coupled with the cost of funding the mediation agencies that have been authorised by the State here and by the countries of origin of the children, would be picked up by the adoptive parents. I call on the Minister of State to bring this matter to the attention of the Minister for Children and Youth Affairs, who has had a long and genuine interest in this area. If we go down the road of forcing parents to cover the entirety of the substantial costs involved, intercountry adoption will inevitably become the preserve of the very wealthy. I do not believe that would be the objective of anyone in this House.

**Deputy Joe Costello:** I thank the Deputy. It is certainly not the intention of the Minister to have any discrimination in regard to the type of person or family that is engaged in adoption. Indeed, the idea that only wealthy families would be able to do this because of the danger of funding not coming forward was part of the reason the Hague Convention came into place. The convention sought to ensure adoption was not just for wealthy people and attempted to address possible irregularities in regard to wealthy people coming to countries and using their wealth for what might not be the proper purpose. It is an attempt to have absolutely transparent and clear structures in place.

The Minister has asked the HSE and the Adoption Authority of Ireland to look at the issue of funding. Let us not forget the funding was in place in 2011 but it then ceased because the whole process ceased until the negotiations were complete. We are now in a new process. Three agencies have been accredited and the HSE has been asked, with the AAI, to look at the funding going forward, which is being done at present. I understand that the HSE is prepared to meet Helping Hands next week and the discussions and negotiations can take place.

### **Promissory Notes Arrangement: Motion (Resumed)**

The following motion was moved by the Minister for Finance, Deputy Michael Noonan, on Tuesday, 12 February 2012:

That:

Dáil Éireann welcomes the restructuring of the promissory notes provided for the

IBRC, based on the outcome of discussions with the European Central Bank;

— recognises the benefit of the restructured arrangement for the State and its citizens, particularly:

— the removal of the promissory notes which will be exchanged for long-term Government bonds, with an average maturity of 34 to 35 years, as opposed to the promissory notes' seven to eight year average maturity;

— the reduction in the State's general Government deficit of approximately €1 billion, 0.6% of GDP, per annum over the coming years, which will bring us €1 billion closer to attaining our 3% deficit target by 2015;

— the reduction in the State's cash borrowing requirement over the next ten years by €20 billion;

— the significant element of the interest payments on the Government bonds that is expected ultimately to be returned to the Exchequer in the form of Central Bank dividends, while these bonds are retained by the Central Bank;

— the substantial improvement in the State's debt position over time;

— the removal of the remnants of the former Anglo Irish Bank and Irish Nationwide Building Society from the Irish financial system;

— the housing of all "wind down assets" in one entity, the National Asset Management Agency, which should lead to greater efficiency in their workout;

— commends the Government for progressing the commitment "*to secure a Programme of Support and solution to the banking crisis that is perceived as more affordable by both the Irish public and international markets, thereby restoring confidence, growth, job creation and the State's access to affordable credit from private lenders*"; and

— supports the Government's continuing efforts to foster economic growth and job creation which, in tandem with ongoing discussions on the extended remit of the European Stability Mechanism, will further improve the State's debt sustainability.

Debate resumed on amendment No. 4:

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

"recognises that the replacement of the promissory notes provided to the Irish Bank Resolution Corporation (IBRC) with long-term Government bonds announced by an Taoiseach on Thursday, 7th February, 2013 provides important benefits to the State including:

— a reduction in the general Government deficit of approximately €1 billion per annum over the coming years and will bring the State approximately €1 billion closer to attaining the 3% general Government deficit target by 2015; and

— a reduction in the State's cash borrowing requirement over the next 10 years by €20 billion by virtue of paying interest only on Government bonds rather than

capital and interest on the promissory notes;

acknowledges the considerable efforts made in recent months by those who negotiated on Ireland's behalf including the Minister for Finance, the Governor of the Central Bank and officials from the Department of Finance and the National Treasury Management Agency;

calls on the Government to use the €1 billion gain on the general Government deficit to ease the planned budget adjustments and to invest further in job creation measures without compromising the achievement of the 3% deficit target by 2015;

notes that the Government has not sought or received any write down whatsoever of the legacy debt associated with the rescue of the former Anglo Irish Bank and Irish Nationwide Building Society;

notes that the Euro Area Summit Statement of 29th June, 2012 reaffirming the imperative need to 'break the vicious circle between the banks and the sovereigns' has not been implemented in this case;

notes that the conversion of the promissory notes to long-term Government bonds means that there will be no further easement of this debt as a result of evolving European policy;

believes that the Central Bank should be permitted to retain the Government bonds for longer than the period agreed which would yield additional savings to the State;

calls on the Government to publish a detailed analysis of the full impact of the deal on Ireland's debt and deficit figures over the full course of the deal including, for example, sensitivity analysis for varying interest rates on the Government bonds and possible payments to the National Asset Management Agency to cover any shortfall (should one arise) following the sale of IBRC assets by the Special Liquidator; and

believes that the justice of Ireland's case deserves further relief from the impact of bank-related debt and, in particular, that the Government should be seeking to have the cost of bailing out AIB, Bank of Ireland and Permanent TSB lifted from the shoulders of the State through the European Stability Mechanism."

(Deputy Michael McGrath).

**An Ceann Comhairle:** The next speakers are Deputies Dara Murphy, Pat Breen, Joe McHugh, Peter Mathews and Peter Fitzpatrick, all of whom have four minutes.

**Deputy Dara Murphy:** I wish to share time so I had better get going. It gives me pleasure to speak on this motion. I am chairman of the Fine Gael internal committee on European affairs and have the pleasure of sitting in the Chamber when the Taoiseach speaks before and after European Council meetings. I was here last week before the deal became apparent. I heard some of the language from the Opposition parties, such as terms like "catastrophic", "disaster" and "negligence". Today when the Taoiseach was in the House, there was scant reference to the promissory note deal. It shows that they very much underestimated the abilities of our negotiating teams - the Taoiseach, the Minister for Finance, the Minister of State with responsibility for European Affairs and the civil servants.

One of the arguments still being put forward, particularly by Sinn Féin and Deputy Donnelly, is that if we had sought or even received a write-down of debt, we would be better off.

If we had received a write-down of debt and our interest rate had remained unchanged, even a write-down of 33% would not have been as good from a cashflow perspective and indeed a total debt perspective than the deal we secured. Public and media commentators are right to point out that a large body of work remains to be done, particularly with regard to the other legacy banking debt and our ambition to restore strong employment. The strategy adopted by this Government is the one that must be continued.

The first element of that was to restore our international reputation. That was done after 14 years of slowly chipping away at that reputation by virtue in recent years of non-attendance at meetings. Any time I have been in Brussels, it is remarkable to meet civil servants, particularly Irish civil servants, who work within the European Parliament and Commission and repeatedly point out that it was soul-destroying for them to be part of a nation whose government did not attend and did not represent the views of its people adequately.

In order to do any new deal, one must prove and establish that one can abide by the terms of the new deal. The job done by the Irish people and led by this Government in showing that we could achieve targets facilitated the belief among our European partners, and partners they are, that we could abide by the new terms. Very difficult measures still need to be taken. One of the difficult things to explain to people is that we will not now have to make some cuts and increase some taxes but there will still be cuts and taxes as we move to the point where we remove the deficit of €11 billion that we have over the current number of years. It is analogous to the great work in road traffic improvements through reducing drink driving limits. The families of people who have not been killed as we reduce the numbers of deaths on our roads will never know they have been spared a great tragedy. Similarly, there are tax increases and cuts that will not happen. The key element is that the confidence we need to make growth the heavy lifter over the next number of years will follow on from the confidence that is coming internationally from securing this excellent deal for our country.

**Deputy Pat Breen:** I welcome the opportunity to contribute to this debate. The promissory notes deal announced last week is a significant step in the right direction for the country's recovery. While it is not the cure for all our ills, it is a major step forward on the road to recovery. The deal has vindicated this Government's strategy of negotiation and put us back where we should be among the top with our EU colleagues, which is extremely important. I acknowledge the role played by the Minister for Finance and his officials who worked day and night to achieve this deal, the Taoiseach and Tánaiste and all the Ministers and officials. I also acknowledge the hard work done by the chairman of the Central Bank, Patrick Honohan, to bring about this successful outcome. The Minister for Finance made many good friends in Europe since he became Minister and that was extremely important in securing the deal.

History shows us that the manner in which a country deals with a banking crisis is pivotal to its economic recovery. In the US, the management of the 1933 banking crisis by the Roosevelt administration is widely credited with solidifying the US economic system. In time, I believe the same recognition will be given to our Administration for the work it has done in dealing with the banking crisis. As chairman of the Oireachtas Committee on Foreign Affairs and Trade, I have seen how Ireland's international credibility has grown in stature over the past two years and I acknowledge and thank our embassies and consulates abroad for the significant work they have done in restoring Ireland's reputation.

Not even crocodile tears will be shed for the demise of Anglo Irish Bank because this is a bank that almost sank our country. The real victims of this sorry saga are the ordinary people

and families the length and breadth of the country who have struggled to survive or been forced to emigrate. The Government's twin-track approach to dealing with our bank legacy debt is now paying dividends and our fiscal approach to managing our finances is also paying dividends. We have met our fiscal targets, our tax revenues increased by 5.3% last year and foreign direct investment has started to flow back into the country again. The agreement copper-fastens this renewed investor confidence in the country. Recent comments from Standard & Poor's, Fitch and Moody's further boost our prospects for attracting foreign direct investment projects to locate here.

What is crucially important is that we have the money to invest in tackling our unemployment levels, which remain stubbornly high. The Government inherited a situation in which more than 250,000 jobs were lost in the private sector from March 2008 to March 2011. While there was a net increase in the number of jobs created by the IDA and Enterprise Ireland last year, the shortfall in construction jobs, particularly for our young people, continues to pose a real challenge for the country. A return to markets would allow us to invest in further job stimulus measures. There are many projects in my county that need to be started. A new school is required in Sixmilebridge and I know much progress has been made in that regard. A total of 81 new pupils will start there in September. Ennistymon and CBS Ennis all need these projects, which are extremely important because we invest in these school projects all over the country not just in my constituency. We will also see improvements in education facilities for children and will create much needed construction jobs in our communities that are very important. Investment in key infrastructural projects is also critical to breaking the cycle of unemployment. I am thinking of the Tuam to Gort bypass that, if completed, would open up access to the west of Ireland and Shannon Airport. I welcome the deal done by this Government and think it was a great day for the country last week.

**Deputy Joe McHugh:** I welcome the opportunity to speak here today on this issue. I will reflect some of the feedback from my constituency and county over the weekend. While people had their pragmatic hats on, they said this will not remove the obstacles and challenges we face in the long term. However, it is a start and that was very much welcomed. I welcome the efforts of the Minister and his team and his entire operation over a long period of time to get a deal on the promissory note. However, the deal does not end Ireland's bank crisis. Ireland's banking crisis will have a debt ratio way above 100% for a while yet, according to those in the international markets. I have learned from those working in the system that the C-word, "contagion", is no longer used. That was the word on everyone's lips - politicians, civil servants, ECB members - during the period six months ago and up to 18 months ago. Contagion was the worry. In the past six months the C-word has not been referenced and that is a good sign. While we have a long way to go to reach the overall solution, Armageddon has been avoided.

It is important to acknowledge the role of our team, in particular the civil servants in the Department of Finance and in embassies. I wish to highlight their efforts. The legislation was printed at some time last autumn - I am not privy to when the IBRC legislation was being prepared. It is worth noting that this information was not leaked because it was so vital to the interests of the State. It was protected by a code of integrity, honesty, objectivity and impartiality written in stone in 1996 by the Civil Service. This House must acknowledge the role played by those civil servants who were led by the competent, seasoned skills of the Minister, Deputy Michael Noonan. It was a lesson to me as someone in his early 40s that wisdom cannot be bought or acquired by accident; wisdom is built up over a long period of time. It must be acknowledged also that negotiation was a very bitter pill to swallow for Government Deputies.

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We were told to get in there, get stuck in, put it up to them. We were told not to be the best boys in the class and other nonsense. Negotiation is a political bitter pill to swallow but it was the right pill. Confrontation would not have brought us to this point in our journey. Negotiation is difficult; it requires respect. I acknowledge the role played by the Taoiseach in espousing that philosophy from the beginning.

I have only a short time left to speak-----

**An Ceann Comhairle:** About four seconds, Deputy.

**Deputy Joe McHugh:** I ask the Minister to stay in touch with his counterpart in Stormont, Sammy Wilson. The Ceann Comhairle was in the North last Thursday. In order to build up good relationships with Stormont I encourage the Minister to keep that relationship strong because NAMA is the biggest creditor in Northern Ireland and that book may get bigger with possible and potential transfer of assets from IBRC. I encourage the Minister to stay closely in touch with his counterpart, Sammy Wilson.

**Deputy Peter Mathews:** I have no doubt whatsoever about the huge efforts, the time spent and the enormous energy expended by the Taoiseach and the Minister for Finance, Deputy Michael Noonan, in getting to this current position. However, where we are at, so to speak, probably needs to be looked at not just in terms of algebra and arithmetic, where it is demonstrated that there has been a lengthening of a period of the amount of indebtedness taken on through the promissory note creation, but the essence of that debt, the losses it represents, are private sector losses. The promissory notes were first created in March 2010, six months into the governorship of the Governor of the Central Bank, who is a co-author and collaborator in the creation of those promissory notes. He was under the strong influence of the ECB to save the eurozone system. It is not right that the increasing amount of promissory notes, until it reached €31 billion, remains on the citizens of this country.

I refer to the article in today's *The Irish Times* by Ashoka Mody. He was the chief of the IMF team in Dublin, Ireland's mission chief. "What is the principle that requires the Irish taxpayer to honour the debts of a rogue bank? The promissory notes deal must not be judged by the relief it provides to the Irish budget [which it does]. The right benchmark for its achievement is the debt obligations that live on." We know what they are.

There are many blogs which are up to date on the arithmetic and algebra of the extension over 40 years and the interest rates. However, this does not get away from the principle that we have been landed with debts that are not the obligations of the Irish people.

The promissory notes have served the useful purpose of certifying and officially recognising the principle of official sector involvement. That is monetary financing and that is what has happened. Much more of it is needed. The legacy burdens of the crisis must be addressed; the alternative is unending human pain, a culture of national dependency and a fraying European economic and social fabric.

Wolfgang Münchau writing in *The Financial Times* yesterday refers to the deal as follows:

This is monetary financing for all intents and purposes. The whole structure of this agreement is so convoluted that newspapers do not report all the relevant details. As always, convolution has a purpose. It renders legal what would otherwise not be, and it allows for obfuscation.

In this case, the purpose of obfuscation would be to hide what would otherwise be a contradictory message. You cannot admit publicly in the creditor countries that monetary financing is taking place – this is sacrilege. But then this is what it takes to save Ireland from a debt trap. It was then considered the best strategy to put back the debt repayment by a generation or two.

In four minutes' speaking time it is nearly impossible to deal with these matters. However, there has been no recognition of the mutuality of sharing the burden of these losses across the eurozone. Ireland saves the eurozone. While there is small budgetary amelioration in the first ten years of a 40-year programme, the essence of the punishment, the misplaced punishment on the people of Ireland, is not recognised. We must add to this motion that the Dáil insists that the Government expressly seeks to negotiate further reductions in the bank-related debt burden on this country.

**Deputy Peter Fitzpatrick:** The deal done between the Government, the ECB and the Central Bank of Ireland is the first step in the right direction. The State will no longer have to pay €3.1 billion every year on 31 March. Thanks to the savings delivered as part of the deal, the budgetary adjustment for next year will be €1 billion less. Furthermore, we will have to borrow €20 billion less in the international markets over the next ten years as a result of this deal. The annual promissory note payments are gone. This is a step towards the economic recovery and job creation. It will significantly enhance our ability to access the bond market again. The promissory notes will be replaced with a long-term low interest government bond. The first of these long-term bonds will mature in 2038 with the final bond in 2056. Until then, we will have to pay a floating variable interest rate of 3% to 3.5% on these government bonds. The rate on the promissory notes was around 8%. This transaction is like replacing a short-term loan with both interest and capital repayments with a long-term interest-only mortgage. Our lender is the Central Bank and the Central Bank returns its profits to the Exchequer, which is the Department of Finance. It returns its profits to us. Since the Central Bank borrows its money from the ECB at 1% or less, it will make a profit of 2% to 2.5% per year on this interest.

*5 o'clock*

As this money will be returned to us, the effective interest rate on our bonds will be approximately 1%.

As part of the deal and in order to allay the concerns of the ECB in respect of monetary financing, the Central Bank has committed to selling a certain number of Government bonds on the market each year. This means that the potential profit on these bonds - returning from the Central Bank to the State - will be lost to the private sector and that the interest rate may be changed.

Several prominent commentators have welcomed the deal. Mr. Colm McCarthy stated that, in view of the context, the deal was as good as we were going to get. An editorial in the *Financial Times* indicated that "it is good that an economically and politically indispensable move was not blocked. Greater fiscal breathing room should help both market confidence and growth in Ireland".

**Acting Chairman (Deputy Olivia Mitchell):** The Deputy's time is exhausted. He should conclude.

**Deputy Peter Fitzpatrick:** I have four minutes and only just started. It could not be the

case that my time is exhausted.

Mr. Peter Brown of the Irish Institute of Financial Trading has stated it is a stunningly good deal and that the terms agreed are quite amazing. Mr. Karl Whelan who is regarded as the expert on promissory notes is on record as stating, “This seems about as good as we could get ... I think this is a good deal for Ireland.”

The remnants of the former Anglo Irish Bank and Irish Nationwide Building Society have been removed from the financial landscape. These institutions have cost the taxpayer €35 billion. There are significant efficient gains which will arise from the liquidation of the IBRC and the transfer of its assets to NAMA. The situation of those indebted to the IBRC remains unchanged and their debts will be unaffected. NAMA has proved to be very efficient in managing loan assets and pursuing developers in the best interests of the State. Pay levels in the agency, particularly at the higher levels, are significantly lower than those which obtained at the IBRC. The promissory notes relating to the former Anglo Irish Bank and Irish Nationwide Building Society served as a millstone around the necks of taxpayers. This does not change the commitment given by the European Union on 29 June last to break the vicious circle between bank debt and sovereign debt. We are still working to ensure we secure a further easing of the legacy bank debt.

**Acting Chairman (Deputy Olivia Mitchell):** The next speaker is Deputy Tóibín who, I understand, is sharing time with Deputy Dessie Ellis.

**Deputy Peadar Tóibín:** It was shocking to hear an Teachta Joe McHugh who comes from a county with an employment rate of 26% and where individuals have large levels of debt on their shoulders celebrate the fact that the financial crisis had really been confined to Ireland and that contagion had not spread across Europe. He appears to believe this is some achievement. I agree with an Teachta Peter Mathews to the effect that the Government has sought to hypnotise people through the use of complexity in this matter and that the real issue is the fact that not one cent of the State’s debts has been written down and that it will still be obliged to pay these debts.

The people have been waiting for a long period for a resolution of this issue. In fact, they were hungry for such a solution. It must be said the Government lowered expectations as much as possible in recent months. It lowered them to such a degree that it is difficult not to fall over them. Ultimately, it saw to it that these low expectations were met. There was some understanding on the part of the people that the debt relating to the IBRC was toxic in nature, that it was not theirs and that, on moral grounds, neither they nor their children should be obliged to pay it. As a result, they were of the view that a write-down was required. It became clear last week, however, that the IBRC would be wound down but that the debt relating to it would not be written down.

The toxic debt created by Fianna Fáil is being paid in full by Fine Gael and the Labour Party. People are shocked that the Government did not even request a write-down of one cent. Its mantra has been that there was no other way to deal with the matter. When the Government states it does not have a choice, this means it has lost the argument. Politics is always about choice and choice lies at the heart of democracy. If there is no choice, there is no democracy. The Minister for Finance has stated he does not know how much the deal is going to cost. As a result of the fact that the repayment period has been lengthened, we know that the deal will be more costly to the State than would have been the case with the promissory notes. Ultimately, we will be obliged to repay a larger sum.

It is important to highlight the fact that we are at the bottom of the interest rate cycle. The likelihood is that the rate is going to increase in the future. The previous deal attracted a circular interest rate, which meant that the cost to the State was 0.75%. When the Central Bank of Ireland is forced to offload the bonds relating to the new deal, a higher interest rate will apply. The bonds to which I refer will be repaid over periods of up to 40 years. Students who are due to sit the leaving certificate this year will still be paying off the bonds at the time when they will be beginning to contemplate retirement. Extending an unfair debt does not a fair debt make. That is the key point.

In many ways, the deal reached last week flies in the face of the movement within Europe to create a separation between sovereign debt and banking debt. Fianna Fáil effectively nationalised the debt initially, but the Government has re-nationalised it. As a result, it will be impossible to share the debt in question throughout Europe. Those in government continually use the homespun analogy which they no doubt use with their constituents and which runs to the effect, “Bejakers, sure if you have a mortgage for a period of time, does it not lower the actual cost of the mortgage?” We have no house in this instance and nothing to show for this mortgage. There is no asset to justify the level of debt being repaid. In fact, the debt in question will give rise to opportunity costs in terms of housing, education, health and welfare payments. Even if one were to accept that the net current value of the debt would give rise to significantly lower real-term repayments, an entire year’s worth of deficit will be added to the State’s overall debt as a result of the deal done. All the cuts introduced in the past five years amount to €28 billion, only a portion of the amount of debt the Government agreed to repay in its deal with the ECB.

There are two major lies relating to the issue under discussion. The first is that in some way we are being bailed out. *The Wall Street Journal* indicated that when the promissory notes were first written up, Germany’s exposure in respect of Ireland was approximately \$200 billion. Of this, \$57 billion related directly to Irish banks. At the heart of last week’s deal lies the transfer of money to Ireland in order that German, French and other EU institutions will be repaid. We are not getting a bailout. In actuality, those who have not yet been born will be obliged to bail out the institutions to which I refer.

The second lie to which I refer is uttered by those on the Government benches on a regular basis and it states Sinn Féin voted in favour of the bank guarantee. The Minister of State, Deputy Fergus O’Dowd, is not stupid and knows this is not true.

**Deputy Fergus O’Dowd:** It is true. Sinn Féin did vote in favour of the guarantee.

**Deputy Peadar Tóibín:** I will explain the matter in clear terms. We voted in favour of the initial guarantee, which related to bailing out depositors. The Minister of State is winking at me, which is testament to the sleight of hand shown.

**Deputy Fergus O’Dowd:** The sleight of hand is shown by Sinn Féin.

**Deputy Peadar Tóibín:** When it became clear that Fianna Fáil wanted to introduce a blanket guarantee, we voted against it. The Minister of State is not stupid and knows this. The fact that he continues to allow people to think we supported the bank guarantee is testament to the type of politics in which he involves himself.

It is important that the Government examine the issue of monetary financing. The ECB has set precedents over and over again in this regard. When a crisis occurs and the euro is on the edge of the cliff, that crisis becomes the catalyst for change. The idea of emergency liquid-

ity remaining in place for 12 to 14 years is tantamount to monetary financing. The buying of bonds on the secondary market is a form of monetary financing. On each occasion the ECB has stretched the parameters of what is understood to constitute monetary financing. When Italy and Spain found themselves on the precipice, the ECB created a system to facilitate the separation of sovereign and banking debt. That is proof, if proof were needed, that if the Government had gone in with objectives, red lines and concession levels below which it would not go, and if it had used the leverage of walking away from the debt, a crisis would have occurred which would have been the catalyst for change.

Sinn Féin has a great deal of experience with regard to negotiation. The Good Friday Agreement and the St. Andrews Agreement were situations where the Irish Government and the British Government on all occasions tried to lower expectations of what could be achieved. That is the nature of meaningful negotiations. We asked the Irish Government to look for repeal of the Government of Ireland Act. The Irish Government said that would not happen, and that the British would never accede to such a request. We went to Tony Blair and demanded the repeal of the Government of Ireland Act, which was the basis for partition, and we achieved that.

*(Interruptions).*

**Deputy Peadar Tóibín:** The point is that if a Government is willing to use leverage there is a far greater chance of getting the necessary deal.

The Government says it could not get a better deal, but we will never know that because it did not ask for a better deal. It is impossible to know the capacity for a deal unless it had pushed for that particular capacity.

The sad fact is that every citizen of this country will pay dearly for this deal. They will pay for it through the household charge, water charges, the universal social charge, increases in PRSI, and the various stealth taxes whereby Government policy on mobility grants, welfare, and domiciliary allowance is being changed to ensure that individuals who were entitled to those three to five years ago will no longer be entitled to them.

Unfortunately, this State still has a debt-to-GDP ratio of 120%. The key determinant of our ability to come back from that debt precipice has not been changed. That is the reason the people at home listening to this debate will see that Fine Gael, Labour and Fianna Fáil nationalised private debt.

**Deputy Dessie Ellis:** I reiterate the point made by other colleagues that this debate is no substitute for the debate that should have taken place last week before the passing of the Bill to dissolve IBRC. It was an incredibly arrogant and undemocratic tone that Fine Gael and Labour took when they rammed the Bill through the House before people had the chance to digest even the broader details and consider the consequences. Government TDs heckled and laughed and were drunk on hysteria that at long last they had got something tangible. They had little concern for debating it or even considering its implications, jubilant with the idea that they could sell this pup to the Irish people.

This Government trots out many mistruths on a regular basis to make itself sound successful or to make those who oppose it sound cynical or wrong, but one mistruth which has been pedalled since last week cannot be brushed off as a desperate attempt to deflect. I speak of the claim that the so-called deal on the extension of the debt repayment is a fairer deal. We cannot have fairer unfairness. That is the premise on which the Irish people are being saddled with

this debt. It is unfair, and the answer is not to suck it up and say, “Life is not fair” because it is morally wrong and it is not in the interest of the people of Ireland or Europe.

That mistruth goes to the heart of what is wrong with this Government and tells us how it has become Fianna Fáil mark 2. Now they are on the Government benches. When the risk-taking of the European banking sector came back to haunt them, Ireland was asked to bear the brunt, and the good little boys and girls of Europe happily sacrificed the people of Ireland on the altar of European capitalism.

We saved the European banking sector and our repayment was €28 billion in cuts over the past five years. That is nearly two health services’ worth of cuts for our trouble. The average Irish citizen has been saddled with a debt of almost €9,000 each, well in excess of the rest of Europe. The banking crisis or, more important, how we allowed it to be handled, ended up costing us approximately €40 billion, which is 25% of our GDP and nearly ten times that of the nearest country in those terms. We have been saddled with all that, and all the cuts, taxes and austerity that came with it. We have been insulted and treated as if we had done something extraordinarily wrong by comparison with the rest of Europe.

Every second night for weeks RTE ran “vox pops” of German people saying that the Irish must pay their way and that they were sick of bankrolling us. We have been treated as pariahs who needed to be taught a lesson and instead of calling a halt to that and saying, “No more”, after Fianna Fáil put out the welcome mat Fine Gael and Labour have given the European Central Bank the whole place to do with it as it pleases. Instead of saying, as thousands did last weekend, that this is not our debt and we should not be made to pay it, we have said we will pay every cent and will only ask for crumbs to try to fool our people, along with us.

Today, after this so-called deal, the Irish people still owe everything they owed from the promissory note but now with the added pleasure of owing interest, which is uncertain, and we will likely see that in the end the debt repayment will be doubled.

It is likely I will not be around to see the day Ireland is free of this debt but this Government has copperfastened it in that all our children will be paying for it for many years to come. As Brian Lucey wrote of this deal, it is Frankfurt’s way, all the way. As he said, the Government has “... irrevocably linked the Anglo debt to the state”. I would like to believe that it is not irrevocable and that we can change things, but the intent of the Government’s move has been to copperfasten the debt and make it sovereign.

This deal may be a seismic shift, as the Tánaiste, Deputy Eamon Gilmore, prophesied last June but it is not a massive breakthrough for the Irish people. It is certainly a good deal for the ECB whose members must be laughing among themselves that our Government is celebrating that we now have entered into a situation where a debt we should be not be paying is now guaranteed not to be written down and which is now a wholly sovereign debt. It is nothing short of shameful, and Fine Gael and Labour are either fools or cynics to sell it as something beneficial or fair for the Irish people.

Our Taoiseach, Deputy Enda Kenny, made it clear from day one that we would not attempt to negotiate our debt, as he called it. At that time he stated that we will not be branded defaulters, and that we will honour our debt. Imagine a Government going in to negotiations and conceding the main argument that this is not our debt.

Fianna Gael and Labour were elected on the promise that they would negotiate a deal and

burn bondholders. The only ones who have been burned are the Irish people and the generations to come. What will this mean, if anything, for the budgets of 2014, 2015 etc.? Will we see an easing of the austerity measures, and by how much?

Last weekend tens of thousands of people marched and the slogan at that march was, “This is not our debt”. Many people realise the long-term repercussions for our people with which the Government has saddled us. The people are not being fooled. We will pay a heavy price down the road for short-term gains.

**Acting Chairman (Deputy Olivia Mitchell):** The next slot is the Government slot and the first speaker is the Minister for Transport, Tourism and Sport, Deputy Varadkar, who is sharing with Deputy Harrington and the Minister of State, Deputy Costello. The Minister, Deputy Varadkar, has ten minutes.

**Minister for Transport, Tourism and Sport (Deputy Leo Varadkar):** I thank the Acting Chairman for the opportunity to speak in this important debate. The deal the Government has secured to eliminate the promissory notes and replace them with a long-term bond is a very big step forward in our efforts to restore Ireland’s debt sustainability and sustainable growth. It comes a year later than we had hoped, and there are more steps to take in the coming months and years to further improve our position.

This Government on coming to office inherited a desperate situation in which €64 billion had been committed to the banking sector, much of which had already been nationalised. Since then our objective has been to reduce the burden by any means possible, with the exception of default. That is something we have not countenanced because of the immediate loss of confidence that would occur, the sudden deepening and increased austerity that would be required, and the higher interest rates we would all face in the longer term.

However, good progress has been made in reducing that burden. The first thing the Government did was renegotiate the deal with the troika. Fianna Fáil said at the time this could not be done. Sinn Féin suggested that we should not even try and that we should just send the troika home. Neither party holds that position today.

The renegotiation involved the restoration of the minimum wage, a reduction in interest rates and a lengthening of the terms of our loans, saving us approximately €10 billion in interest and allowing us to retain half the proceeds from the sale of State assets to invest in jobs and infrastructure.

The second step was the liquidation of IBRC, which occurred last week, thereby removing the last vestiges of Anglo Irish Bank and Irish Nationwide from the Irish financial landscape. As is the case with any insolvency, there are associated costs. Costs will fall due to us this year. However, significantly, this is the first time in the eurozone that costs are likely to be shared by unguaranteed senior bondholders. This has not occurred today.

The third step was to eliminate the promissory notes. No capital payments will fall due for 25 years and the average period associated with the bonds is 34 years. This will save €20 billion in cash borrowing over the next ten years and knock €1 billion off the deficit next year and every year beyond that. Independent commentators have estimated that this is the equivalent of a write-down of 30% to 40% in terms of net present value.

Five years ago, when the eurozone and global financial crisis began, it was not possible to

liquidate banks or impose losses on senior bondholders, nor was it possible to restructure bank-related sovereign debt such as the promissory note. It is now possible to do so. Had these options been open to the country five years ago, we would be in a much stronger position today. It is an enormous tragedy that the European authorities took so long to change their policy in these areas.

The next step is beginning to pay down the principal sum, or pay off some of the €64 billion that now forms part of our national debt. There is value in the shareholdings and contingent capital that has been put into the banks. We want to recover that, but at the best possible price to reduce our debt burden. Already, €1 billion has been raised through the sale of the contingent capital of Bank of Ireland. That has been used to reduce the bank-related debt. There is contingent capital in AIB and shareholdings in other financial institutions that can be sold if the price is right. Furthermore, the ESM may have a role in buying shares from us in the banks or facilitating the private sale of stakes in the banks, thus allowing us to pay down more of that bank-related debt. A further step will involve the unwinding of the residual bank guarantee, thus reducing potential exposure for the Irish taxpayer.

This week two years ago, while speaking at a press conference during the general election campaign, I stated that a Fine Gael Government would not put another cent into the banks if they came looking for more unless they showed how they would impose losses on shareholders, subordinated bondholders, senior bondholders and other creditors. That speech has often been quoted since, sometimes by critics and opponents and sometimes selectively and out of context. Perhaps I should have been more nuanced at the time but I meant what I said and certainly did not believe the process would take so long or be so difficult. While it might have taken two years, that commitment has now been honoured. Anglo Irish Bank and Irish Nationwide are no more. We have liquidated IBRC and have put it into resolution. Finally, we have put a bank into resolution. This should have happened many years ago.

Burden sharing has been imposed on both subordinate and unguaranteed senior bondholders at long last. The restructuring of the promissory notes represents burden sharing with the Central Bank system for the first time, as pointed out in *The Irish Times* today by Ashoka Mody. This represents a write-down of 30% to 40% in terms of net present value in the view of some commentators. The principal sum will be paid down also, at least in part, through the sale of financial assets acquired as a consequence of the bailouts in the future. Based on my calculations, 2013 will be the first year since the crisis began in which more money will be recovered from the banks and financial institutions than we will pay into them. That will continue into next year and perhaps the year after. In short, the tables have turned and now we begin the process of getting some of our money back from the banks. That represents a significant change.

Another point I would like to make relates in particular to the connection between the austerity regime we are now experiencing and the banking crisis. One of the worst myths circulated among the Irish is that we are facing tax increases and expenditure cuts solely or predominantly because of the banking crisis. That is simply not the case. The problem with the budget and the deficit is a different one from the one we have with the banks. It is certainly the case that they overlap and that one makes the other worse, but it is not the case that they are the same. The reason we are facing austerity, spending cuts and tax increases in Ireland is simply that, during the boom period, taxes were reduced too much. The then Government recklessly reduced taxes to an unsustainable level using a temporary windfall from stamp duty during the property boom and capital gains tax revenue, particularly from the sale of shares in financial institutions. The then Government also increased expenditure too much, and that is the reason

we are facing further spending cuts and tax increases. We need to become a normal country again in terms of spending. We are certainly not that because we still spend too much. We also need to become a normal country in terms of taxation again, and that will require some further increases in taxation.

If one compares Ireland with Northern Ireland and Britain, which is providing us with a bilateral loan, one will note that our social welfare payments are much higher. Even after the cutbacks in our most recent budget, we still have the fourth highest child benefit payments in the western world. They are much higher than those in many of the countries that are lending us money, including Finland. Public sector pay, be it that of politicians, policemen or hospital porters, is still much higher than in Germany and Austria, for example. This is still the case even when one takes into account taxation and the cost of living. This is the real truth that we as politicians, in both government and opposition, should be willing to say to people. We should be willing to say that the reason we face further tax increases and spending cuts is not promissory notes, bonds or issues concerning the banks but the fact that taxes were reduced to recklessly low levels during the boom period and expenditure levels were higher than those in equivalent European countries. This trend needs to change.

We have made enormous progress in the past few months. It has been extremely slow coming but it has come. It certainly does not stop here. This has been a major step forward but a lot more needs to be done. We will be seeing that in the coming weeks.

**Minister of State at the Department of Foreign Affairs and Trade (Deputy Joe Costello):** I welcome the opportunity to speak on the agreement reached last week on the promissory note arrangement. While much more work is to be done, the deal is a very important step in Ireland's economic recovery. I pay tribute to the Minister for Finance, Deputy Noonan, the Taoiseach and the Tánaiste for the work they have done to make this deal possible. The previous Government lumbered us all with the debts of Anglo Irish Bank and used the cumbersome and very expensive promissory note arrangement to do so. It would have been preferable had the State never been made responsible for these debts. However, the promissory notes were, in effect, already national debt, and any default would have been regarded as a sovereign default.

There is no magic wand that we can wave to make these debts disappear without serious repercussions. Instead of waving such a wand, the Government had to work to restore Ireland's reputation and engage in painstaking negotiations. These negotiations have resulted in a deal that delivers on the Government's commitment to put in place a fairer and more sustainable arrangement. It is a step forward along a path to economic recovery and renewed job creation. This deal means that the annual promissory note repayment of €3.1 billion over the next ten years will no longer have to be made. The replacement of the promissory note with long-term bonds will lower significantly the financing needs of the Government in the years ahead, making it easier to exit the bailout programme and return to the markets, which we intend to do at the end of this year.

The interest rate on the bonds is lower than what the Government would otherwise have had to pay. In effect, the Government has been able to arrange cheaper financing over a much longer period. We have effectively transferred over 40% of legacy banking debt into a very long-term debt and have significantly reduced the cost of financing this debt.

The agreement results in significant cashflow benefits as the State will no longer have to borrow €3.1 billion each March to meet the promissory note repayment. This equates to a cash-

flow benefit of €2.3 billion in 2014 and €20 billion over the next ten years, which is extremely significant. The deal will reduce the deficit by €1 billion per annum from 2014 onwards and significantly improve debt sustainability. This means the remaining adjustment required to bring the deficit below 3% in 2015 will be reduced by €1 billion. It will have a continuing beneficial effect on the State's finances for many years.

While the total debt has remained unchanged in nominal terms, the real value of what will be repaid has been reduced considerably. There has been much talk about kicking the can down the road, but this ignores some of the real benefits of the long-term bonds being used. Professor Philip Lane has pointed out how the value of these bonds in terms of GDP should be reduced over their lifetime. In 2013 €25 billion is effectively 15% of GDP. The average maturity of the bonds is 34 to 35 years. By 2048, therefore, if nominal GDP growth is 3% per year, the maturity value of the debt will be 5.3% of GDP. It would do future generations no favours if we were to attempt to pay off these debts in the short term or to lumber them with a sovereign default.

The agreement reached last week is another step in working our way out of the economic crisis inflicted on the people by Fianna Fáil. With the reduction in interest on the bail-out loans secured last year and the deal on the promissory notes last week, substantial progress is being made. Dealing with these legacy debts is only one area in which progress is being made to get the economy back on track. Real advances are being made in boosting Irish exports, for example. I am dealing with this area within the remit of my portfolio of trade and development. Last year exports of Irish goods and services increased by 5.1% and are now well above pre-crisis levels. Exports are at a record level and there is a record level of foreign direct investment, despite the fact that we are in a bailout programme. I never hear the Opposition talk about this. The strong export performance underpinned a GDP growth rate of 1.4%, an impressive figure, given the very difficult economic conditions prevailing across Europe and beyond.

Both the Government and Irish business have refocused in response to the economic crisis. The competitiveness we lost during the Celtic tiger economy is back. Ireland's competitiveness now compared with our trading partners has improved by over 20% since 2009. We are diversifying our export markets. The real heroes of the export markets are not the multinationals but the indigenous Irish companies that are becoming extraordinarily innovative and increasing their sales to the international markets by 20% to 30% per annum. The Government's renewed focus on emerging markets is proving successful. Brazil, Russia, India, China - the BRIC countries - and South Africa are being targeted in a special way and 27 other countries around the world are also being prioritised by the Government as part of its trade strategy.

The promissory notes deal is not separate from the commitment given on 29 June last year to break the vicious circle between private bank debt and sovereign debt. The Government is fully committed to the banking union, which is a precondition for utilising the European Stability Mechanism, ESM, to address the capitalisation of the banks that are a going concern. The Government will continue to participate in the development of the ESM, which many in the Opposition opposed, and the structuring of the single supervisory mechanism. The blanket guarantee that imposed an unbearable burden is being substantially chipped away and in due course we will deal with all of it. We have now dealt with approximately 40% of it and have a roadmap for dealing with the rest. We will bring the country back into the bond markets by the end of 2013 and begin the process of creating jobs and growth in the economy, after the legacy that was left to us.

**Deputy Noel Harrington:** I welcome the opportunity to speak on the promissory notes

arrangement. First, I congratulate the Minister for Finance, Deputy Michael Noonan, and his team on a job well done. It has been generally accepted by all independent commentators that this was the best deal available in all the circumstances. In fact, some were either shocked or disappointed, perhaps, that such a good deal was negotiated.

There is no doubt that this deal is the result of hard work, strategic planning and intensive negotiations with all our partners in the Eurogroup. This is in stark contrast to the behaviour of the previous Government which had lost touch with our European partners when we were in greatest need of their support. The last Government lost the run of itself. It spent taxpayers' money as if it was snuff at a wake. In previous speeches I have referred to 20 projects over a period of ten years in which there was gross mismanagement of Government expenditure to the tune of over €7 billion. That Government also cut taxes and the tax base to an unsustainable level. Worse, however, it threw tax exemptions and financial incentives at its friends, particularly in the construction industry, who really needed to be restrained rather than incentivised. Undoubtedly, most of our current economic problems were exacerbated by the close relationship Fianna Fáil had with the building sector and this should never be allowed to happen again.

The "Prime Time" programme this week showed a classic example of stroke politics and stroke business. This type of business and politics robbed the hardworking workers and citizens of the country only to make champagne millionaires. That culture was created in the leadership of Fianna Fáil in the last three decades. Its desire for a quick thrill rather than building a strong economy with strong work and effort has cost every man, woman and child in the country his or her dream of a secure future. Does anybody now remember how Deputy Enda Kenny and Deputy Richard Bruton were attacked when they posed legitimate questions about the returns for pay increases under the benchmarking process?

After examination of the causes of our recent economic woes, I see a common factor which we must consider if we are to protect ourselves from this ever happening again. That factor is the number of so-called business gurus who were single entity bullies, running companies as if they were their personal kingdoms. They tore up the rule books and wrote their own rules. They did not tolerate contrary opinions and cost the country billions. Need I mention Irish Nationwide Building Society, Anglo Irish Bank, Quinn Insurance and others? Why would they not do this? It is exactly what they saw in our political leadership at the time, which led the country down a moral cul-de-sac. We need a much stronger regulatory system to protect us from such individuals and the formation again of a so-called golden circle.

The media need new protections to conduct more incisive investigative work and not all hunt the same story like a pack. I am aware, for example, of how long it took to remove the mask from Lance Armstrong. We must support good investigative journalism in exposing corruption and incompetence in all walks of life in order that all citizens will have better protection from these business dictators. A new crime should be introduced, that is, the abuse or misappropriation of other people's money by bankers, solicitors or other professionals tasked or trusted with the finances of others.

I am anxious that there be a social dividend for all the sacrifices citizens have had to endure owing to the reckless behaviour of the banks. In years to come, when the pillar banks return to a stronger position, I expect them to make a positive contribution to Irish society rather than returning to making super-profits. There should be a social bond for the good of our society, whereby the banks would make an extra contribution to society until all these debts are repaid and even after this, as the banks would not exist without the support of the community.

The Minister for Finance, since his appointment to office, has had only a few options available and each of them was a hard choice. He had stated there would be few gains for the taxpayers in this financial year because of front-loaded cost. However, we will save over €1 billion next year and we should give a little encouragement to taxpayers. I had intended to propose that we keep the property tax at the half rate for 2014, similar to this year, but I note the Minister has taken a more targeted approach to assist those most in need. I welcome this as a small but positive response to last week's renegotiation of the debts created by the previous Government.

Again, I congratulate the Minister, the civil servants and the Central Bank officials who worked hard to achieve this deal. It is a small step, but it should be recognised as a positive one. We could not go into negotiations seeking something that was not available. That would have been incredible.

**Acting Chairman (Deputy Olivia Mitchell):** Deputy Joan Collins is sharing time with Deputies Thomas Pringle, Shane Ross and Finian McGrath.

**Deputy Joan Collins:** Many Deputies will have received today letters and emails from distressed IBRC workers. Last week, 850 bank workers were made redundant overnight. They received no notice, no consultation and no meetings with their unions. In fact, as one worker who emailed me said, he found out through the media. Bank employees did not cause this scandal and they are as much the victims of the greed of those at the top of Anglo and Irish Nationwide as anyone else. They did not engage in reckless spending or illegal or criminal actions. Those matters are the responsibility of the top bankers and those who were supposed to be regulating the system.

In taking the action to liquidate IBRC, the Government has a responsibility to treat these workers fairly and squarely. At minimum, the workers should be included in the transfer of undertakings to NAMA or continue to work for the liquidator. Agreed severance terms should be fully honoured. One worker pointed out to me that while he was aware that IBRC's future was limited and that as the loans were paid off the company would gradually wind down until it ceased to exist, he had made his career choice on the basis of the knowledge that a strategic plan had been agreed between the board of IBRC and the Department of Finance which not only provided guidance on the timeframe for the winding down but offered him an assurance that when his time came to leave the company, he would exit on agreed severance terms. The Government has a moral obligation to those workers to ensure there is a recognised transfer of undertakings or that agreed severances are fully honoured. Statutory redundancy would mean a halving of those agreed terms.

It amazes me that contractual issues or so-called reasonable expectations apply only to the well-heeled people who are responsible for this scandal. Despite all the spin, the reality is that the colossal debt of the €64 billion bank bailout - not counting the €35 billion bailout for NAMA - has been transferred squarely but not fairly onto the shoulders of Irish citizens. To claim that this is a good deal is a travesty of truth and of justice. It is akin to paying a debt one does not owe simply because one is allowed to pay it off over a long period of time. Who would ever agree to that? It is only those with a loose grip on reality who can call it a good deal or even the best deal that could be got in the circumstances. The real cost of the deal cannot be measured through the best estimates of floating rates or the effect over time of inflation on the principal sum. It cannot even be measured in terms of euro or billions of euro. It is an insult to talk about this deal in terms of the Irish people gaining a €20 billion bonus over its lifetime. The real cost must be measured in terms of the effect on the lives of ordinary people. It must be

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measured in terms of the despair of those who cannot find gainful, useful employment. It must be measured in terms of the despair of families whose children are exported at post-Famine levels every day of the week.

The bank bailout was funded with €20 billion or 80% of the total of the National Pensions Reserve Fund which has now gone out of the country to bail out speculators who incurred bad debts. Of that money, €15 billion properly invested in a job creation and infrastructural development programme could have transformed the unemployment situation. It could have ended the despair for hundreds of thousands of people and their families. Another €12 billion of the bailout funding came directly from the Exchequer. It amounts to 50% of the €25 billion taken out of our economy over the last six austerity budgets. Apart from deflating the domestic economy, austerity has involved cuts in health and other front-line services, education, social services and welfare which have been deliberately aimed at the most disadvantaged. To see Labour Party Ministers enter the Dáil last week with smug self-satisfaction written all over their faces on the basis of this deal was possibly the most sickening sight I have seen for a long time. What a way to celebrate the 100 year anniversary of 1913 not just to participate in a sell-out of ordinary people to beat all sell-outs but to celebrate and claim it was some sort of victory.

**Deputy Joe Costello:** There was no smugness.

**Deputy Finian McGrath:** Moore Street, Joe.

**Deputy Joan Collins:** This deal was negotiated by the elite in Ireland for the elite in Europe and solely in the interests of those elites. It will keep the markets happy, including the loan sharks and speculators as we have seen already, but it was not our debt. It is not our debt and it should never have been put on the shoulders of ordinary people in this country.

**Deputy Thomas Pringle:** This debate takes place after the fiasco of last Wednesday night when legislation was rushed through on the liquidation of IBRC. We know now from the Minister's comments that the receiver was put into IBRC at 4 p.m. on Wednesday last. At that point there was no barrier to the Minister briefing the Dáil on the need to sit late to pass emergency legislation. Instead, Members had to find out from Twitter and thejournal.ie about what was happening to the extent that when the Chief Whip came to the House to amend the Order of Business, his intentions were already online. This was a deliberate and blatant contempt for the House and the mandate of all Deputies elected to the current Dáil.

This week's debate is organised as a lap of honour for the Government to slap itself on the back about the great job it has done. What has been achieved? There may be a medium term gain in savings on interest payments - reported to be approximately €1 billion per annum - but none of that will be felt this year. The Government claims that on top of interest savings the deal will reduce borrowing by €20 billion over the next ten years. This is the same amount as the savings on interest rate payments. It is where the saving on interest rates comes from. I have read reports that it will only lead to savings on borrowings of €8 billion over the next ten years. The Minister must clarify the matter.

No one on the Government side seems to be able to quantify what the deal means for ordinary citizens. Will they get any respite from the relentless cycle of cutbacks and reductions in services? It is only when that is clarified that people will be able to evaluate the deal. We know the deal takes a debt we had no obligation to repay and makes it into a sovereign debt. The Government has taken out an interest-only, 100% mortgage in exchange for the promissory note

and even at that we will still pay two thirds of the promissory note cost each year. These gains will only remain if the Central Bank can hold onto the bonds for the remainder of the term. The Central Bank has outlined that it will sell off €5 billion of the bonds between now and 2023. What will happen to the gains if the ECB insists on a higher rate of sell-off and forces it on us?

The deal makes some medium term budget savings but huge issues remain. Our debt-to-GDP ratio will remain at an extremely high rate of well over 110%. Where now for the agreement of the European Council of June 2012? The Government has made much of the game-changer that was to break the link between sovereign and bank debt but the deal solidifies banking debt as sovereign debt into the future. How will the Government ensure that the commitment of last June is maintained when it has accepted the principle yet again of linking banking debt to the sovereign? We have seen the death of the June commitment. That was highlighted today in an Open Europe report. The German finance minister, Wolfgang Schäuble, has said that any bank recapitalisation through the eurozone's bailout fund, the ESM, must be significantly below the €80 billion paid in capital. He stressed that there will be no increase in commitments or guarantees for the ESM to aid banks. A deal based on last June's agreement is getting further and further away. What level of funding will be available for bank recapitalisation when the larger, more powerful countries get their share and our banks are not indispensable to the security of the eurozone? In addition, the ECB has said there will be no bank recapitalisation without member states guaranteeing the funding. That means any legacy bank debt will only be picked up if we guarantee that it will be repaid. That is sovereign debt in every sense.

The only way to ease the burden of debt on our citizens was to insist on a write-down. Unfortunately, the Government gave away the best cards it had. The Government was bluffed by the ECB and although the ECB gave in on monetary financing, the markets will be the only winners in this deal.

**Deputy Shane Ross:** The string of Minister and Members from the Government parties coming here to pat themselves on the back and bask in the glory of what they have achieved reminds me of a chain gang of prisoners. They were sentenced two years ago to death by promissory note for wrecking or attempting to wreck the European economy. They pleaded not guilty but were found guilty. Today, they have pleaded not guilty and been found not guilty but rather than being released their sentence has been reduced to penal servitude for 40 years. That is the reality of what has happened. The nation is still in jail and destined to stay in penal servitude for many years because the premise on which the deal is built is completely and utterly flawed.

I congratulate the Government on putting the stake through Anglo's heart. That is a great achievement in public relations terms. I congratulate it too on ending the promissory notes and on having beaten the 31 March deadline by seven weeks. On three counts it has achieved a great deal. The problem is that the bar that it set itself was so incredibly low that it was almost impossible not to achieve this.

**Deputy Joe Costello:** I knew those congratulations were too good to be true.

**Deputy Shane Ross:** It was sticking out a mile. The Minister for Communications, Energy and Natural Resources, Deputy Rabbitte, said many months ago that a deal would be achieved. It had to be because we could not pay and we probably were unwilling to pay. It was not realistic for us to pay the promissory notes over a ten-year period. The ECB and the European powers realised that and in effect this was pragmatism. The problem was that we did not ask for the one thing that Deputy Pringle referred to, the write-off. Once the Government accepted

the fact that this debt would be paid in full it was over. The game was over. It was only a matter of tinkering around with the rates and the maturity dates, and that is exactly what happened.

Let us look at the bars that the Government has set itself elsewhere that it has not achieved at all. Growth, which was initially predicted to be 2.2% in 2013, is down to 1% and falling, while the number of jobs, which was expected to remain even, went down 1.8% last year. What other targets has the Government set itself on particularly pertinent financial matters? Was it listening to Patrick Honohan this morning talking about mortgage relief and mortgage debt? He was sending out the strongest possible warning to everybody in this House that the Government and the banks, which are joined at the hip, were not fulfilling the obligation on them to tackle this problem and that they are burying their heads in the sand.

**Deputy Alan Kelly:** The Deputy should quote what he said about the promissory notes.

**Deputy Shane Ross:** He came before the Oireachtas Joint Committee on Finance, Public Expenditure and Reform and said something about that, but what is happening? Absolutely nothing. It is quite obvious that the Personal Insolvency Bill, which was set up to sort out that problem, is not going to sort it out. The signals coming from the Central Bank are that we have a major crisis, much bigger than that of the promissory notes, facing us in the months to come, yet we are refusing to deal with it. Let us see this from the perspective of the real problems in the economy. It is only scratching at the surface and is not an achievement in terms of the very large write-off that was necessary. That is the only way the people could have felt it. It is all very well to say, as the Minister of State has said, that we have done well in the *Financial Times* - Wolfgang Münchau has congratulated us - and *The Wall Street Journal*. All these wonderful international and global newspapers are praising us for it.

**Deputy Joe Costello:** But our Johnny is not praising it.

**Deputy Shane Ross:** The Minister of State should tell that to the people in his constituency who are starving.

**Deputy Joe Costello:** That is begrudgery.

**Deputy Shane Ross:** I wish to speak without interruption, if that is all right. It is lovely to hear a socialist, or former socialist, such as the Minister of State quoting *The Wall Street Journal* and the *Financial Times* with such approval. I am delighted to hear it. Indeed, the Minister of State is worshipping the Holy Grail of the markets. It is magnificent to see it, but where did he lose his way?

**Deputy Joe Costello:** I would have thought that Deputy Ross would agree with the *Financial Times*.

**Deputy Finian McGrath:** I thank the Acting Chairman for the opportunity to speak in this urgent and important debate on the promissory notes and the Irish Bank Resolution Corporation at this critical economic point in our history. The most important thing I want to say is that I do not support a vote to turn the promissory notes into our sovereign debt. That is the crux of this debate and this Dáil can no longer claim that we did not know all the facts. Huge mistakes were made in the past, especially when senior bankers misled this House. We all accept that reality.

Over the past year or so, while talks have continued about the promissory notes, we have seen that the delay in debt restructuring has led to more austerity. We have seen mass unem-

ployment and emigration. Growth expectations for 2013 have fallen from 2.2% to just over 1%. Jobs growth in 2012 was supposed to be 0.8% but instead jobs have contracted by 1.2%. We have seen more large budget cutbacks, which will continue over the next 12 months. Unemployment will remain disastrously high. That is the reality. Mortgage arrears and foreclosures will continue to climb. This will explode soon. Last week in my clinic, a couple who are making efforts to pay back their mortgage at a very difficult time for their family, paying back €400 per month to try to keep their home, said that over the past few days their financial institution had asked them to come up with €1,800 per month. These are the families in the real world who are being hammered. These are the families the Governor of the Central Bank was talking about over the past 48 hours. Legacy burdens must be addressed. In case the Minister of State thinks this is just coming from somebody on the Opposition benches, Ashoka Mody, the IMF mission chief to Ireland, put forward many of the figures in respect of these arguments. This is the economic reality for 2013. We cannot say we did not know all the facts.

Like many of my colleagues I have received letters from constituents. Today I received seven. I will read one that came from an employee of the IBRC:

Dear Deputy McGrath,

I am an employee of the Irish Bank Resolution Corporation, IBRC, now in special liquidation.

Last week I was working to deliver the best possible return for the Irish taxpayers by ensuring that all repayments due on the loans borrowed from the Anglo Irish Bank and the Irish Nationwide Building Society continued to be paid and that where borrowers were experiencing difficulty with the terms appropriate adjustments were made to ensure that the borrowers could continue to meet their obligations. However, overnight I was made redundant as a result of an Act of the Oireachtas without any prior notice or consultation. Worse still I had to find out about this sudden change in my situation through the media. I was shocked and angry at this treatment and remain so.

That was the reality for those staff members last Wednesday night. It is no longer the case that people did not know the reality. We are all better informed and now is the time to stand up for the citizens of this State and for future generations.

The deal on the promissory note has been described as an historic step, but when one looks at the detail, one can see the new arrangements will mean nothing this year. The Irish people are still responsible for the €64 billion of bank debt, including €28 billion of Anglo Irish Bank debt. Not a cent of the debt burden has been removed. My colleagues have said, with regard to the negotiations, that the bar should have been higher. Like distressed home owners, we have been put on an interest-only loan up to 2038. That interest rate will almost certainly rise. Today it is low because the EU is stuck in the middle of a recession but it will increase rapidly when there is a recovery. After 25 years we will go back to paying off the original €28 billion. Our grandchildren will still be paying off this private gambling debt in 2053. The changes in payment arrangements due to the restructuring also come at a terrible price. The shift from a promissory note to Government bonds means that the Anglo Irish Bank debt has been fastened to our backs. It is now hardly legal to remove it.

Last Saturday I attended the march organised by the Irish Congress of Trade Unions and met many thousands of people. They were particularly critical of the Government's plan for dealing

with unemployment and inequality. Current austerity policies are resulting in mass unemployment, emigration, greater inequality, and social stress in our families and communities. That was the basis for the protest. Protesters also put forward a very sensible proposal and I urge the Government to look at ICTU's plan for social and economic renewal because there is potential there to develop a jobs strategy and to try to get us all out of this economic mess.

*6 o'clock*

**Deputy Ciarán Lynch:** I wish to share time with Deputies Arthur Spring, Robert Dowds and Willie Penrose.

**Acting Chairman (Deputy Olivia Mitchell):** Is that agreed? Agreed.

**Deputy Ciarán Lynch:** I commend the work carried out by the Irish team in negotiating and restructuring the promissory notes last week. I must pay tribute specifically to the Economic Management Council comprising the Taoiseach, the Tánaiste and Minister for Foreign Affairs and Trade, the Minister for Finance and the Minister for Public Expenditure and Reform. What we witnessed last week in the Chamber is a reflection of what the Government has done since it came into office almost two years ago, which is to establish the country's economic sovereignty, restore our international reputation and carry significant reforms on how government operates. The legislation introduced last Wednesday night was not crisis emergency legislation as some have been led to understand. It had been prepared for several months. Events on Wednesday afternoon forced it to be carried through in an emergency fashion. What we saw was an issue of sequencing, but there was no crisis legislation going through the House and it is disingenuous of any Member to claim it was. Far from it, it had been prepared many months beforehand. It is a reflection of the Government's strategy which is proving to be working.

When the Government came into office, the Tánaiste and Minister for Foreign Affairs and Trade called every Irish ambassador home to inform him or her that there was a new Government in office and that the message coming from the country was going to be different. Concurrent with this, there were meetings with ambassadors based in Ireland to inform them Ireland was taking its business seriously.

It is welcome that Fianna Fáil, the author of this legacy that we are tidying up, agrees with the Government's position on the promissory notes. The reality, however, is that it had no choice. So bad was the deal it had put in place that any marginal saving was an improvement on it. It would have been better if Fianna Fáil had gone to some backstreet illegal moneylender to set up the promissory notes deal because, apart from getting a better one, it would not have had the legal standing of the legacy the Government inherited on day one.

Some Members of the Technical Group have been consistent for many years. Deputy Joe Higgins may have a view with which I would not agree, but he has been consistent during the years. Some might say he has the consistency of a stopped clock in that he is right every now and again but by accident of consistency rather than analysis that applies to real life. He has, however, been consistent and I take his remarks as genuine. However, there are other Members of the Technical Group who should know better than what they have been spouting inside this Chamber, but their priority is getting their newspaper column headline right for Sunday rather than the operation of the country.

When it comes to Sinn Féin, what can I say? Other than denying the net savings and gains from the deal put in place, if Sinn Féin engaged in the peace process the same way it has en-

gaged with this legislation, we would still be back in the early 1990s such is its intransigence and denial of our position. The European Central Bank does not do write-downs as it is illegal.

**Deputy Joan Collins:** What about Greece?

**Deputy Ciarán Lynch:** It is like asking a Toyota dealer whether one can buy a Mercedes from him or her. He or she will tell us where to go.

The main question is where to next. As Deputy Thomas Pringle mentioned, there is the ESM, European Stability Mechanism, and the issue of sovereign and banking debt which needs to be worked out which cannot be allowed slip down the agenda, given the success of last week's negotiations. There is the issue of how the country progresses its successful negotiation strategy in this regard, as well as the robust implementation of the insolvency legislation. While Professor Honohan might be worried tearing the hair out of his head with mortgage arrears, we are more worried about keeping the roof over people's heads, which is the real issue that needs to be debated.

Fianna Fáil had the slogan, "A Lot Done, A Lot More to Do". My God, it did do a lot. The hole it dug for us is quite large. For the Government there is a lot more to do to get the country back on its feet after that time.

**Deputy Arthur Spring:** From the outset the bank guarantee, the promissory notes and the regulation of the Central Bank were all bad deals for the country. As the previous speaker said, it is one hell of a deep hole out of which we are trying to dig ourselves. The economist Seamus Coffey said about the ECB deal:

The is little doubt that the new arrangement is anything other than a gain for the State. And unless your expectations were incredibly unrealistic (or more accurately based on fantasy), yesterday's announcements were pretty much as good as could have been hoped for given the institutional constraints faced.

Esteemed but non-celebrity economists such as Karl Whelan, Stephen Kinsella and Colm McCarthy used their expertise to say this was the best deal for the State. Not only have the Ministers done the right thing for the country, the backbenchers have too. It has not been easy implementing the programme for Government and the EU-IMF programme which was non-negotiable according to Fianna Fáil during the last general election. We now have a saving of €20 billion. While we cannot celebrate that people will be better off immediately, they will not be as badly off as they were going to be.

I compliment the Taoiseach, the Tánaiste and Minister for Foreign Affairs and Trade, the Minister for Finance and the Minister for Public Expenditure and Reform. The officials in the Department of Finance have done a sterling job in putting the country first. Speaking about people putting the country first, the job done by the Governor of the Central Bank, Professor Honohan, must be borne in mind. Not only has he put his entire focus on redeeming the sovereignty of the State, he has done so with a write-down of his salary, a point not lauded by the press or the media.

The supporters of a debt write-down are living in a fantasy world. Under the Maastricht treaty, monetary financing of any EU member state is illegal. If one used this position in the negotiations with the ECB, not only would one not get a deal but the country's economic credibility would be dashed. The amount of money the promissory note was put in place for was

money that was drawn down by Irish banks and subsequently pumped into the economy which was inflated and unrealistic at the time.

With our reputation in tatters two years ago, the Christian democrat and social democrat leaders in Europe needed to be approached. The Tánaiste and Minister for Foreign Affairs and Trade set about approaching his social democrat counterparts, as did the Taoiseach with his Christian democrat counterparts. The diplomatic offensive conducted by the Government cannot be underestimated. It was in good stead that we did not have Sinn Féin which is linked with the loony left in Europe, Fianna Fáil which is linked with no one in Europe, or the Technical Group which struggles to comprehend what is going on in Europe in seeking allies.

**Deputy Joan Collins:** We have allies in Greece, Portugal and Spain.

**Deputy Arthur Spring:** There is no Government that it is aligned to nor is there any Opposition party about to enter government that it is aligned to. Overall, the country is in a difficult position but we will work our way out of it. It will not be easy come the next budget or the budget after that but I believe that we are in wartime economics. Perhaps some people are speaking too much without having knowledge while others, who have knowledge, are speaking too little. If the people could understand what is needed to get the country right I believe they would stay by this Government and support it to do the right thing by them and by our flag.

**Deputy Robert Dowds:** It should be recognised that the promissory note and what went before it represent one of the greatest injustices perpetrated on the people. It is rather sad that this injustice was perpetrated when our own Government was in charge. It was not perpetrated by some coloniser from elsewhere.

I hope the Minister for Public Expenditure and Reform, Deputy Howlin, will forgive me for saying this, but a year ago I ran into him in the corridor. He had a smile on his face and I asked him why he was smiling. He commented that for the first time he believed we would get a deal on our debt and that they would sort out the euro. What happened last week was a demonstration that his hopes were delivered and, for our sake, it is more than welcome that this occurred. Great credit should be given to the Ministers concerned, that is, the four Ministers of the Economic Management Council, the Taoiseach, the Tánaiste, the Minister for Finance and the Minister for Public Expenditure and Reform. The fact that Mario Draghi was asked about this issue and stated that the members of the ECB unanimously noted the decision of the Irish Government was an indication that it was something especially for us. It was also an indication of the vast amount of work that had to be done to secure the arrangement.

How should we progress from here? This has been such a traumatic thing for us and there are lessons we must learn. Among these lessons are the following. We need to shed our obsession with property and build only what we actually need as opposed to investing blindly in property. We need to take a different view of the zoning of land and only zone what we require for industrial and residential purposes rather than the lunacy which went on during the Celtic tiger years. We need to invest our resources in terms of land, labour and capital into sustainable, long-term, job-creating industries rather than simply building houses, hotels and apartment blocks. We need to ensure we never allow the State become too reliant on the tax revenue from any one particular sector of the economy, such as happened with the building boom. We need to provide infrastructure for what is actually required. We need to be prudent with our finances, public and private, and we need to limit the racking up of personal debt through credit cards and other financial instruments. We need to change our political culture in order that there is greater

focus on the long term rather than the short term. Finally, and above all, we need to ensure that our banks and lending institutions are properly regulated. If we learn these lessons we will be in a better place but in the meantime there is no doubt that while we made giant strides forward last week there is a great deal more to be done. The Government is absolutely determined to do what needs to be done and to dig the country out of the hole it is in.

**Deputy Willie Penrose:** The liquidation of the Irish Bank Resolution Corporation and the transformation of the promissory notes are welcome developments and the difficulties faced by the Government to achieve these should not be underestimated. Therefore, the Government should be congratulated on its achievements because they were by no means easy. It is important to bear in mind that the Government inherited the promissory note debacle due to the weakness of the previous Government in capitulating to the demands of the ECB to the effect that the debts of Anglo Irish Bank and Irish Nationwide Building Society be taken on by the Irish taxpayer. We should recall that the Government of Iceland, whose banking system was as irresponsible as ours in borrowing recklessly from European banks, took the view that the people of Iceland should not be burdened with the gambling debts of irresponsible banks and allowed that country's banks to collapse. Therefore, the Government inherited an appalling millstone around the neck of the people that was IBRC and its options to deal with the situation were rather limited. These options have been outlined by Deputy Spring.

People who refer to write-offs do not understand the nature of the treaties and the legal framework in which the ECB operates. The ECB which, at the insistence of Germany, is a replica of the Bundestag, has one objective only, that is, the control of inflation. Therefore, the ECB cannot create money and when it advanced emergency liquidity to IBRC, it insisted that the money be repaid and destroyed. It is difficult to believe that this is what the promissory notes involved but effectively what occurred was that every year the Government would hand over €3 billion of taxpayers' money to IBRC, which would then repay the Central Bank of Ireland. The bank, in turn, would then repay the ECB, which would then use the money to reduce the eurozone money supply. This had precisely the same effect as burning the money. Under the new deal the Irish taxpayer must still repay the gambling debts of the errant banks but under more favourable terms. However, we should bear in mind that the bank debts still constitute a quarter of the total national debt. Had the bank debt not been turned into sovereign debt our debt to GDP ratio would be a great deal more sustainable and we could have resumed normal borrowing by now and escaped the clutches of the troika.

It is a welcome relief that the new arrangements will result in annual savings of more than €1 billion in Government spending from 2014 onwards, but we are still in the vice grip of the troika-imposed reduction of the budget deficit to below 3% of GDP by 2015. This will require more cuts to Government spending or increases in tax in the coming two years unless there is a significant economic growth in the meantime. We should also bear in mind that while the burden of the promissory notes, which is close to 15% of 2013 GDP, will fall as a result of the deal, if we assume a realistic average growth rate of 2% over the coming 25 years the bonds issued to replace the promissory notes will still be approximately 7.5% of GDP in 2048, by which time some of us will be dead and gone and our children will be entering the labour market.

Growth rates will be remarkably important in the coming decade. Some commentators have argued that the real burden of the bonds will fall as a result of inflation. That is natural and correct but since the ECB's primary role is to ensure that inflation never exceeds 3% we should not assume that inflation will reduce the burden of our debt. Some eminent economists argue that the policies of the ECB and the troika are a problem and could lead to deflation, which is a great

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deal more difficult to resolve than inflation, as Japan has found out during the past decade. The ECB's German-inspired obsession with controlling inflation is not supported by the evidence, which shows that mild inflation is consistent with steady economic growth. Anyway, the deal achieved last week is a good beginning to the resolution of our financial crisis but it is only a beginning, as all speakers have said.

The crisis was partly caused by the flaws at the heart of the euro project. Europe has a central bank with only one objective, that is, the control of inflation, and one instrument, that is, the control of interest rates. A computer programme could implement the monetary policy of the ECB because it could be set to increase interest rates as soon as inflation reaches 2%. By contrast, the Bank of England and the Federal Reserve in the USA can take into account economic growth and unemployment in the setting of interest rates.

While the immediate cause of the Irish banking crisis was of course irresponsible lending to builders by Irish banks, this lending was made possible by the introduction of the euro, which eliminated exchange rate risk when Irish banks borrowed from other European banks. The implementation of a one-size-fits-all interest rate policy by the ECB further fuelled irresponsible borrowing because the ECB kept interest rates low in the interests of Germany although higher interest rates were required in Ireland to dampen the fever of borrowing. In the absence of altering interest rates as a policy instrument much more effective financial regulation was required, something, of course, we did not get. Instead, in Ireland the light-touch regulation beloved of those in the Progressive Democrats and their acolytes in Fianna Fáil led to virtually no regulation as the RTE documentary on Irish Nationwide Building Society showed recently.

When the euro was introduced many distinguished economists argued that in the absence of fiscal union and centralised bank supervision there was a danger of the crisis which eventually occurred, and it happened on a scale which justified their worst fears. Europe is only now establishing a centralised system of regulating banks and a fund to rescue failing banks. I believe the European Stability Mechanism has not been given the resources necessary to be effective. While it holds the Presidency of the EU Council, Ireland should press for an effective ESM and demand that the ESM shoulder some of the cost of rescuing Irish banks.

Ireland's GDP is less than 2% of the EU GDP yet we have taken on approximately 40% of the cost of rescuing EU banks. This is grossly inequitable and must be addressed at EU level. While the Irish banks were irresponsible borrowers, many French and German banks were irresponsible lenders and yet they have escaped their responsibilities. Ireland should insist that when the ESM is fully established it takes on a substantial portion of Irish debt. Thus far the EU handling of the banking crisis has involved privatising the gains of banks. There is now consensus among economists that the European project will be deemed to have failed unless the EU becomes a monetary and fiscal union similar to a federal state.

Last week, we witnessed the usual political haggling over the EU budget. The United Kingdom wants the benefits of EU membership without its costs and it succeeded in reducing the budget by almost €1 billion. The EU budget constitutes less than 2% of EU GDP. In the US federal expenditure is 20% of GDP. This level of federal spending allows the US to operate a coherent monetary union in a way that is impossible in Europe with its current structures. The only alternatives for the EU to avoid periodic crises of the type we are experiencing are either to proceed to full monetary and fiscal union or to abandon the euro and return to being a free trade area.

While we have been focused on resolving bank debts for the past three years, less attention has been paid to the issue of household and small business debt. The Personal Insolvency Bill is a brave attempt to deal with this issue and I look forward to its speedy implementation. However, it will only work if the banks are compelled to deal decisively with the debts on their books. The Governor of the Central Bank recently expressed frustration at the tardiness of the banks in dealing with this issue. They need to be sharply reminded that they have been rescued with taxpayers' money and that they should deal speedily with the personal debt on their books to ensure an adequate supply of credit to the small and medium enterprises on which our economic recovery depends. Let us get on with the job in hand.

**Deputy Mary Lou McDonald:** It is obvious, but I will say it nevertheless, that no tears were shed in this country at the demise of Anglo Irish Bank.

**Deputy Arthur Spring:** What about the employees?

**Deputy Mary Lou McDonald:** The public viewed it as a toxic institution and not unreasonably placed a substantial portion of the blame for our economic crisis at its door. That said, however, I am mindful of the hundreds of workers who learned in the small hours of the morning that their jobs were gone and their contracts had been torn up. That is no way to treat any set of employees, particularly those who are employed by the State. The State should be the trailblazer for high standards in employment practices. The experience of the workforce in Anglo Irish Bank indicates that the Government does not aspire to such standards. While some of those employed in the bank were on outrageous salaries, for the most part its employees were certainly not bringing home pots of gold.

The handling of the Irish Bank Resolution Corporation Bill 2013 was farcical. Regardless of the types of negotiation that had been taking place with Europe or the leaks to the media, of which the Government press office appears to have been aware in advance of 6 February, what happened in the Dáil was not the way to do business. The Government showed an enormous lack of respect for this institution, for Deputies and, most important, for the people we have the privilege to serve. It treated the Dáil and Seanad as nothing more than a rubber stamp. That is not acceptable. The Taoiseach should consider how he looked to the world outside this political bubble when he conceded an additional 45 minutes to scrutinise a Bill Deputies had only set eyes on an hour earlier.

There is a justifiable feeling among the general public that they have been let down, but this appears to be lost on the Government benches. Fine Gael and Labour Party Deputies came into the Chamber with their chests puffed out and clapped each other on the back for doing a great thing. The truth, however, is that private debt should never have been saddled on the shoulders of Irish citizens and, while Fianna Fáil walked us into this mess, Fine Gael and the Labour Party are making sure we do not get out of it for the next 40 years. Some €60 billion and counting of taxpayers' money will not be spent on public services, infrastructure or tackling the many environmental and social challenges we face.

It is said that we should walk a mile in a person's shoes. I have been trying to understand why Government Deputies describe this as a great achievement. During the course of this debate we have heard talk of great strides being made and the Government digging us out of the hole of debt. Let us consider these so-called achievements. Perhaps Deputies consider it an achievement to transform the promissory note - an IOU - into long-term Government bonds. Perhaps they think it a great achievement to change the promissory note, which was a legally

dubious instrument because of the ban on monetary financing, into sovereign debt with robust legal status. The Government will argue there will no longer be a need to find €3 billion every March to repay the promissory note, but balanced against that will be the interest payments of up to €1 billion per annum in two separate payments. Unlike the promissory note arrangement, we know these moneys will not remain within the Central Bank or the State over the longer term. We are told this, too, is an achievement. Kicking the can 30 or 40 years down the road is supposed to be an achievement. Relying on inflation to eat into the principal of €28 billion is also supposed to be an achievement. There is a particular irony in this claim given that the very institution with which the Government negotiated - the European Central Bank - has the fight against inflation as its primary mandate. So much for that achievement.

In bread and butter terms, what will this mean for budgetary relief for the men and women of this country? Will it ease austerity? Will there be second thoughts on the property tax, child benefit or respite care grants? None of the above is on offer. Perhaps Government Deputies regard that as an achievement.

The bar was set very low during the course of this negotiation. My party leader and I have both stated in this House that the Taoiseach was doing a disservice to this State and its people by consistently parroting the mantra that we will pay our way and will not have the word “defaulter” written on our foreheads. He positioned himself in that way. When we consider that was the political decision taken by the Government, it is little wonder that it could not go in and argue for a write-down. I do not buy for one second the fairy tale from the Government that it kept away from this issue because it was faintly ridiculous or patently unachievable. It kept away from it because it did not have the political courage or standing to go in and make a straightforward argument about an IOU the State could not and cannot afford, an IOU which, as admitted by the Minister, was legally dubious. The Government failed to do this.

There is work to be done on the issue of the legacy debt, but I have little confidence in the Government’s ability to prosecute a successful negotiation on that issue, given how lame its attempts and “achievements” have been on the promissory notes.

**Deputy Seán Crowe:** I agree with Deputy Mary Lou McDonald on last Wednesday night’s farce when nobody covered himself or herself in glory in the context of what went on in the House. I listened to Deputies who shouted and roared suggesting they had read the legislation, but just down the corridor it was in their pigeon holes. Perhaps, one well worn copy had done the rounds, but it seems unlikely that people had the opportunity to read it beforehand. It was rushed through without a full debate and the Opposition was only given two hours to study it. While I welcome the Government’s decision to set aside time to debate the issue this week, this does not make up for the lack of proper scrutiny of this important legislation. Following last week’s farce, people should look at themselves in the mirror and consider whether it was work well done. I do not believe it was.

The Government, through this legislation, is planning on saddling taxpayers, their children and, possibly, their grandchildren with a huge debt. That is what is wrong about the decision made last Wednesday night. Like others, I believe this private gambler’s debt was not created by Irish taxpayers and the State should never have taken on responsibility for it. Like others, my family and I, my sisters and brothers and their children have been left to carry this debt. I do not believe the State should pay one cent of that debt, nor should it pay one cent in interest on it. This is a legitimate and logical position to take. It was a realistic position, even before the Government’s agreement last week.

The Government is following in the well worn footsteps of Fianna Fáil and going to trade the €28 billion promissory note debt for a sovereign liability which could cost the state up to €60 billion. All in all, the Government's much-hyped deal on the Anglo Irish Bank promissory notes doubles the cost to the taxpayer of bailing out that zombie bank. When we cut through all the spin and hype, the deal on the Anglo Irish Bank promissory notes represents another burden on the backs of taxpayers and future generations.

The Government, like previous Fianna Fáil Governments, argues that there was no choice and that this deal is a result for Ireland. For whom in Ireland is it a good deal? The Government may have a short memory. Less than one year ago the Taoiseach spoke about the proposed deal being a "game changer" for Ireland's finances and said an agreement would represent a "seismic shift" in European policy and should open the way to "re-engineer the debt burden." However, rather than seek a write-down of the debt, the Government has kicked the debt issue further down the road. The only "seismic shift" that took place was the shift of a possible €28 billion in private banking debt, plus possible interest of €32 billion, onto the shoulders of taxpayers and future generations.

Did the Government examine the initiatives won when other countries, Spain in particular, pushed the Eurogroup to commit to separating banking and sovereign debt? The separation of private debt from sovereign debt was what was supposed to be agreed. It is the opinion of a minority in the House that we should have pushed this issue to that conclusion. We should have insisted on the separation of banking and sovereign debt and refused to pay one cent more on the promissory notes. Now, we can, of course, look forward to the debt not only being paid by this generation of citizens but also by their children and, possibly, their children's children, for at least the next 40 years. While this deal may provide the State with some short-term deficit relief, it significantly increases the cost of bailing out Anglo Irish Bank. Ireland has been lauded by EU leaders for its "brave stance". Why not laud it, when the Government has completely capitulated to Merkel's and Frankfurt's way. Even in their wildest dreams, I am sure they did not think any state would voluntarily latch the most toxic of its toxic banking debt to itself.

Across the State ordinary people are trying to cut through the hype and spin. They are asking themselves whether their debt has been reduced and whether this deal will mean fewer tax hikes and spending cuts next year and following years. Sadly, the answer to the first question is no. We get a different spin from the Government, but over the period of the past two Governments, the citizens of the State have been hit by almost €30 billion in cuts and extra taxes in six long austerity budgets. People struggle to pay extra direct and indirect taxation introduced by these Governments. They have seen social spending slashed and major cutbacks in the services provided by the State. Low income civil servants have made major sacrifices through significant pay cuts.

In January a credit union income survey found that 1.6 million people were left with €50 or less at the end of the month after essential bills had been paid. The report highlighted that since October 2012, unfortunately, 230,000 more people had fallen into this bracket. The survey also confirmed that budget 2013 would impact negatively on the finances of eight out of ten adults living in Ireland. However, the Government and the European Union continued with their austerity measures. In 2013 ordinary citizens will be faced with new burdens through water charges and a home tax.

Is it not reasonable to ask how the people will benefit from this new arrangement? If we are saving great amounts, why are we not celebrating the dropping of a property tax worth €500

million a year? The troika was quite clear in its meeting with Sinn Féin that any savings made in the promissory note arrangements would be used to pay off the debt. The Department of Finance projects an immediate saving of some €25 million; the cut made in the budget to the respite care grant was to save €26 million. Will this cruel cut be eliminated? I look forward to that announcement.

The Government had an historic opportunity to secure a real reduction in the cost of the toxic banking debt which was a legacy of the Fianna Fáil-Green Party Government. Such a reduction would have been well received and celebrated by all sides of the House. However, the Government did not achieve this. Not only has it wasted that historic opportunity, it has also increased the cost of that heavy burden on future generations. That is what is wrong with the agreement passed last Wednesday.

**An Leas-Cheann Comhairle:** I call Deputy Paul Connaughton who is sharing time with Deputies Joe O'Reilly, Brendan Griffin and Mary Mitchell O'Connor.

**Deputy Paul J. Connaughton:** I thank the Chair for giving me the opportunity to speak to the motion. I take the opportunity to congratulate the Minister for Finance, Deputy Michael Noonan, the Taoiseach and all the officials involved in the negotiating process on a job well done. The negotiations were very involved and difficult, but the process has been worthwhile. It has borne fruit and resulted in a deal which will make Ireland's debt more sustainable and ease the economic burden on the country as we make our way out of the financial crisis. For many months, since the outset of the crisis, every time one turned on the news one was met with a barrage of bad news in terms of various rating agencies downgrading the status of Irish bonds. This deal will ensure Ireland will turn the corner.

The restructuring of the promissory notes provided for the IBRC was a very necessary step in stabilising the country's economic fortunes. This stabilising influence is reflected in the fact that the rating agencies are to take a more positive view of Irish bonds. This deal brings us €1 billion closer to attaining our 3% target deficit in 2015 and results in a massive reduction in the State's borrowing requirement of €20 billion in the next decade. This represents money that we do not have to borrow, rather than money in hand. While this is less tangible in some respects, it makes the task facing the Irish people, in terms of extracting the country from the financial mire in which we found ourselves following the last general election, less daunting. As a country, we continue to face many difficult decisions. The budget deficit is still very large. We need to make further progress on the debt assumed from the pillar banks.

While I welcome the deal that has been done, I think it should be seen as no more than a step along the road. Tough decisions remain to be made, for example in the area of mortgages. I know the Minister for Finance recognises the need to ensure the banks deal fairly with the thousands of families that are in serious mortgage arrears and are unable to sustain their unsustainable debt levels. Every Member of this House regularly meets people who are in great financial distress. All too regularly, we witness the emotional distress this causes. Our top priority must be to tackle this thorny issue. All necessary pressure must be brought to bear on the banks to ensure they deal with householders on a case-by-case basis. Where write-downs are necessary, they must be undertaken.

I note that the Governor of the Central Bank, Professor Patrick Honohan, has said that household financial distress is at unprecedented levels. This is reflected in my experience of meeting people at my clinics in County Galway every week. According to Professor Honohan,

the Central Bank and the banks have been ramping up their efforts to address these problems. This is not being reflected in the experience of my constituents whose stories I hear on a regular basis. Far too often, customers are met with a brick wall when they attempt to point out to their banks that their debts are simply unsustainable. The lack of action on the part of the banks is not just regrettable - it is morally wrong.

Families throughout the country are having to pick up the pieces as the banks hope the money will somehow materialise if they put enough pressure on hard-pressed families. This issue will have to be tackled in cases where the money needed to meet mortgage costs is simply not there. We cannot let a generation of this nation's children grow up in homes where the dark cloud of unsustainable mortgage debt is all-pervasive. Professor Honohan has spoken out about the consequences for borrowers who are not co-operative and are refusing to make a reasonable effort. While I am aware that such cases exist, I assure the House that in the majority of the cases with which I deal, the banks rather than the borrowers are refusing to make a reasonable effort.

The promissory note deal also signals the welcome death knell for Anglo Irish Bank and Irish Nationwide. Everyone in this Chamber is only too aware of the price the Irish people will pay for the decisions of rogue bankers for decades to come. This deal is a further step in the right direction as Ireland aims to emerge from the programme of assistance, and stand financially on its own two feet, at the end of 2013. All of the targets have been met to date. The necessary restructuring of the financial sector has been achieved. Ireland will regain its economic sovereignty if it emerges from the programme of assistance, which is the aim of the various steps the Minister, Deputy Noonan, and his officials have been working so hard on in recent months. I will conclude by again acknowledging the work of the Minister, the Governor of the Central Bank and the diplomats and officials in the NTMA in securing this most important deal for Ireland.

**Deputy Joe O'Reilly:** I would like to join others in congratulating the Minister for Finance and his officials, Professor Honohan, the Taoiseach and the Tánaiste on this significant achievement, which silences the Jeremiahs, the naysayers and those who said what has been done could not be done. It is recognised outside the House that this is a massive achievement for the Government. This deal is instilling confidence in people and will be a huge part of the recovery of our country. It means in practical terms that in each of the next ten years, some €3.6 billion will not have to be paid in respect of a promissory note. The extension of the deadline from 2038 to 2053 is a considerable achievement. Anyone whose mortgage could be extended in such a way will appreciate that the effects of inflation - even though we are trying to curb inflation, it is inevitable that there will be a certain level of inflation - would make their repayments insignificant. In reality, the effects of inflation mean this is all but a write-down. It will involve borrowing €2 billion less each year. That will have substantial implications for our economy. The use of Government bonds means the interest rate we will be paying has reduced from 8% to between 3% and 3.5%. We will have an effective interest rate of 1%. One of the first implications of the quality of this deal is the decision by Standard and Poor's to upgrade Ireland's rating with immediate effect. The deal has been applauded by a range of reputable commentators, including the *Financial Times* and a number of domestic commentators.

I would like to mention a couple of the advantages of this deal. The implications for consumer spending of the fact that we will not need to cut as many front-line services or impose as many taxation increases will benefit the economy. In addition to not having to make cuts, there is the twin advantage of avoiding the potential depression of the economy. Therefore, it

is of enormous assistance to the country. This deal will allow us to return to the bond markets. Ireland's interest rates have fallen considerably in the past week since the deal was effected. The deal will increase confidence, which is intangible but is very important for the economy. It will serve as a boost to consumer confidence, confidence in our small and medium sized enterprises and confidence in the capacity of our lenders to lend again. Last week's achievement was matched by the arrangement of a deal on the multi-annual financial framework for the EU budget over the next seven years. In that context, some €6 billion has been dedicated to dealing with youth unemployment. The deal Ireland has achieved under the Common Agricultural Policy is very significant, with just a minor downward adjustment. It is being held at the figure that was promulgated throughout last year. That has to be significant for our economy.

The big challenge is to translate all of this into an attack on unemployment. I hope the Minister will address this in his reply. I do not need to remind the House of the impact of unemployment on the dignity of the human being. In addition, a saving of €20,000 per annum is made every time a person comes off the live register. I hope we can translate last week's success into an effort to deal with unemployment. The unacceptably high level of youth unemployment needs to be addressed too. It is very encouraging that the youth guarantee, which ensures young unemployed people get training and education, has gained traction and is being supported in the EU. The big challenge is to translate this deal into jobs by using the money that would have been paid on the promissory notes, on interest or on other borrowings but is now available to the Government to create the conditions that incentivise employment. The very existence of this deal will stimulate and create confidence in the domestic economy and thereby generate jobs. We should be very proud of this good news story. It should be endorsed in this Chamber, just as it has been endorsed by people outside the Chamber to whom I have spoken, including all reasonable commentators and the general public. If we match that endorsement and build on it for the sake of this country, it will be a good day for Ireland.

**Deputy Brendan Griffin:** I want to echo the wise and informed words of my colleague, Deputy O'Reilly, whose contribution this evening was spot on. I warmly welcome and support the Government's motion on this issue. The deal that was achieved by the Taoiseach, the Tánaiste, the Minister for Finance and their team in Europe last week was simply remarkable. We can all be very proud of it because it is a fantastic deal for Ireland. I want to pass my congratulations and gratitude, and that of the people of Kerry South who elected me, to those who negotiated it on behalf of this country. It will make a huge difference to the lives of my constituents and of future generations. This is a major step on the road to economic recovery. I believe the best possible deal which could be achieved in Europe for Ireland has been achieved. A major weight has been lifted from the necks of the Irish people as a result of the finalisation of this deal last week. The deal means we no longer have to borrow €2 billion a year for the next years to pay the promissory notes. That will have a major impact on the budgetary process in our time, which is welcome. We have effectively transferred over 40% of legacy banking debt into very long-term debt and significantly reduced the cost of financing that debt, which is a great achievement. We also still have the EU commitment that Ireland is a special case. I would like to see the work now turn to focusing on ensuring we get a deal on the debt associated with our pillar banks, which needs to be prioritised by our negotiating team.

We have heard many references to future generations over the last seven days. There was one reference, which I thought very unfortunate, to toddlers of today who will be paying back the principal sum at the age of 40. What was neglected was the point that those same toddlers will be probably be paying €30 or €40 for a pint of beer at that time. That is the type of context

into which we need to put this achievement. It is disingenuous to make points like that. While it is very simple to say we will be paying this principal sum back in 40 years, we need to give the full picture.

What we have done is to prepare a far better Ireland for future generations. I say this from my heart as one who will be becoming a father in the next couple of weeks, with the help of God. We have prepared for a future Ireland that is unshackled from the debt burden that hung around our necks in recent years. This will allow us to build a better Ireland and a better society for our children and grandchildren of the future to be born into. That is the achievement of the last seven days. As a man, more than as a TD, I am very grateful to the people who have done that on our behalf. In time, we will be proven right. Unfortunately, for their own political gain, some people will not acknowledge the achievement and will try to undo it, disingenuously so. This is the best news story to come out of Ireland in a long time. I know future generations will be very grateful to us for having done this.

The analogy of the can being kicked down the road has also been thrown about recklessly in the last couple of days. Yes, the can has been kicked down the road, but it has been kicked so hard and so far that there will be very little can left at the end of that road. That is the key point. We need to put this into context. It is huge money but, with inflation and with economic growth, in time, this will be a major achievement for us, it will be sustainable and it will help future generations to grow and prosper. It must be supported. I want to firmly put my heart and soul behind this motion. It is a good deal for Ireland.

**Deputy Mary Mitchell O'Connor:** Everyone needs a hero; every country needs a hero; every government needs a hero. Last week the Minister, Deputy Michael Noonan, filled those boots. I do not choose the noun lightly. In fact, I did not choose it at all. “Hero” was chosen by a number of journalists who wrote articles regarding last week’s events. Professor Patrick Honohan, Governor of the Central Bank, Ministers and Civil Service staff have worked hard to land this promissory note deal for Ireland and we owe them a debt of gratitude.

In the *Sunday Independent*, a number of leading entrepreneurs and business leaders, who create jobs in this country, gave their views on the new deal. Mr. Martin Naughton, the entrepreneur and Glen Dimplex founder, described last week’s deal as “very positive news”. The chairman of Connemara Mining and Petrel Resources, Mr. John Teeling, said the Government had “effectively written off” the cost of the Anglo Irish Bank bailout with the new deal. Green-core boss Mr. Patrick Coveney said the deal would “undoubtedly” help our economy recover, and that it “represents another step on the road to recovery and self-sufficiency”. The CEO of the Maxol Group, Mr. Tom Noonan, said the package should help to stimulate Ireland’s local economy. The KBC Bank Ireland boss, Mr. John Reynolds, said the deal “is as good as - or possibly slightly better - than might have been reasonably expected”. Mr. Karl Whelan, regarded as the expert on promissory notes, stated “this seems about as good as we could get ... I think this is a good deal for Ireland.” Mr. Peter Brown from the Irish Institute of Financial Trading said it is a “stunningly” good deal and that its terms are “quite amazing”. Mr. Robert Finnegan, chief executive of 3 Ireland, said “Any deal that allows for repayment of debt over a significantly longer period at lower interest rates is good news”. The businessman Mr. Declan Ganley said the deal puts Ireland “in a better position than it was”. Very respected economic and political analysts have recognised last week’s agreement as the best possible outcome for Ireland.

Our success story went viral. Top newspapers around the world also recognised our success. *The New York Times* bore the headline “4 Years After Crisis, Ireland Strikes Deal to Ease

a Huge Debt Load”. *The Guardian* stated “Ireland secures deal to reduce Anglo Irish Bank debt repayments”. Standard & Poor’s stated that the deal has improved its outlook for Ireland’s creditworthiness. This air of positivity will undoubtedly have major knock-on effects in terms of employment, spending and growth. The removal of the promissory notes will provide a reduction in the State’s general Government deficit of approximately €1 billion per year over the coming years and it will lead to a reduction in the State cash borrowing requirement over the next ten years of €20 billion. Ireland’s debt is now more manageable and the State has the space and time to recover and grow.

Let us be clear. I am not saying all our problems are over. However, we need to stop bickering and stop the negativity, put our heads down and make sure the message goes out from this country that we are open for business. Oscar Wilde stated that optimists see the doughnut and pessimists see the hole. Now is the time for all of us to see the doughnut.

**Deputy Micheál Martin:** We welcome this deal as a significant improvement on the previous situation. It delivers important benefits, particularly in terms of the profile of Irish debt over coming decades. In the medium term it relieves some of the pressure on the budget. What the deal absolutely does not do, however, is deliver the final answer. It marks progress but it is not a fundamental game change. The justice of Ireland’s case for relief has only been partly addressed.

In the midst of the rising tide of self-congratulation from the Government, what it has not done is to provide a detailed analysis of the full impact of the deal. It has exaggerated benefits and ignored major areas of uncertainty in the deal. A defining part of the strategy is to put politics first. We saw this last Thursday, when the Taoiseach and Tánaiste spoke for 20 minutes and gave about 20 seconds to explaining the detail of the deal. It should be noted that the Minister, Deputy Noonan, has taken a very different approach to that followed by his colleagues. Last week, he was open and constructive and has continued that policy into this debate. His speech yesterday avoided the partisan claims of other speakers.

Remarkably, the actual text of the deal is not available to us for this debate. We have received technical briefings about the Government’s interpretation of the deal, but we have not been given the opportunity to examine the actual text. As has been shown time and again, the last thing one should do with this Government is to take its claims at face value.

Last Thursday, the Department of Finance published a detailed analysis of the deal’s impact only up to the end of 2015. It appears that, as far as the Government is concerned, all we need to know is what happens up to the next election. Everything beyond that point has been left to general statements. This matters, because the uncertainty in key elements of the deal involves up to €32 billion across the full term of these new bonds. The provisions of the deal relating to interest rates and the length of time the Central Bank will hold the bonds are not some side issue. They go to the heart of the level of relief Ireland will receive.

While the Government has withheld significant details of the negotiations, the evidence suggests this is the issue where the ECB rejected Ireland’s proposal last month.

*7 o’clock*

At all stages in the discussion of this issue, Fianna Fáil has focused on being constructive. As we demonstrated again last week, we have rejected the Gilmore model of opposition still being followed by others, which involves attacking everything and never accepting the limits

within which public policy is developed. However, this debate has been structured by the Government to be three days of self-praise with as little genuine engagement as possible. It has proposed a motion which goes well beyond welcoming the deal and asks us to support a much wider range of Government policies. Equally, the Government continues to use a set of arguments at home which are completely contradictory to the arguments that secured this deal. We will respond to the ridiculous grandstanding and exaggeration coming from the Government but, equally, we believe that this debate should have more substance to it. A new agenda needs to be set out. This debate has been promoted as marking the decisive end of a process. We cannot support that idea.

Ireland's case for further significant relief from the impact of its bank-related debt remains strong. Over the last week, there has been a very selective presentation of the past. Remarkably, the Government has used many arguments in this debate which undermine our case for further relief. This should be a debate about the future but the speeches from the Government require a response to their distorted picture of the background to this deal. During the period 2008 to 2010, the world experienced its biggest financial crisis in 80 years. Within Europe, the crisis was most acute because it involved a still-young currency union built with profound faults in its basic design. History already records that this was a period of dramatic uncertainty combined with an acute fear that contagion was about to swamp the European financial system and, in turn, the wider European economy. The absence of key policies and rigid application of damaging ones made a bad situation much worse, caused a succession of runs on the sovereign bonds of eurozone countries and continue to undermine recovery to this day.

Over the last two years, a series of major developments have helped to restore some stability and have removed the once-all-consuming fear of contagion. Different countries have begun to benefit from these developments. Debt write-downs, ECB intervention, shared funding of bank recapitalisation and a lender-of-last-resort fund have given countries options not available before and certainly not available in 2008-2010. When confronted with its own financial crisis, Ireland did not have these options. Ireland was effectively pushed into tackling the situation with little or no room to reduce its liabilities or receive assistance. These facts are often ignored but they have provided the entire case for the deal just agreed. Every time the Government indulges its partisan instincts to claim that everything was purely the responsibility of the last Government, it is directly contradicting the case that entitles Ireland to relief.

It is correct to say that the bank guarantee of September 2008 marks the formal start of the chain of events that created these debts, but it is entirely wrong to say that the guarantee made them inevitable. There is a lot to be learned from that event, none of which will be learned if Ministers keep up their current tactics. Given that they constantly ignore this fact, the record shows that ten out of 15 members of the current Government voted for the guarantee and all 15 voted to renew it subsequently. The Labour Party proposal of the time was not to let banks go bust but to immediately nationalise everything. It is basic fact that some of the guarantees' strongest proponents now claim to have been against it all along.

In the decade leading up to the guarantee and in particular from the point at which we formally joined the euro, bad practice and abuse within the financial system occurred on an enormous scale. This is primarily the fault of those involved, but there were major failures in the regulatory and political oversight of the banks. The ECB, the central banks of member states, governments and parliaments all failed. It is a reality that the only debates in this House about banks concerned how to get them to lend even more and no serious debate about regulation took place until the system was in turmoil.

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In the period after the guarantee, the need to recapitalise the system was established. It has been well proven that at different stages, efforts to burn significant proportions of bank bondholders were opposed by key international players whose support was required to keep the financial system functioning. In effect, Ireland was denied the opportunity to reduce the debt impact of the banks. On top of this, Ireland was initially given no assistance in funding this impact and was then given funding at a high rate. My late colleague Brian Lenihan did begin a programme of writing down the debts of certain types of unsecured bondholder, but this was well below the level sought by him. It was agreed that the impact of the debt needed to be reduced, and the published record of the European Council for the period from December 2010 to February 2011 shows that the need to address Irish debt sustainability was already in the draft conclusions for the summit that our new Taoiseach attended soon after taking up office.

It was entirely right that bondholders were a major issue in the general election. My party took the brunt of justified public anger about these debts. What was entirely wrong was the cynicism with which certain parties campaigned on the issue. They talked tough while looking for votes but abandoned their posturing almost immediately. The attempt by the Labour Party and Fine Gael in this debate to redefine what their positions were is fooling no one. The Labour Party has had most of the heat because of how effective the Tánaiste was in claiming that he would be dictating terms to Frankfurt. Fine Gael was more specific, promising that “not a red cent more” would be paid for the banks. In government, however, these parties have paid billions of euro to unguaranteed, unsecured bondholders of banks. This was nothing to do with the guarantee. They did not burn those bondholders but they did burn their election promises.

What has happened since 2010 is that Europe has slowly - in fact, not yet fully - started to address the need for policy change. The escalating Greek crisis has twice led to significant reductions in the interest rates on existing loans to all countries. The fiscal treaty was enacted to give some greater credibility to the Stability and Growth Pact and, far more importantly, it creates a larger and permanent fund not just for bailouts but also to try to prevent them from being necessary in the first place. The principle of no write-downs which we faced has been abandoned. Greece has twice effectively written down its debt and the package currently being negotiated with Cyprus includes an aggressive “bail-in” of bank bondholders in order to dramatically reduce the public cost of saving banks. European banks are still going bust and being recapitalised with public money but bondholders are now sharing the pain.

Most important of all has been the changed leadership of the ECB. Under Jean-Claude Trichet, the ECB became obsessed with being a hardline enforcer of orthodox policy, even to the extent of threatening the very existence of the common currency. His successor, Mario Draghi, has adopted a radically different approach, summed up by him last year as “Whatever it takes”. He has restored confidence in the banking system and signalled support for sovereign debt, stretching the limits of the bank’s legal remit further than anyone had imagined. Mario Draghi has shown more imagination and bravery than any of the European Union’s political leaders and without him there would be much greater austerity and a much more profound crisis across Europe. From Ireland’s point of view, his impact has been undoubted - something that is highly ironic given the fact that the Taoiseach has confirmed that he held no discussions with Mr. Draghi before agreeing to his appointment.

The Government is today presenting the picture of a visionary negotiating strategy executed with determination over two years. The truth is very different. Initially, the Government said it was concerned with the interest rate on the existing loans. This was dropped when it finally accepted that the interest was returning to the Exchequer and was irrelevant. The strategy

was then to come up with an agreed technical paper, but this never materialised. The next strategy was to say that Ireland deserved something for being the best boy in the class. Saying that Ireland was doing fine and should be allowed to do even better did not work either. Following the latest Greece-inspired deal, the Government finally agreed to start using Ireland's strongest case - that we incurred these debts because of European failures as well as Irish failures and deserve relief because of basic principles of equity.

While he continued to refuse to commit to this strategy in the Dáil, because he enjoys political attacks too much, the Taoiseach made this case outside the country from October onwards. As I said last week, the strength of Ireland's case post the June 2012 Greece deal meant that a deal was highly likely and its broad outlines were always likely to be similar to the final outcome. The Tánaiste has copied the Taoiseach's habit of directly misrepresenting my comments on this deal. For the record, among repeated comments about the likelihood of a deal, I stated in this House on 19 December:

I believe that there will be a deal in relation to the promissory note. The justice of the Irish case demands an outcome which would lengthen the term and reduce the rate to halve the impact of repayments on the Irish deficit across a few decades.

The success of the negotiations is welcome and is substantially to the credit of the Governor of the Central Bank, Mr. Honohan. The weekend briefing by Ministers eager to boost their standing that he was given a dressing down by the Taoiseach, was wrong. That briefing should not have happened. The Taoiseach should have the decency to correct the record. It is worth noting that on 16 January, the Governor told the finance committee that the framework for a deal was essentially in place.

The Government has given us no detail about what was asked for during the negotiations or, more important, what changes the ECB secured in the final weeks. There is no doubt that the deal is an improvement on the previous situation. It will be easier for Ireland to borrow and this borrowing will be at a lower rate. In the next few years there is a guarantee of some improvement in the impact of the debt on both our deficit and the overall public debt. According to the Department of Finance there will be no deficit saving this year and there will be a saving of roughly €1 billion or 0.6% of national income in 2014 and 2015. Overall debt will initially go up and then fall by 0.4% in 2015. This is not a game-changer but it helps.

Nothing has been published by the Government to show the specific impact of the deal in subsequent years. While general claims are being made about savings there are many areas of doubt. The most important issue relates to how long the bonds will be held by the Central Bank. It is in Ireland's interests that the Central Bank hold them for as long as possible because it returns most of the interest to the Exchequer and it avoids using up private sector demand for Irish bonds. This would appear to have been the issue about which problems arose over the past month. It can be surmised that the ECB said that the holding had to be limited to helping restore the stability of the financial system or it might be termed monetary financing of government in contravention of the treaties. This is where the ECB played hardball and introduced major uncertainty into the deal. The only statement on the deal issued by the Central Bank states: "The bonds will be placed in the Central Bank's trading portfolio and sold as soon as possible, provided that conditions of financial stability permit." A series of minimum sell-offs have been outlined but it has been confirmed that the Central Bank is free to sell its entire holding at any stage. This is potentially a major problem. The interest rate is equally uncertain. For the moment it is at a variable rate off the Euribor plus 2.6%. This is a good rate but likely to rise

significantly. The deal allows the Central Bank to convert the bonds to a fixed rate at any time, bringing extra uncertainty.

The Government has included figures for returned profit from the Central Bank over the next few years and has implied the basic figures will continue through the deal. Professor Karl Whelan of UCD, who predicted the shape of the deal four months ago, has estimated that on basic assumptions, almost €47 billion will be paid in interest on these bonds. Of this, €32 billion will be lost in payments to the private sector. The answer to the statement that the deal is as good as we could want is, “No”. A better deal is possible. We could save billions and avoid diluting private sector demand for Irish bonds if the Central Bank were to hold the bonds to maturity. Instead of running the victory flag up the pole and consigning this debt to history, we need to make it clear that Ireland seeks and deserves further assistance. It is not clear that the ESM taking our share of the pillar banks would help – in fact it could be worse than the current situation. We should work for full justice on the IBRC-related debts and a guaranteed long-term benefit for our budget.

During last Wednesday’s emergency sitting, we argued that the interests of the IBRC staff needed to be considered. Since then it has become clear that the only people for whom the Government had no plans were the staff of IBRC. They have been treated appallingly and are being subject to a grave injustice. The Irish based staff have seen their redundancy entitlements halved and with little or no assistance available from the State to help them. In contrast, the 200 staff in Northern Ireland and the UK have retained their jobs and their redundancy entitlements. I think it is wrong and it should not stand.

People are looking at claims of a game change on debt and comparing that with their rising household debt. The mortgage crisis, in particular, is now an emergency. It is not being addressed by the banks or the by Government. It must now become the absolute priority. We must also speak up for a proper banking union with common rules and funding for closing banks and guaranteeing deposits, as well as eurozone-wide regulation. Anything else will leave unchanged the fundamental dynamics which caused this crisis in the first place.

This deal is a step forward but it is nowhere near the end of Ireland’s case for being treated justly with regard to bank-related debt. The burden remains too big and its impact on our people too severe. Further significant improvement in the deal is possible over time. We need to let it be known that we will seek this improvement.

**An Leas-Cheann Comhairle:** Deputy Kieran O’Donnell is sharing time with Deputies Paschal Donohoe, Heather Humphreys and Martin Heydon. The Deputy has five minutes. We will be adjourning the debate at 7.30 p.m. for Private Members’ business.

**Deputy Kieran O’Donnell:** I was lucky to be in the Chamber to hear the contribution from the Leader of the Opposition, Deputy Micheál Martin because I think Fianna Fáil is indulging in significant revisionism. I remind the members of Fianna Fáil that they caused the crisis. It is sour grapes. They are not accepting responsibility for the situation. They created the situation for the banking crisis. Deputy Martin was a member of the Cabinet the night the guarantee was introduced. He did not speak about how it came to that point. We were informed it was an issue of liquidity rather than an insolvency issue. Deputy Martin was a member of the Cabinet during the period that the promissory note was introduced. Fianna Fáil and the Green Party negotiated the promissory note. The Minister for Finance was the late Brian Lenihan and Brian Cowen was the Taoiseach. Fianna Fáil structured a promissory note which was effectively designed to

give them a run-in to a general election. There was to be no interest charged on first two years of the promissory note. They rolled up the interest.

It was galling to have to listen to Deputy Martin tonight. I do not often make partisan arguments but on this occasion I will be partisan. Fianna Fáil caused the problem but its members have the cheek to come in here and say that they had a hand in bringing about this resolution. They had no hand, act or part in it. In fact, Fianna Fáil was fumbling around in the dark but its members was clever enough to know that they could lessen the load of the promissory note for the first two years. They rolled up the interest and it turned into 8% this year, the same next year and the following year. Up to €5.5 billion interest payments will be hitting the ordinary person and their current accounts.

Deputy Martin referred to the uncertain situation for the Anglo staff. He allowed the situation to develop over a period of time which saw contracts for difference with the Quinn group and reckless lending. Fianna Fáil needs to take responsibility rather than lecturing and preaching. The Fianna Fáil members do not have the moral authority, the political skill or the financial acumen to make that comment.

**Deputy Barry Cowen:** We were not elected.

**Deputy Kieran O'Donnell:** Revisionism was the order of the day in Deputy Martin's contribution.

**Deputy Niall Collins:** What about the call centre in Limerick?

**Deputy Kieran O'Donnell:** In the limited time available-----

**Deputy Niall Collins:** Deputy O'Donnell should explain that to the people of Limerick.

**Deputy Kieran O'Donnell:** Deputy Collins should deal with the points I have raised.

**Deputy Niall Collins:** Deputy O'Donnell announced the opening of a call centre in Limerick.

**Deputy Kieran O'Donnell:** If he cannot take the heat, the Deputy should get out of the kitchen. I speak about this matter from the point of view of possessing knowledge of it. I accept, however, that said knowledge is not in-depth in nature. However, I was present when these issues were being dealt with in the Dáil.

Deputy Martin has left the Chamber but I wish to deal with the points he raised. First, this is a good deal for Ireland and its people because it will reduce the financial burden that will obtain in the future. Second, the nominal amount of the debt remains the same but the real amount will be reduced by inflation during the 40-year period to which the deal relates. Three, in the context of the sale of Government bonds, in 2014 €500 million in Irish Government bonds will be released onto the market by the Central Bank. In the period 2015 to 2018, a further €500 million will be released. Between 2019 and 2023, €1 billion will be released. After 2024, the amount released will be €2 billion per annum.

There will be a real reduction in the amount of money involved here over time. The interest rate will fall to 1% per annum and the repayment period will be 40 years. This is a good deal for Ireland because it will bring about significant change and will unravel the mess Fianna Fáil created when it negotiated - perhaps it would be better to say failed to negotiate - the promis-

sory notes. Those in Fianna Fáil were cute enough - for their own political ends - to ensure that interest would not be charged on the promissory notes in the two years leading up to the general election. The measure negotiated by the Government is positive and it will ensure that we exit the bailout programme at the end of the year. It will also ensure growth and the recovery of the economy going forward.

**Deputy Paschal Donohoe:** When future historians come to write books about recent events in Ireland and when their readers browse the indexes relating thereto, one of the first phrases they will encounter under the entries relating to Fianna Fáil will be “promissory notes”. The promissory notes and the payments relating thereto constituted, as Deputy O’Donnell noted, a booby trap for generations to come, because tens of billions of euro in debt were stored up for future payment, and for the incoming Government, as a result of the deferral of billions of euro in interest payments for a period in which Fianna Fáil knew it would not be in power, so that the new Government would be obliged to deal with the matter. Commentators sometimes inquire as to what is the difference between the political parties in the House. Fianna Fáil created the promissory notes and this Fine Gael-led Government has ended them. That is the difference. It is a very clear difference.

**Deputy Barry Cowen:** There are a few more differences than that.

**Deputy Paschal Donohoe:** Fianna Fáil foisted upon taxpayers tens of billions of euro in liabilities as a result of its inability to regulate the banking system. It could not regulate the former Anglo Irish Bank, the debt of which dwarfed the sum total of all goods and services produced in this country. This Government, of which Fine Gael is a member, obtained agreement from the European Central Bank and other authorities abroad to put in place an arrangement that would bring this saga to an end.

Many analysts have commented on this matter. Deputy Mathews referred to one of them earlier, namely, Wolfgang Münchau, who has written about the eurozone debt crisis in the *Financial Times*. Those opposite should consider the level of recognition afforded by Mr. Münchau to the plan agreed last week and to the impact it can have in the context of Ireland’s seeking to extricate itself from its current difficulties. When writing in the *Sunday Independent* last weekend, Colm McCarthy referred to “an unambiguous benefit of the deal, to which there was considerable resistance from elements in the ECB. The politicians, the Governor and the Central Bank and Department of Finance officials have done as good a job on this issue as could reasonably have been expected.” The commentators to whom I refer are not involved in politics and they have neither an agenda nor an axe to grind in respect of this matter, but those are their assessments of the deal agreed between the Government and the European Central Bank.

Let us consider the elements that will ensure this deal has an impact on the lives of the people we seek to serve. I suggest that there are three aspects to the deal which will have an impact on the fortunes of our country. In the first instance, the deal makes it very clear to anybody seeking to lend to Ireland that their money will be repaid before any funds are devoted to paying off debts relating to the former Anglo Irish Bank. This has an immediate benefit because people who want to invest in our country and create jobs here can do so. The second aspect is that the deal will lead to a reduction in the rate of interest Ireland is obliged to pay as it seeks to borrow abroad. That is the golden thread connecting everything we are seeking to do. The lower the rate of interest, the less money we will be obliged to spend on servicing the national debt and the more money we can invest in funding public services and creating the most precious thing of all, namely, jobs for our people.

While this achievement is hugely significant and extremely important for the Government - and it shows the difference between what is in place now and what was there before - it also marks the beginning of a process relating to other changes we need to introduce. I am very confident that with the support of the people we will be as successful in bringing forward the changes to which I refer as we have been in negotiating the deal agreed last week.

**Deputy Martin Heydon:** I am delighted to have an opportunity to contribute to this debate. I was present in the Chamber earlier and I am aware that our colleagues in Fianna Fáil have had plenty of smart comments to make. There is much in this deal for which they need to be grateful. By addressing some of the legacy problems they left behind, we are making matters easier for them in the context of their political recovery. It will be the responsibility of others to decide whether such a recovery will be good for the country.

The agreement reached last week replaces short-term high-interest loans that were due to be paid over a seven- or eight-year period with long-term low-interest loans in respect of which an average timescale of 34 years will apply. I am 34 years of age. I was born in 1978 and the CSO's figures for that year indicate that the average cost of a three-bedroom house at that time was £2,300. The most recent comparable figures produced by the CSO indicate that the cost of such a house is now €240,000. This represents a change of approximately 90% and it shows what happened to the value of money over a 30-year period. If an equivalent 90% change occurs in the next 34 years, then the monster we inherited in the form of the promissory notes and debt will be a very minor speck on a larger economic system, particularly if our economy can grow on foot of the many measures it is proposed to introduce. This Government is intent on reforming and repairing the country's economy in order that we might get back on our feet.

The deal means that our debt is more sustainable. However, it is not a silver bullet and it will not solve all of our problems. As Deputy Donohoe pointed out, the confidence of outside investors in Ireland is definitely higher. It is important to note that those to whom we look to lend to us will have their money repaid before the debts of the former Anglo Irish Bank are paid down. The year 2038 is a long way off and who is to say that the Government in power at that stage will not roll the bonds over once again? In many respects, the biggest cashflow benefit from this deal is the €20 billion that will be saved during the next ten years. Ten years is mentioned for a specific reason. This is because government debt is dealt with in the form of ten-year paper. Above and beyond that, such debt becomes less significant. People who want to invest in this country are interested in how sustainable and how good a bet it is, and we have made our ten-year outlook appear much better. We have also reduced the cost of borrowing to the State. This is probably the greatest saving of all. One only had to read the report on the front page of last Saturday's edition of the *Irish Independent* to discover the real impact on this country's cost of borrowing.

A number of people in my constituency raised with me the fact that we have made this debt a sovereign debt and that we are passing it on to our children.

Debate adjourned.

**Magdalen Laundries: Motion (Resumed) [Private Members]**

13 February 2013

The following motion was moved by Deputy Dara Calleary on Tuesday, 12 February 2012:

“That Dáil Éireann:

notes the comprehensive and substantive report on Magdalen Laundries completed by Senator Martin McAleese;

agrees that, given the evidence in the report, an apology should be given to the women of the Magdalen Laundries by the Taoiseach, on behalf of the Oireachtas and all citizens of the State, for what they had to endure; and

further agrees to the establishment of a dedicated unit within the Department of Justice and Equality to co-ordinate remaining aspects of the State’s response including all forms of redress which should be provided.”

Debate resumed on amendment No. 1:

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

“welcomes the publication of the Final Report of the Inter-Departmental Committee chaired by Senator Martin McAleese, which was set up by Government to establish the facts of State involvement with the Magdalen Laundries;

notes that:

— the current Government was the first Government to take action on this important issue by commissioning the McAleese Report;

— Government honoured its commitment to publish the McAleese Report at the earliest opportunity in the interests of the women who were admitted to, and worked in, the Magdalen Laundries run by the religious congregations and to facilitate the consultation with them which is now ongoing; and

— publication of the Report itself has addressed a number of issues of major concern to the women concerned:

— it is the first time we have an authoritative account of the Magdalen Laundries;

— it acknowledges for the first time significant State involvement in the Magdalen Laundries;

— it demonstrates that for the first time they have been listened to and that their story has been believed, recorded and given official recognition to their stories and voices;

— it shows that the traditional stigmatising labels that were often attached to women who were in the Magdalen Laundries were wholly unjustified;

— it acknowledges that women worked in the severe conditions for no pay, and records their memories of emotional and psychological abuse as well as the memories of some women of other ill treatment, and that their daily lives in the Laundries

had the imprint of a severe monastic structure where they were viewed as penitents; and

— it recognises that many women were not informed of why they were admitted to the Laundries, for how long they had to stay there, and when they could leave;

further notes that the McAleese Report runs to over 1,100 pages, and tells a complex story spanning decades since the establishment of the State and onwards, that it is the result of an unprecedented trawl of State records and that much of the information in the Report has never previously been made public;

further welcomes:

— the publication of the McAleese Report and that the women and their representative groups have been given time and space, as a matter of fairness, to reflect fully on the substance of the Report; and

— the fact that the Taoiseach and Tánaiste continue to meet with as many of the women as is practicable, so that their stories can be heard and their views can be taken into account;

notes that:

— Government's major concern is to contribute to a healing and reconciliation process with a view to bringing closure for the women concerned and that the women deserve the best supports that the State can provide; and

— the Report will be fully debated in the Dáil next week;

and expresses confidence that, after having met with as many of the women concerned as possible and having listened to their views, the Taoiseach will respond to the significant issues identified in, and arising from, the McAleese Report, with a view to a resolution of all issues in a fair and compassionate way.”

- (Minister of State at the Department of Health, Deputy Kathleen Lynch).

**Deputy Clare Daly:** I am sharing time with Deputies Seamus Healy, Catherine Murphy, Finian McGrath and Luke ‘Ming’ Flanagan. We only have two minutes each but even if one had two days one could not begin to scratch the surface of the decades of tyranny and abuse inflicted on women incarcerated in the Magdalen laundries.

One of our key functions as a Parliament is to give a voice to those women and I want to say, as many others have said, that I believe the women. The fact that hundreds of pages of testimony have been omitted from this report is not good enough because in their youth these women were ostracised, taken from society, arbitrarily detained and outcast. They now demand justice, and we should be to the forefront in allowing their voices to be heard.

I spoke to a woman who rang me from the south of England the other day and told her story about being in a Good Shepherd convent. She said that she did not get any wages. She said she did not get any clothes. She said she did not get somewhere to live when she left the convent. She said she was punched in the head by a nun, and when she hit her back she was threatened and told she would never see her family again. She said she ran away once but gardaí brought

her back. These stories have been repeated time and again.

We can try to sanitise the language and dress it up any way we wish but abuse is someone getting the hair ripped off their head and butchered without their permission. Abuse is being starved of food and denied one's freedom. These are physical abuses, in my opinion, and the idea that no physical or sexual abuse took place does not stand up and needs further examination next week.

It is not credible to say that no profits were made off the backs of the forced labour of these women. Those issues must be addressed. There is no question about that. It is convenient to say they happened in the past but it is in the present for these people, and we must address it.

**Deputy Seamus Healy:** To a large extent the report confirms what we knew already, and what we knew was that approximately 10,000 women entered these Magdalen laundries from the time of the foundation of the State up to 1996 when the last one closed. We know that the State was involved in almost every aspect of the life of these laundries. For instance, there is evidence that it was involved in the routes by which the girls and women entered these laundries, the inspections of the laundries, State funding and assistance to the laundries, and the route by which the women and girls left the laundries, as well as debt registration and burials. The State was involved in every aspect of these laundries.

The story of these laundries over the years has been one of silence, shame and secrecy, and it is time to turn that around. We need to say that we believe the women. We know the women were lonely and frightened in these laundries, and their stories have been forgotten for far too long. The question of stigma arises for the women who were in the laundries. That was very hurtful to them and their families. There is also the question of the harsh and physically demanding work in the laundries, and the impact of the undoubted psychological trauma arising from that experience. There is no doubt that the State must now offer an apology to these women and put in place a transparent and non-adversarial compensation process which covers wages, pensions and a redress scheme.

**Deputy Catherine Murphy:** I thank Dr. Martin McAleese for the report that critically proved the State involvement that had been denied for so long. There are flaws in the way the report was constructed in that it was not independent and the terms of reference were very confined. In my opinion it also understated abuse in the laundries, which surprised me given how cruel even primary schools could be at the time. Also, as these women were locked up I cannot believe there was not serious and significant physical abuse.

I will read from the testimony from a former paid hand of the Sisters of Mercy laundry. Mary C came forward not only because she believed the women but because she witnessed the physical abuse. She stated:

It's the beatings they got, that was uncalled for ... [if they broke the rules] ... [t]heir heads would be shaved. [I]f the ... nun would come down then at night, which she did ... and if she found two women in bed, I guarantee you wouldn't see hair. I remember one girl came down and now, I don't know where her eye was, I don't know where her eye was, her face was all disfigured from the beating she got and the hair was shaved and the blood was still on the top of her head. And I was told that's what happened, she found two of them in bed together ... I told you about 'on the ran', they got beat - they got physically beat. They were terrified, they were terrified.

That is fairly revealing.

It is important that these testimonies are heard. It is vital that at all stages we realise that these were real people who had months, years and sometimes decades stolen from their lives in the most cruel of environments. I cannot believe these laundries did not make a profit. I believe these women.

**Deputy Finian McGrath:** I thank the Acting Chairman for the opportunity of speaking on this Private Members' motion on the Magdalen laundries. The Taoiseach should have apologised to these women last week on behalf of the State but also on behalf of the citizens of this country. There can be no equivocation or fudge on this very serious matter. The evidence in the report warrants that, and a scheme should be put in place to support redress. This happened in the past but the excuse can never be used that it was a different era. It was wrong, and when injustice happens it can never be stood over. Exploitation and bad treatment is always wrong. That is my clear position.

The facts in the McAleese report speak for themselves, and I commend Dr. Martin McAleese for his work on this issue. One woman told the committee that she had been subject to sexual abuse by an auxiliary. A significant number of women said that they had suffered sexual abuse in the family home as well. That is a societal issue that is still going on today.

A small number of the women reported physical punishment on at least one occasion. They stated that two ladies were standing there, not nuns but dressed in navy. One woman said she was left with those two, and having been made to remove her clothing and stand on a stool, she described being punched by one of them from one side to another. She said she was dizzy, and she told the women she was dizzy. She said they used to pull the girls' hair and box their faces. The woman described the harsh and physically demanding work, in some cases for many long hours. She said that some of them were only girls carrying out heavy and often gruelling work. I believe the Magdalen women and I support them. Every Member of the Oireachtas should support them.

There is another hidden story in regard to this issue. It is the story of people with intellectual disabilities who were in institutions, but I will deal with that on another day.

**Deputy Luke 'Ming' Flanagan:** I welcome the fact that the report admits the State's involvement but after that I am rather disappointed with it. Given the short time available to me I will read from one of the testimonies, that of a woman named Josephine Meade. She said she was in several different Magdalen laundries in Cork, Galway and Dublin. She said the worst was the Mercy convent in Galway. I lived on the site of that convent many years after it was knocked down. She said the nuns in that convent were lethal and that they beat, punched and tortured her in such a way that she has never been able to recover fully since. She said her time in the laundry was spent doing laundry. She got no education in the convent. She tried to escape once but was brought back by gardaí.

There is more than justice needed here. We must make sure that we never forget what happened to these women because if we forget, humanity has proven time and again that it is capable of the most horrible cruelties. One of the ways of making sure these things do not happen again is to make sure they are never forgotten.

When I lived in Germany some years ago I visited the museum of Dachau concentration camp. I found it strange that it was left open as a museum. I visited the camp with my friends

and when we left, we realised why it was left as it had been, namely, because it reminded us, as much as was humanly possible, of the atrocities that occurred. I am not comparing what occurred in the camp and in the laundries; my point is that, in the case of the laundries, we need to do something similar so future generations will know what occurred. If we do not forget what happened, there is some hope it will not be repeated.

**Minister for Justice and Equality (Deputy Alan Shatter):** I am sharing my time with Deputies Catherine Byrne, Seán Kenny, Michelle Mulherin, Arthur Spring, Jerry Buttimer, Anne Ferris and Regina Doherty.

Before the debate on this motion began last night, Deputy Niall Collins issued the following statement: “This motion gives all members of the Dáil the opportunity to put politics aside”. Deputy Collins and his party knew well that there was to be a full debate in this House on the report within two weeks of its publication. Rather than wait another week while the report could be fully considered and the views of those affected by it sought, why did Fianna Fáil choose to seek to have the matter debated in Private Members’ time this week? Was it to give this House an opportunity to put aside politics? Is anyone seriously expected to believe that? Instead, this is a shameful attempt to make political capital from a report dealing with the hurt felt by many women during and as a result of the time they spent in a Magdalen laundry.

Deputy Collins also said the motion gives all Members of this House an opportunity to “unite in our response to the suffering of these women”. I do not question the personal compassion of any Member of this House for the women affected but it is reasonable to ask where was the concern, compassion and quest for truth during the 14 long years when the party opposite was in government and during which time it chose to take no action to deal properly with this serious and important issue. Where was Deputy Collins and when did he raise this issue during those 14 years? Now we are to take at face value Fianna Fáil’s concern that two weeks is too long to devise a considered response to this report, and that the Government should not even take the time to listen to the response to the findings of the report of those who were admitted to and worked in Magdalen laundries.

This breathtaking level of opportunism, cynicism and hypocrisy, even by the standards of Fianna Fáil, is not confined to that party. Sinn Féin also supports the motion. It also seems to believe that two weeks is too long a period to take in order to respond fully to this report, yet it took nearly 17 years after Detective Garda Jerry McCabe was murdered, and only after another detective garda suffered the same dreadful fate, before it saw fit to apologise in this House. In the debate last night, Deputy Ó Caoláin, without any apparent sense of irony, accused others of “mean-spirited and defensive utterances”. I believe I will be forgiven for not taking lessons from Sinn Féin in how to respond properly to people who have been caused pain and hurt.

In regard to the two weeks that will have elapsed between the publication of former Senator McAleese’s report and the Government’s substantive response, I draw the attention of the House, and in particular the attention of the Members opposite, to the fact that it was always the Government’s stated intention that the report would be considered by it following publication and that it would be responded to thereafter. On 13 March 2012, in response to a priority question tabled by Deputy Maureen O’Sullivan in regard to the Magdalen laundries, I stated:

The report of the interdepartmental committee will provide us with the additional information we need. It will be published, considered by Government and appropriate decisions will be made arising out of it.

In fairness to Deputy Ó Cuív, whose thinking contrasted starkly with the base opportunism demonstrated by the timing of this motion, he had the decency to acknowledge in his contribution that the Government needed time to produce a detailed response and that he would be happy if the Taoiseach came to the House next week with a considered response. I can assure the House that the Government will not be distracted from responding fully and properly to the McAleese report by this ill-timed debate.

I was not surprised by the conclusion of Dr. McAleese's report that there was significant State involvement in regard to the Magdalen laundries. I had maintained this publicly long before my appointment as Minister for Justice and Equality.

When Members opposite expressed regrets last night for not having done enough in government, which is just a euphemism for having done nothing at all, it was not for the want of my and others pointing out on countless occasions that there were issues that needed to be addressed. In December 2009, a former Fianna Fáil colleague in Dublin South, Tom Kitt, and I raised this issue in the House but got no substantive response from the Government.

A short time after my appointment, I was glad that I met, with the Minister of State at the Department of Health, Deputy Kathleen Lynch, some of the women who were residents in the Magdalen laundries and the religious congregations to facilitate our obtaining a full comprehensive narrative of the years of the laundries. I am glad we were in a position to set aside years of neglect in relation to this issue by asking the then Senator Dr. McAleese to chair a group to examine exactly the level of State involvement. We now have, for the first time, clear and comprehensive answers.

In the first instance, I thank and commend the courage of the women who told their stories of their experiences in a Magdalen laundry. I also thank the religious congregations for making their substantial records available.

I thank Dr. McAleese for his work. I am personally very grateful for the calm compassion with which he approached his task and cast a light into an area where darkness was allowed linger for far too long.

We owe it to the women who were admitted to and worked in the Magdalen laundries to try to understand as fully as we can everything there is to know about the operation of the laundries. Dr. McAleese's report is fundamental to that understanding. He points out in his introduction that, "There is no single or simple story of the Magdalen Laundries." Those who have read the report will well understand the truth of that and why it is said at the very start. This is because, beyond the immediate issues which the Government is addressing, the report raises fundamental questions about how our society lived over the decades. I am conscious that any society rejects much of what was done by previous generations and of the dangers of judging by today's standards the behaviour of our predecessors. However, we are all still entitled to be shocked that some foster parents left children in the laundries when their foster payments stopped and that a significant number of people went into the laundries of their own volition, presumably because they felt that life would be better for them there than it was on the outside. The bleak reality is that this may very well have been so. The report points out that many girls and women were placed in the laundries by their families for reasons we may never know or fully understand. There were also the referrals by, or on behalf of, the State which the report outlines.

What obligations do we, as a people, now have for what went on in some areas of Irish life since the foundation of this State and how do we fulfil those obligations? That is the key question we are trying to address. The women who were admitted to and worked in the laundries deserve the best supports the State can provide, but it would be to mislead this House to suggest, in the light of the complexities outlined in the report, that there is an instant, simple, complete answer to that question. What I can say is that we are determined, having listened to some of the women concerned, to resolve all these issues in a fair and compassionate way, and that is a matter which will be returned to in next week's debate.

A considerable concern of many of the women has been the unfair stigmatising labels that were often attached to those who were in the Magdalen laundries. The cruel myth has been laid to rest beyond doubt by this report. The report represents the most authoritative account we have of the laundries and it acknowledges in detail for the first time the level of State involvement. It acknowledges the reality of the lives that the women who were admitted to and worked in the laundries had to lead. We believe the accounts they gave and believe clearly what the report sets out.

The reporting procedure gave people who had experience of the laundries the opportunity to give their first-hand testimony. The report mentions that, in some cases, young girls were not told why they were being admitted to the laundries, how long they had to stay there or when they could leave. Some feared they were to be incarcerated for the rest of their lives. Added to that unthinkable uncertainty, over the years they, like the many others who were admitted to the laundries, lived in the shadow of not knowing when, or if, their stories would be told.

Their stories have been told now. Having got to this point, we are determined to play our part to try to bring about healing and reconciliation and possibly even help bring some closure on what they endured. The women's stories have been told and are believed. That is of substantial importance to many who felt that, for too long, they were ignored, including for 14 years by the party opposite which saw fit to table this motion. The approach taken by the Government is right and considered. It involves our engaging with those who lived in the laundries and listening to what they have to say following the publication of the report. That is why I recommend the amendment to the House.

**Deputy Catherine Byrne:** Let me repeat words attributed to Edmund Burke that rang in my head when I was reading the report: "All it takes for evil to flourish is for good people to stand by and do nothing." I found these words very relevant when reading the report.

I thank former Senator McAleese and his colleagues for the work they put into the report and establishing the facts of State involvement in Magdalen laundries. The report on the laundries is over 1,000 pages long and provides a stark and disturbing account of the lives of the women who worked in these laundries for many years, earning the hurtful and totally unjustified stigma of fallen women. Approximately 10,000 women are known to have entered the laundries from the foundation of the State in 1922 to their closure in 1996. In a dark and cruel time in our history, these unfortunate women, victims of the circumstances of their birth, were abandoned by the church, the State and in some cases by their families. These women are the human face of injustice and the voices of those who are no longer with us. They were the outcasts of society, deprived of education, and were victims of all the degrees of emotional abuse one could imagine. They were exploited because they had nobody else to whom they could run. They endured miserable working conditions without pay and were stripped of their identity. Many of them were only identified by a number. We have listened to and read the stories and our hearts are

broken for these women and for what they endured.

Time is now of the essence for the survivors of the Magdalen laundries. They are survivors. We now have responsibility to ensure that the wrongs done to these women will be put right. This is not a time for political point-scoring. These women are tired, frail and suffering, and their families have suffered. We must acknowledge that. The Taoiseach and Tánaiste met a number of the women last week and I am confident that they listened to their harrowing stories with empathy and compassion, and will respond accordingly.

The horrific abuse inflicted on innocent children by the members of the religious orders has been well documented in recent years, and it can never be forgotten. However, it is also important to remember that many of the religious congregations were a positive force in communities through the years. Many poor and deprived families benefited from the generosity of good men and women in religious congregations. The four religious congregations that are the subject of this report did not set out to recruit women for forced labour. They were asked by the State and the church to take over laundries which had already been in existence since the 18th century. They were seen to be offering places of refuge to women coming from difficult situations in their families or personal lives. However, the subsequent treatment of many of the women and young children who entered the laundries was appalling. Sadly, this is the legacy these congregations must endure.

**Deputy Seán Kenny:** It has been said that people in Ireland today under 40 years of age might be unaware of what Irish society was like during the era that is described in the McAleese report. The writer and journalist John Cooney published a book in 1999 entitled *John Charles McQuaid: Ruler of Catholic Ireland*. In his well-researched work, Mr. Cooney refers to the Magdalen laundries in the archdiocese of Dublin during Archbishop McQuaid's stewardship. On page 152 he states: "Worse even than the austere regime which applied in industrial schools such as Artane for boys and Goldenbridge for girls, were the conditions for "fallen women" engaged in laundry and menial work in the four Magdalene laundries in the [Dublin] archdiocese, at Donnybrook, Drumcondra, Dún Laoghaire and Lower Gloucester Street. A particular harrowing story was that of 14-year old Martha, who was sent to Drumcondra in 1942 to repent for "telling a shameful lie" - she had been indecently assaulted by a relative, but her aunts did not believe her". On page 278 of the same book Mr. Cooney refers further to the Magdalen laundries: "Unmarried mothers were placed in "Magdalene Laundries" where they were forced by nuns to engage in slave-labour as laundry workers and cleaning women."

This was also a period when Ireland was ruled politically, for the most part, by Fianna Fáil Leader Éamon de Valera as Taoiseach. He was later President of Ireland. This period is often referred to as "de Valera's Ireland". In his book John Cooney describes, in chapter ten, how Éamon de Valera as Taoiseach intervened in 1940 to convince Pope Pius XII to appoint John Charles McQuaid as Archbishop of Dublin and to appoint the Maynooth professor Michael Browne as Bishop of Galway.

In 2011, I welcomed the establishment of the interdepartmental committee of inquiry, headed by the former Senator, Dr. Martin McAleese, and I was pleased to learn that all Government Departments and their records would be made available for the committee's work. I also said at the time that I welcomed the assurances of the Minister for Justice and Equality, Deputy Shatter, to the Justice for Magdalenes campaign that the development of a narrative of State interaction with the Magdalen laundries would consider acts of omission on the part of the State, particularly the State's failure to inspect and regulate, and thereby prevent abuse in, the laundries.

The State, including the Government and individual Deputies like myself, must remember that the issue of the Magdalen laundries is fundamentally about the women who spent time in the institutions. It is also about their children. Most of the survivors are aging and elderly. Some women feel that both church and State pursued a policy of denial for as long as absolutely necessary. It is for their sakes that the church and State should consider offering an apology. I also wish to put on the record, as I said in 2011, that I believe society owes these women an apology, not merely the State or the church. The reality is that the Magdalen laundries could not have functioned in Irish society without the implicit consent of that society. In many respects, the blame rests on all of us.

**Deputy Michelle Mulherin:** Whenever abuse such as that described in the Magdalen laundries report comes into the public domain, it is met, quite correctly, with a cry for action. The legacy of abuse suffered by these women was continued over the years, even after they had left the laundries, when previous Governments failed to respond to and acknowledge the wrong done to them in these church-run laundries, facilitated by a dominant mindset at the time in our society which was compounded by the support of the State.

Now, after so many years, for many of these women seeking justice and healing, having to recount repeatedly their desperate personal stories of alienation and shame and of their dehumanising and unacknowledged experiences in the hands of authority in these Magdalen laundries, the public outcry for atonement for their pain and loss is overpowering. This public outcry has taken the form of a demand directing the Government and especially the Taoiseach on how they should act. This, too, is understandable. However, an accusation of failure to confront and deal with these dark issues and episodes in the history of our country cannot be levelled at this Government, whether it be wrongs in our social or our economic history.

In the wake of the Cloyne report on clerical abuse, the Government, under the Taoiseach, Deputy Enda Kenny, and the Minister for Justice and Equality, Deputy Alan Shatter, proved decisive and thorough in dealing with the issues raised, with the injury to the victims involved being of paramount consideration. In fact, Government action on the Cloyne report represents a milestone in our history, marking a departure for the State from covering up or making excuses for institutions which abused their positions of trust and authority and towards protection for the vulnerable and restitution for those who were abused. I have no doubt this will be the case in the wake of the Magdalen laundries report. The report was commissioned by this Government and we are all coming to terms with it. Can it seriously be said that two weeks' consideration is too long, after everything that has happened? I appeal to all those who feel strongly about the content of this report to have no doubt that justice will be done for victims and their families and, most importantly, for the integrity of the Irish people standing for right against wrong.

Finally, I acknowledge a debt of gratitude to the former Senator, Dr. Martin McAleese. With very limited resources and with the assistance of officials in various Departments, he put together this long overdue and considerable body of work. I have no doubt that if consultants were engaged to prepare a similar report, the cost to the taxpayer would have been considerable.

**Deputy Arthur Spring:** First, I thank the Minister and Minister of State for bringing this to the attention of the House tonight. It is fitting that we have finally closed a chapter for our society in which the State and church were interdependent to the point at which nobody could answer the question of whether one or the other was involved in delivering a process that is ultimately a tragedy.

As a person of a generation that did not see the Magdalen laundries in operation, I feel it is one of the greatest tragedies that occurred in a society that looked to the State and the church to give leadership, without having a full comprehension of what it was to have a society that was equal, fair and just. This report will bring justice for people who were underprivileged and who were put into pigeonholes that were not to be dealt with because of whatever misfortune they suffered or circumstances in which they found themselves.

*8 o'clock*

We have a far better society now. As Deputy Séan Kenny said, it is society in general that has been to blame not political parties or the State. It will be addressed over time.

Private Members' time is usually a political joust but this joust is a step too far. The Minister of State, Deputy Kathleen Lynch, and the Minister, Deputy Alan Shatter, have been advocating on this issue for a number of years. I decided to examine the Fianna Fáil manifesto and found that the motion is a case of Johnny-come-lately. Fianna Fáil did not set down a motion until the report appeared. It did not really care about it. The Sinn Féin manifesto does not mention the Magdalen laundries either and Sinn Féin did not mention it during Private Members' time until the report was issued either. The programme for Government set out that it would deal with the Magdalen laundries and produce a report. As the House will see next week, the Government will frame an appropriate apology, redress and rehabilitation.

I hope that should something of this magnitude happen during my tenure as a parliamentarian, it will be brought to my attention and that we will be able to act. Shame on those who knew about this but did not act.

**Deputy Jerry Buttimer:** The report and debate are not about politics but about the women who deserve not just our sympathy, apologies and sorrow but our support. I remind Deputy Niall Collins and other Fianna Fáil Deputies reading the report that the House is united in its response to the suffering of these women. The House is united in its desire to build an Ireland which is kinder, gentler, more tolerant and more accepting. We will learn as a society from the mistakes we made. Deputy Séan Kenny was eloquent and right when he said it was an indictment of our society.

I was struck by a quote in the report from one of the women who gave testimony:

[There was] never any communication to tell me the reason for anything... No one ever spoke why I was there. In our heads all we could think of is we are going to die here. That was an awful thing to carry.

A second quote that struck me was:

there was never a reason given for anything, we never thought we'd see the outside of the world again... While you were in Ireland they knew exactly what you were doing. You had to leave Ireland to escape them.

We should never have been here to debate this report, the Cloyne report or the Murphy report, but we are. Government has an obligation not just to act but to reflect. That is what Government asked for and that is what Government will do. I commend the Minister of State, Kathleen Lynch, and the Minister, Deputy Alan Shatter, for their campaigning to assist the women concerned, for commissioning the report and for publishing it unvarnished and without

spin. I record my appreciation for former-Senator Martin McAleese.

I regret very much the motion that is before the House. It is nothing but a cheap, political shot. It ill-becomes the Members opposite to put it down. I know the Taoiseach, Deputy Enda Kenny, as a person and a Government Leader. He is a decent, compassionate, caring and loving man. He and his Government will do the right thing. They always have, unlike Fianna Fáil which put the party first and country second. That is why we will do things differently. The House will debate the report in a few weeks. It is important that it does. I received an email from a friend living in the United States of America who read in *Time* magazine "The Magdalen Laundries: Irish Report Exposes a National Shame". He asked me if we Irish were ever going to stop. I hope the report represents a watershed moment and that we will learn from the past and act.

**Deputy Anne Ferris:** They say the past is a foreign country and that they do things differently there. When it comes to the Magdalen laundries, I wish the church and State had done things differently. Wishing, however, does not make it so. We must live in the present where a meaningful apology is owed by the congregations and the State to so many women who spent part or most of their lives caught in the atmosphere of laundries described as cold with a rigid and uncompromising regime of physically demanding work and prayer with many instances of verbal censure, scoldings and even humiliating put-downs.

I met recently with Justice for Magdalenes to hear what the survivors need. They told me their stories which were difficult to tell and to hear. Their stories are more harrowing and descriptive of physical abuse than those contained in the McAleese report. It is important to state clearly that I believe the women. I will read the testimony of Kathleen, a survivor from the Good Shepherd laundry in Sundays Well. She described her first impressions of Sundays Well:

I was frightened like, going into the unknown... Going into a big laundry then the following morning, I was on one of the mangles and the sheets come along and they boiling hot and oh terrible, Perspex glass over you and sweat pouring off you. I drank my sweat, drank my sweat girl I did there. Then I was looking around at all the old women and saying, God, I am never going to be here all my life am I?

This testimony is but one of the thousands that could be given. It is one that could have come from any woman here this evening or from a sister, mother, aunt or friend. I am saddened that the McAleese report does not contain the written submissions from Justice for Magdalenes. While I was at a meeting with the group yesterday, a text message came through from one of the survivors to say she was on page 90 of the report but had not found her own testimony. Unfortunately, she had to be told that her words were not included. An apology is certainly owed but more than that, redress must be made. Church and State must make what amends they can. Reparations in the form of appropriate compensation ought to be established in as fast and fair a way as possible.

I turn to address briefly the disappointment I feel that I am speaking on a Private Members' motion from a party that did nothing for these women. The hypocrisy of Fianna Fáil in calling for an apology and redress is quite galling. I have every faith the Government will do the right thing. When it comes to the Magdalen laundries, the past may be a foreign country but the moral crimes committed there will not be forgotten and reparations will be made. I reiterate that I believe the women.

**Deputy Regina Doherty:** Last week's report by former-Senator McAleese laid bare a harrowing picture of humiliation and exploitation suffered by women and girls who were sent to a network of Irish workhouses. It characterised those institutions as lonely and frightening places. Over a 70 year period, at least 10,000 women were housed in the laundries. The youngest was aged nine years and the oldest 89 years. Over recent years, we have seen and heard of a terrible catalogue of abuse, hurt and betrayal of trust within our institutions. Society continues to reap the consequences of being in the grip of organised institutional abuse whether it was by the church, the State or our schools.

Since the 1990s, Ireland has undergone a painful catharsis regarding widespread child sexual and physical abuse in what were once revered and feared institutions of church and State. We have seen the publication of 14 high powered and damaging reports into the abuse and exploitation of children in church-run orphanages, industrial schools and, unfortunately, in our parishes. The late Mary Raftery's documentaries "States of Fear, Cardinal Sins" and "Behind the Walls" showed time and again the immense bravery it took to challenge the consensus and expose previously untouchable figures in society. She showed that change could be effected and the lid lifted on Ireland's institutions where for a long time being mentally ill or simply an inconvenience could have had one locked away for life. She reported that this nation used to lock up more of its own people in those institutions than any other country including the old Soviet Union. That is some legacy.

I hope the report enables us finally to draw a line in the sand and to recognise that saying or doing nothing or engaging in a downright cover-up is as bad as the perpetrators' abuse. If there is a common theme running through the reports, it is that institutions put their own interests before those of our children or our women. The situation we have had to deal with in Ireland in terms of institutional abuse in industrial schools and orphanages is uncannily similar to what is emerging in the United Kingdom through the Jimmy Saville inquiry. I am very proud to be part of a Government which last year introduced the heads of the Children First Bill which makes it a legal obligation to report suspected abuse of children to our authorities. In the past, politicians had a kind of obsession with the seal of confession, and the focus on the Catholic Church meant a failure to prioritise every case where children and violence were concerned.

I pay a huge tribute to those women who have come forward to the various inquiries, which must have been at a terrible personal cost. In his findings, Dr. McAleese and his co-authors said they hoped that the report would bring healing and peace of mind to all concerned, most especially the women whose lived experience of the Magdalen laundries had had a profound and enduring negative effect on their lives. I share that hope.

The girls who were sent to the Magdalen laundries had committed no crime, but they could easily have been taken by the police and locked away in prisons funded by the State.

**Deputy Michael P. Kitt:** I commend Deputy Calleary on moving this motion and Dr. McAleese on the publication of the final Report of the Inter-Departmental Committee to establish the facts of State involvement with the Magdalen Laundries. Martin McAleese said that there is no single or simple story of the Magdalen laundries and the report shows significant State involvement in referring women to the laundries. We are calling on the Taoiseach for an apology and for a dedicated unit within the Department of Justice and Equality to deal with the forms of redress which should be provided. In *The Irish Times* last Saturday, the journalist, Breda O'Brien, asked whether there was any section of Irish society that did not have some involvement in the Magdalen laundries. Religious orders ran them, and family members, priests,

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the Legion of Mary, the NSPCC, the courts, the Garda Síochána, industrial schools, mother and baby homes and psychiatric hospitals all sent women to these laundries.

Ten Magdalen laundries operated in the State by four religious orders were included in the mandate of the report, and I very much regret that one of those laundries was in Galway. It was run by the Sisters of Mercy at Forster Street. The sisters also operated the laundry in Dún Laoghaire. A statement from the order concluded that they would like to extend an invitation to anyone who may have spent any time in Dún Laoghaire or Galway to come and meet them if they so wished. The *Galway Advertiser* quotes the McAleese report that no reliable figures are available for the numbers of women sent to the Magdalen laundry in Galway. The report reveals blank or missing records but there are hints that it was one of the few in the State operating on an economic surplus. Many people view it as having been a profitable operation. The report states that the Galway laundry had a capacity of 120 residents.

I recently attended the opening by Garry Hynes, artistic director of the Druid Theatre, of a new premises for the Galway Rape Crisis Centre in Forster Street. It is located at the rear of the Magdalen laundry in property made available by the Sisters of Mercy. It is ironic that they made it available. All credit is due to the sisters for providing this building and I commend also the work of the Galway Rape Crisis Centre.

We are informed that up to 120 were present in the laundry in Galway, 32.5% of whom came from the mother and baby home in Tuam, 16% from the Mater Dei Legion of Mary in Limerick, 26% from the convents and clergy, and 10% of whom were referred by their family. As well as the call for a State apology and a dedicated unit, Justice for Magdalenes has referred to an assessment of financial reparation and the historical record to restore the identity and dignity of all the women who died in the Magdalen institutions and to fund an appropriate national memorial to commemorate the Magdalen laundries and the women confined therein. In that way the State is committed to protect against the erasure of this chapter in the nation's history.

I believe what the Magdalen survivors have said, and many of their testimonies have been quoted in this debate. In every decade, sad events have happened and we must apologise, but we must also take action on the issues that are raised. I also believe the Irish Primary Principals' Network which said last month that as a consequence of food poverty, schools were seeing far more children arrive hungry and therefore unable to learn properly. Child poverty may be brought up again in ten or 20 years time when we look back at this decade. This is not to detract from the suffering experienced by women in the Magdalen laundries. They are a small group of women, many elderly, and they deserve an apology and a special unit dedicated to deciding on the form of redress to be provided.

**Deputy Charlie McConalogue:** I commend my party colleague, Deputy Calleary, and our justice spokesperson, Deputy Niall Collins, on bringing forward this motion. I also commend the dedicated work and personal commitment of Dr. Martin McAleese in putting this report together at very little cost to the State. I believe the testimony of those women who suffered in the Magdalen laundries, parts of whose lives were blighted by that experience and many of whom were scarred for years. They had a great burden to deal with and overcome as they went about their lives. It is appropriate that this motion is before us tonight. I heard the comments of the Minister for Justice and Equality, Deputy Shatter, when he questioned our bringing forward this motion, as he questioned our last Private Members' motion on the closure of Garda stations.

For those women who suffered, not only because of their experience but also because for

many years no one listened to them, the report was a significant watermark in their lives and their fight for justice, but the way it was handled in this House and the Taoiseach's response was not his finest moment and not appropriate. It made publication of the report more difficult for the survivors of the Magdalen laundries. It is, therefore, entirely appropriate that we discuss the matter tonight because we felt that we should address the way it was handled and an opportunity should be taken to make a full and proper apology to the survivors. The Taoiseach met them in the past couple of days and that was positive. I hope that when it comes to be debated here again next week, an apology will be forthcoming and wholehearted. That could have been done tonight but the fact that Dáil time was given to the matter this week was important.

Some of the key findings of the McAleese report are harrowing. He has brought statistical definition to what took place by quantifying the number of women who experienced the Magdalen laundries at 10,000 since 1922. The routes of entry for 8,000 are known, 26% of them, significantly, being State referrals. The average age at entry was just under 24 and 61% stayed less than a year. There were five key principle areas in which Dr. McAleese found State involvement. These were the routes by which the girls and women entered the laundries, the regulation of them as workplaces, State inspections of the laundries, State funding and financial assistance of them and the registration of deaths, burials and exhumations. The committee found the laundries were, as workplaces, subject to the Factories Acts. Accordingly, they were inspected in the same way and to the same extent as commercial and non-religious operated laundries. Although the State did not direct or inspect the overall management of the laundries, apart from the workplace inspections, State oversight or follow-up in the cases of these women occurred in many other ways. An example of this was that the committee found consistent evidence that in cases where girls or women were referred for probation by social services, there was follow-up with probation officers and social workers. It was found there were payments under the Public Assistance Acts whereby the State provided subventions for certain individual women placed there by local authorities. There were more generalised payments under the Health Acts in recognition of the laundries performing work the State was endorsing.

For these reasons alone, it is only right and proper the State would apologise for its role in this. This is a reflection, unfortunately, of a time when the State's actions and involvement in other aspects of life did not meet expected standards. We know of too many instances where the State failed its citizens, not just in the case of these laundries, but in educational institutions and mental health facilities as well. The fact these laundries continued up to the mid-1990s is an indication that we cannot absolve ourselves of responsibility for them. There are facilities today which are not deserving of our citizens, particularly some of our residential institutions for people with severe disabilities. I know of one facility where people with profound disabilities are in dormitories with up to seven and eight people. We are still awaiting the full HIQA, Health Information and Quality Authority, regulations to be applied to many of these facilities. There are still legacy issues in parts of our public services which need to be addressed.

I urge the Taoiseach next week during the wider debate on the Magdalen laundries to give a full apology on behalf of the State. I hope we will put in place a structure to ensure supports are provided for the some 1,000 survivors of the laundries to make their lives comfortable, as well as showing reparation and penance for the State not looking after them in a way it should have done.

**Deputy Michael Healy-Rae:** I thank Fianna Fáil very much for bringing this Private Members' motion before the House. Of course it is prudent and proper that this motion be discussed. I take grave exception to people who condemned this motion, ridiculed it and accused it of

something it is not. Members have said that tonight we should look back at the events of last week to size up in a sensible and prudent way what exactly happened. The report on the Magdalen laundries is to be welcomed and I am grateful to Dr. McAleese for his work on it. It was the Government's, particularly the Taoiseach's, reaction to the report, however, that has to be noted. The Taoiseach gave a poor response to this very important report. It was as though he was speaking with one hand tied behind his back. Why was this the case last week? Why did it take the outrage of Opposition politicians, the victims and people across the country to force a U-turn on the Government's reaction to the report?

Government Members are condemning this motion because they are hurting over the Government's reaction to it. They know the Government handled it poorly. I am very sorry the Minister for Justice and Equality has left the Chamber because I hate speaking about somebody when I cannot look into his or her eyes. The breathtaking arrogance of his speech earlier is only matched by his incompetence as a Minister who has lost the support and confidence of rank and file gardaí across the country. He came in here tonight looking down his nose at a perfectly genuine and sensible proposal simply to say sorry on behalf of the Government. How anyone could find fault with such a proposal is beyond belief. I remember years ago during a debate on the Magdalen laundries, when the Minister was on the Opposition benches, he jumped up and down in his contribution. Why was he not jumping up and down last week when the report came out and apologise on behalf of the Government? For some unknown reason, but only known to themselves in government, he dropped the ball.

Tonight is about remembering the horror and the torture that these ladies went through in their time in these laundries. We must all respect that people have a short length of time on this earth. We think of these young women with their lives in front of them being robbed of the best years of their lives. Of course the Taoiseach should apologise. He should have done it last week instead of being forced into doing so. However, it is better late than never. I would welcome if the Taoiseach made an apology on behalf of all of us next week. No recompense will replace the torture these women went through but some structure needs to be put in place even if it is belated.

Something went wrong last week in the heart of Government. Where it came from, whether it was based on legal advice from the Department of Justice and Equality and what it meant, we may never know. I compliment Dr. McAleese for his work. I have cited the low cost at which he produced this excellent report. I imagine the Minister for Justice and Equality, Deputy Shatter, knows that few solicitors working in tribunals would get out of bed for €11,000 but Dr. McAleese produced his report for €11,000. I support the motion but I am deeply hurt at the reaction of some of the members of Government who tried to ridicule it.

**Deputy Billy Kelleher:** At times one speaks in the House in a debate and one wishes it would develop in a non-partisan way. This debate should be about the survivors and their families, how the State can address the issues and how it can make some form of redress or provide a recognition of the wrongs that were done to the survivors of the Magdalen laundries. I regret that in some way it is perceived as opportunistic or partisan for us to table the motion. Our motion reads simply and is not a criticism of any Government or body. It states:

“That Dáil Éireann:

notes the comprehensive and substantive report on Magdalen Laundries completed by Senator Martin McAleese;

agrees that, given the evidence in the report, an apology should be given to the women of the Magdalen Laundries by the Taoiseach, on behalf of the Oireachtas and all citizens of the State, for what they had to endure; and

further agrees to the establishment of a dedicated unit within the Department of Justice and Equality to co-ordinate remaining aspects of the State's response including all forms of redress which should be provided."

That is a clear and concise motion but it is not opportunistic. It calls on the House to reflect what broader society believes anyway. It ill-behoves people to come to the House and suggest otherwise. It is our duty as an Opposition party to put forward views that may be contrary to Government opinion but which simply reflect broad public opinion. More important, they reflect what the survivors of the Magdalen laundries have been saying for years.

These people want an acknowledgment that a wrong was done to them by the State and they want some form of redress. The starting point must be an acknowledgement by the leader of the Government and by the Oireachtas that a wrong was perpetrated on these people by the State. The first part of acknowledging this must involve an apology but more must flow from it.

I believe the testimony of each of these women. It was painful and difficult for them to come forward to express their views on what they endured but they did so bravely. We should at the least acknowledge in this Parliament what they went through. The Taoiseach has an obligation and duty as leader of the Government to speak on behalf of the Parliament, to issue an apology and to address immediately the outstanding issues with regard to redress and ensuring that these women are compensated in whatever way they believe is necessary to buy back the time they spent in Magdalen laundries, often against their will and in appalling conditions. That can in no way be described as partisan, as suggested previously by the Minister for Justice and Equality who, at times on this side of the House, campaigned strongly. I admired that person for campaigning. However, when he went to the other side of the House things changed. A little consistency especially on an issue as sensitive as this would be much appreciated from Minister for Justice and Equality on this occasion.

Let us consider the McAleese report, including the recommendations and the summary. The report points out that the State was complicit in sending women to the Magdalen laundries in more than one quarter of cases. There were several routes to their entry to the laundries but the overwhelming view of the McAleese report was that the State was complicit. Further, the State was complicit by its failure to inspect the institutions and ensure that people were being treated properly, fairly and with dignity. None of this happened and the State neglected its duty to ensure that citizens were not being held against their wishes or at times held because they were sent without any legislative back-up or by the courts on foot of convictions. At time they were simply sent by society and systems that were at the least abusive of decency and the human rights we would expect for every citizen and which we would expect every citizen to uphold for others.

Approximately 1,000 survivors of the Magdalen laundries are still alive but behind this figure are the families of the survivors as well. This means 1,000 people were directly affected by the fact that they were held in these institutions, often against their will and at times abused in the most appalling way, verbally and physically and as a result of the conditions under which they lived and worked. The story of the families must be told and listened to as well. This is why there was a clamour last week from the basic consciousness of the people. They wanted an

apology because they felt complicit as well. They did not realise at the time what was occurring behind the walls of the various laundries throughout the country, including St. Mary's, Cork Road, Waterford; St. Mary's, New Ross, Wexford; St. Mary's, Pennyswell Road, Limerick; and St. Mary's, Sunday's Well, Cork. For many decades behind the walls of these institutions appalling abuse was being carried out, in more than one quarter of cases at the behest of the State. In all cases there was a failure of the State to ensure that these women were protected with basic working conditions. This is why the people believe there is an obligation on the Parliament and on the Head of Government to issue an apology. They want an apology issued on their behalf. They walked and cycled past the walls of these institutions unaware of the appalling tragedies and abuse being perpetrated on the freedoms of individuals. Their rights were trampled on for decades and this is why the apology is necessary.

Only a short time ago a previous Taoiseach apologised on behalf of the people and the State for the abuse perpetrated on young people in State or church institutions, including appalling sexual and physical abuse. That was the right thing to do. What flows from that is not the point. If there is a concern that by issuing an apology the State would be open to contingent liabilities then so be it. The first and overwhelming response is that an apology must be heartfelt and given for the right reasons, but not for political expediency or when a public relations machine can manage it better. It should be done there and then. The Taoiseach should say he is sorry on behalf of the State and the Parliament for the years of abuse perpetrated on these women by the State's failure to enforce the law and, more important, its failure to ensure that the freedoms and human rights of these individuals were vindicated. This is the reason there are concerns. The Minister of State, Deputy Costello, knows this full well. He has campaigned for years on the issue of justice for people. He has campaigned for justice for prisoners. These women were prisoners locked away in laundries for years. An apology should be made immediately. If I am called opportunistic or partisan for raising this issue from this side of the House then others can label me as such, but we do this for the right reasons and it is never the wrong time to do the right thing. This is the critical issue.

The Taoiseach will meet survivors of the Magdalen laundries in England during the week. I welcome this engagement and that he is ensuring he knows their stories and testimony. I know he believes in them. However, it is critical for the leader of the Government to attend the Parliament and say "Sorry". What flows from that is another day's work. Why should we be afraid of contingent liabilities? Why should we be afraid that the State be taken? Let that be the case. Let the State at least acknowledge that these people deserve an apology, their good name and that their integrity is vindicated. Then, when all is done and dusted, let us discuss how we can assist these women in practical ways to ensure they can live out their lives with at least some dignity. Let us find some way to make up for the time that was stolen from them by the State and by the failure of the Parliament to uphold basic human rights.

**Minister of State at the Department of Foreign Affairs and Trade (Deputy Joe Costello):** These women deserve an apology and they will get an apology, but I do not agree with Deputy Kelleher that the first part of acknowledging the wrong that was done should have been an apology. The first and most important acknowledgement of the wrong that was done was the Government's decision to establish an inquiry. It is galling to see Fianna Fáil traipsing after Sinn Féin, which demanded an apology before it even read the report. Sinn Féin Members never even mentioned the issue until last year. Fianna Fáil is now coming in to demand an apology even though it was in Government for 14 out of the last 16 years and failed to set up an inquiry.

**Deputy Dara Calleary:** Former Deputy Tom Kitt.

**Deputy Joe Costello:** We have set up an inquiry and an apology will certainly be forthcoming. I welcome the opportunity to speak on the report by former Senator McAleese on the Magdalen laundries. Former Senator McAleese and the committee are to be commended on their excellent work in bringing to light what happened to these women and for setting out the role of the State in the operation of the laundries. I pay tribute to the Magdalen women who suffered so grievously and fought with dignity for many years for recognition and justice.

The bare numbers indicate the scale of what went on in the Magdalen laundries. More than 10,000 women spent time in the laundries since the foundation of the State in 1922. The State was involved in referring more than 2,000 of these women to the laundries. It is clear that the State played a major role in various aspects of the Magdalen institutions. Former Senator McAleese has pointed out that many of the women who testified to the committee experienced the laundries as lonely and frightening places. These women were often cruelly labelled as fallen women, which was an entirely inaccurate characterisation not borne out by the facts.

I lived beside the Magdalen laundry on Sean McDermott Street for 15 years and I have campaigned on the issue for many years. My initial involvement followed the attempt by the Sisters of Our Lady of Charity to exhume the bodies of Magdalen women buried at Hyde Park in Drumcondra in 1992. The exhumation was carried out to make way for a housing development. The sisters were selling the land to a private developer and were applying for planning permission before the deal was finalised. Little thought was given to the women buried there and what happened was callous in the extreme. Former Senator McAleese's report notes the careless use of a bulldozer to exhume these women. Moreover, when the undertakers finally carried out the exhumation in 1993 they discovered in unmarked graves the remains of an additional 22 women who were not accounted for in the original application. It was not until 2005 that all 155 women whose remains were exhumed were identified and matched to names and dates of death. A motion that I tabled condemning the action and calling for an inquiry was passed unanimously by Dublin City Council but nothing happened for a number of years.

I continued to be involved with the Magdalen memorial committee and in April 1996, I was involved in the unveiling of a small plaque on a bench in St. Stephen's Green to commemorate the Magdalen women. The plaque, which was unveiled by then President Mary Robinson, was dedicated to the women who worked in the Magdalen laundry institutions and the children born to some members of those communities and asked passers-by to reflect upon their lives. Until 1996, I remained closely involved with the women of the last remaining laundry on Sean McDermott Street. When the laundry closed that year, I engaged with the sisters to ensure the remaining women who were unable to cope in the outside world would be transferred to Hyde Park on a voluntary basis and after consultation with relatives.

The unveiling of the plaque in 1996 was an historic step in recognising the suffering the suffering of the Magdalen women and the wrongs done to them. Now that the facts have been set out in former Senator McAleese's report, it is essential that a formal apology is offered by the Government and that a suitable method of compensation and assistance is devised. I am confident that the matter will be resolved in a way that satisfies these courageous women.

I am sure the Government will not be found wanting in dealing with the outstanding issue of the Bethany homes, which were the Protestant equivalent of the Magdalen laundries. They were not nearly as widespread but women were detained in them against their will and the State also played a supervisory and complicit role. We must deal with the industrial schools for the children, the Magdalen laundries for the Catholic women and the Bethany homes for the Prot-

estant women. We must establish a committee along the lines of that established under former Senator McAleese.

**Deputy John McGuinness:** I acknowledge the role played by Tom Kitt and Michael Kennedy at the outset of this campaign. I recall the non-partisan way in which they set up a committee to hold hearings and give those who were involved in the Magdalen laundries an opportunity to put their experiences on record. I hope the report and this debate send a signal to others who believe their rights were trampled on by the State. There are many such individuals. The Minister of State mentioned Bethany homes but two workhouses, in Dublin and Wexford, respectively, were not mentioned in the report. It is astonishing they were not included. There was cross-party political involvement in allowing this issue to be discussed initially and facilitating the women in coming forward and sharing their experiences and difficulties. I commend Members across all parties on the work undertaken. I also commend former Senator McAleese on bringing together the stories and setting out the extent to which the State neglected its responsibility to those who were in these workhouses. It did nothing to stop the violation of human rights.

The religious orders were also complicit and they, along with the State, should offer a full apology. I regret that the Taoiseach did not take the opportunity of the publication of the report to make such an apology. Everybody who followed the campaign was aware that the outcome could only have been what former Senator McAleese described. The apology should have been ready and accompanied by a commitment to introduce a redress scheme. We also cannot forget the families of the women whose rights were violated in the various workhouses.

I spoke with one woman who only in the past several days came forward to state that she was cared for in three different foster homes before being taken without notice to an institution in Wexford. She escaped from the institution on several occasions because she endured a life of misery in it. She was not even recognised as a human being. She told me how they washed the terrazzo floors in these institutions. One of the girls who joined her was forced to do this work even though she only had one hand. Another girl who was fully able took the brunt of the tasks assigned to them. One of the things she said to me was that as she developed friendships with other girls in that location, she and they were punished by being sent to the “hairy” room to have their hair hacked off so that they were then presented to the others in a way that embarrassed them. It is a shame that the State behaved like that. We all need to apologise to all of these families and to all of the women still alive. We need to encourage the Taoiseach and the State to be fulsome in their apology. They must also acknowledge that more needs to be done and that a redress scheme needs, without any great debate, to be put in place to recognise the work these women did while they were in State care, to recognise the abuse they received and the fact their rights were trampled on by the State.

**Deputy Niall Collins:** I am glad to have the opportunity to speak about the Magdalen laundries this evening. I have already said that I welcome the fact that the Government set up the interdepartmental committee last July, chaired by then Senator, Martin McAleese. His report is a very thorough one and it confirms for the first time that there was State involvement with these laundries.

The previous Government should have set up a group to examine State involvement with the Magdalen laundries and I am sorry it did not. However, I wish to acknowledge the work that my colleague, Deputy Dara Calleary, did with the groups, alongside other Deputies from across this side of the House. It is unfortunate that yesterday evening the Minister of State,

Deputy Kathleen Lynch, decided to be extremely partisan in her contribution in the House. Tonight, we have seen more speakers on the Government side follow this ill-conceived tactic. This day last week at the Labour Party parliamentary party meeting, 12 Labour Party people spoke of the need for an immediate apology and put forward the view that the publication of this significant report was not handled properly. Some Labour Party members went on national and local radio to articulate and confirm this.

Fianna Fáil put forward this motion with one objective in mind: to support the women who were in the Magdalen laundries. The organisations representing the women welcomed the motion, as did the National Women's Council and other organisations. We believe an apology should be given and that a special unit should be set up in the department of Justice and Equality so that all the women's needs can be dealt with. This report is an extremely valuable account that vindicates the women involved. It ends the secrecy, silence and the shame that the women felt. I also want to acknowledge and commend the report done in 2007 by James Smith, the Boston-based academic who describes so well how difficult it is to "separate academic detachment from personal indignation, as moral outrage and academic detachment do not sit easily on the same page".

Evidence in the McAleese report illustrates the State involvement that was not fully evident previously, even when civil servants gave evidence to a high-level UN committee in 2009. The McAleese report confirms that 26.5% of the women in the Magdalen laundries were there due to State involvement. It confirms the validity of their accounts and the consequences of the humiliation they endured. It absolutely confirms their right to an apology and to comprehensive redress. The report is honest about its limitations, which are its terms of reference and "the small sample of women available". The women who came forward were very brave and must be commended for their bravery. They felt like slaves and were treated like slaves. Their personal testimonies, not only those in the report but also the ones given on radio and television, added to the anger felt when an apology was not given when the report was published. This failure added to the women's anger and distress. No doubt this outcome was not intentional, but unfortunately that was the outcome, whether the Government accepts it or not. Because these women vary in age and some of them are very elderly, the delay in apologising only added to their distress. It is obvious to me that the Government published the report prematurely. The groups had been expecting it for a few weeks, but could not believe that even though it was delayed, it was not published with an apology. It is in stark contrast to the Keane report, for example, which the Government considered for months before publishing it.

Everyone in this House agrees that what the women in the laundries went through was totally and utterly unacceptable. However, there were women in laundries across Ireland that were not included in the report, Stanhope Street and Summerhill in particular. Women were sent to the laundries against their will or with the consent of their parents or by the State and were expected to work for months and years without any pay. The work was very physical and days were long. While working they were deprived of education. They were not allowed leave and could only speak when they were spoken to. Today on Joe Duffy's show, women from New York outlined what they went through as well.

As a State we must stand up against this very sensitive, hurtful and complex part of Ireland's history, and there should be an all-party approach, if possible, to reaching a satisfactory solution. The women who resided and worked in these institutions were referred to as "penitents" or "inmates" and latterly as girls and women. Some were sent in as young as nine or 12 years of age. The duration of stay varied from months in some cases to years in others. Women's

names were changed. Some women said they were held in locked dormitories with bars on the windows and the premises were surrounded by very high walls so that the outside world was invisible. Priests, nuns, parents and the State hid behind what happened in the laundries. It is time we all owned up. The women felt neglected and stigmatised and this feeling did not leave them when they left the laundries. They were not just institutionalised from their time inside; they have carried the burden for the remainder of their lives. They still carry it.

Even today, some women are still uncomfortable with being identified because of the stigma they feel. By recognising and accepting their accounts of what happened to them, we will enable them to start their healing. I believe the women. We all believe them. For the State to admit it is sorry will help the women start to feel vindicated. That is crucial at this stage. Counselling services should be provided and that is why we believe a special unit is justified.

I am aware that there will be statements in the Dáil next Tuesday on the report and I welcome that, but I regret that the women did not receive the apology they so richly deserved on the same day the report was published. Deep down the Oireachtas knows this should have been done. I look forward to the correct and right thing being done for the women and their families.

*9 o'clock*

Amendment put:

The Dáil divided: Tá, 84; Níl, 46. Tá Bannón, James Barry, Tom Breen, Pat Bruton, Richard Burton, Joan Butler, Ray Buttimer, Jerry Byrne, Catherine Byrne, Eric Cannon, Ciarán Carey, Joe Coffey, Paudie Collins, Áine Conlan, Seán Connaughton, Paul J. Coonan, Noel Corcoran Kennedy, Marcella Costello, Joe Creed, Michael Daly, Jim Deasy, John Deenihan, Jimmy Deering, Pat Doherty, Regina Donohoe, Paschal Dowds, Robert Doyle, Andrew Durkan, Bernard J. English, Damien Farrell, Alan Feighan, Frank Ferris, Anne Fitzgerald, Frances Fitzpatrick, Peter Flanagan, Terence Griffin, Brendan Harrington, Noel Harris, Simon Hayes, Tom Heydon, Martin Hogan, Phil Howlin, Brendan Humphreys, Heather Keating, Derek Keaveney, Colm Kehoe, Paul Kenny, Seán Kyne, Seán Lynch, Ciarán Lynch, Kathleen Lyons, John McCarthy, Michael McGinley, Dinny McHugh, Joe McLoughlin, Tony McNamara, Michael Mathews, Peter Mitchell, Olivia Mitchell O'Connor, Mary Mulherin, Michelle Murphy, Dara Murphy, Eoghan Nash, Gerald Neville, Dan Noonan, Michael O'Donnell, Kieran O'Donovan, Patrick O'Mahony, John O'Reilly, Joe O'Sullivan, Jan Perry, John Phelan, Ann Phelan, John Paul Rabbitte, Pat Ring, Michael Ryan, Brendan Sherlock, Sean Spring, Arthur Stagg, Emmet Timmins, Billy Tuffy, Joanna Varadkar, Leo Wall, Jack White, Alex Níl Adams, Gerry Boyd Barrett, Richard Broughan, Thomas P. Calleary, Dara Collins, Joan Collins, Niall Colreavy, Michael Cowen, Barry Crowe, Seán Daly, Clare Doherty, Pearse Ellis, Dessie Ferris, Martin Flanagan, Luke 'Ming' Fleming, Tom Healy, Seamus Healy-Rae, Michael Kelleher, Billy Kirk, Seamus Lowry, Michael Mac Lochlainn, Pádraig McConalogue, Charlie McDonald, Mary Lou McGrath, Finian McGrath, Mattie McGrath, Michael McGuinness, John McLellan, Sandra Martin, Micheál Moynihan, Michael Murphy, Catherine Nulty, Patrick Ó Caoláin, Caoimhghín Ó Cuív, Éamon Ó Fearghaíl, Seán Ó Snodaigh, Aengus O'Brien, Jonathan O'Dea, Willie O'Sullivan, Maureen Ross, Shane Shortall, Róisín Smith, Brendan Stanley, Brian Tóibín, Peadar Troy, Robert Wallace, Mick.

Tellers: Tá, Deputies Emmet Stagg and Paul Kehoe; Níl, Deputies Dara Calleary and Michael Moynihan.

Amendment declared carried.

Question, “That the motion, as amended, be agreed to”, put and declared carried.

### **Promissory Notes: Motion (Resumed)**

The following motion was moved by the Minister for Finance, Deputy Michael Noonan, on Tuesday, 12 February 2012:

That:

Dáil Éireann welcomes the restructuring of the promissory notes provided for the IBRC, based on the outcome of discussions with the European Central Bank;

— recognises the benefit of the restructured arrangement for the State and its citizens, particularly:

— the removal of the promissory notes which will be exchanged for long-term Government bonds, with an average maturity of 34 to 35 years, as opposed to the promissory notes’ seven to eight year average maturity;

— the reduction in the State’s general Government deficit of approximately €1 billion, 0.6% of GDP, per annum over the coming years, which will bring us €1 billion closer to attaining our 3% deficit target by 2015;

— the reduction in the State’s cash borrowing requirement over the next ten years by €20 billion;

— the significant element of the interest payments on the Government bonds that is expected ultimately to be returned to the Exchequer in the form of Central Bank dividends, while these bonds are retained by the Central Bank;

— the substantial improvement in the State’s debt position over time;

— the removal of the remnants of the former Anglo Irish Bank and Irish Nationwide Building Society from the Irish financial system;

— the housing of all “wind down assets” in one entity, the National Asset Management Agency, which should lead to greater efficiency in their workout;

— commends the Government for progressing the commitment “*to secure a Programme of Support and solution to the banking crisis that is perceived as more affordable by both the Irish public and international markets, thereby restoring confidence, growth, job creation and the State’s access to affordable credit from private lenders*”; and

— supports the Government’s continuing efforts to foster economic growth and job creation which, in tandem with ongoing discussions on the extended remit of the European Stability Mechanism, will further improve the State’s debt sustainability.

Debate resumed on amendment No. 4:

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

“recognises that the replacement of the promissory notes provided to the Irish Bank Resolution Corporation (IBRC) with long-term Government bonds announced by an Taoiseach on Thursday, 7th February, 2013 provides important benefits to the State including:

— a reduction in the general Government deficit of approximately €1 billion per annum over the coming years and will bring the State approximately €1 billion closer to attaining the 3% general Government deficit target by 2015; and

— a reduction in the State’s cash borrowing requirement over the next 10 years by €20 billion by virtue of paying interest only on Government bonds rather than capital and interest on the promissory notes;

acknowledges the considerable efforts made in recent months by those who negotiated on Ireland’s behalf including the Minister for Finance, the Governor of the Central Bank and officials from the Department of Finance and the National Treasury Management Agency;

calls on the Government to use the €1 billion gain on the general Government deficit to ease the planned budget adjustments and to invest further in job creation measures without compromising the achievement of the 3% deficit target by 2015;

notes that the Government has not sought or received any write down whatsoever of the legacy debt associated with the rescue of the former Anglo Irish Bank and Irish Nationwide Building Society;

notes that the Euro Area Summit Statement of 29th June, 2012 reaffirming the imperative need to ‘break the vicious circle between the banks and the sovereigns’ has not been implemented in this case;

notes that the conversion of the promissory notes to long-term Government bonds means that there will be no further easement of this debt as a result of evolving European policy;

believes that the Central Bank should be permitted to retain the Government bonds for longer than the period agreed which would yield additional savings to the State;

calls on the Government to publish a detailed analysis of the full impact of the deal on Ireland’s debt and deficit figures over the full course of the deal including, for example, sensitivity analysis for varying interest rates on the Government bonds and possible payments to the National Asset Management Agency to cover any shortfall (should one arise) following the sale of IBRC assets by the Special Liquidator; and

believes that the justice of Ireland’s case deserves further relief from the impact of bank-related debt and, in particular, that the Government should be seeking to have the cost of bailing out AIB, Bank of Ireland and Permanent TSB lifted from the shoulders of the State through the European Stability Mechanism.”

(Deputy Michael McGrath).

**Deputy Martin Heydon:** The point I was making before the debate adjourned was that constituents have raised the idea with me that the debt has now been passed to our children and is a noose around their neck for the future. There is a very good reason this country was borrowing €3.1 billion to pay the promissory note debt in recent years. Due to the bank guarantee in 2008, this is our debt. As unfair and as wrong as that is, it was a situation we could not get away from. The implications of not seeing down the payment of that debt were far worse for the citizens of this State. The biggest flaw of the bank guarantee of 2008 was not on the night, when it was Hobson's choice. It was the fact the writing was on the wall for some time beforehand that there were problems in Anglo and other banking institutions, yet the members of the previous Government kept their heads in the sand and left themselves in a position where, when the bankers came that night, the options were slim and none. The former Taoiseach was out playing golf with the head of Anglo Irish Bank six or eight months in advance yet he never thought to ask how things were going in the bank that everyone was talking about as being in trouble. That is why we ended up with a bank guarantee.

The option of breaking away from the obligations of this bank guarantee by defaulting, which is glibly thrown out in this House by Members of the Opposition, is not an option that citizens of this State could even countenance. We know how difficult the last budget was with a €3.5 billion correction. To have to find over €10 billion overnight, which is what a default would lead to, is something that, in the measure of spending cuts and taxes, the people of this State could not handle.

On another point, NAMA will be a lot cheaper to operate than the bank had been. We had this galling situation of bankers' pay and pensions that we have had to honour due to previous agreements which are very difficult to break away from. NAMA will be a much cheaper proposition to run. There are no big golden handshakes or gold-plated pensions for IBRC staff who are going, in particular the higher paid staff. This is recognition of the handling of this issue. While I undoubtedly have sympathy for the staff who are losing their jobs, we are not seeing massive pay-offs at the top, which has been the case in the past.

**Deputy Heather Humphreys:** I welcome the opportunity to speak on the motion. It has been widely acknowledged that last Thursday's deal between the Government and the ECB represents a hugely significant step forward in our economic recovery. The elimination of the promissory note arrangement is a major boost to Ireland's economic future and will have a positive impact on our long-term economic sustainability and our prospects for growth and job creation. As part of the deal agreed by the previous Government, Ireland was committed to pay €3.1 billion per year as part of the promissory note agreement in regard to Anglo Irish Bank. This was crippling our finances and the country could not continue to operate under the stress and duress of the ten-year promissory note deal that the Brian Cowen Government negotiated.

Over the weekend, a number of people approached me and asked me to explain what exactly the deal meant. My response to them was to say that, essentially, we have got rid of the short-term loan, which was eight years, and transferred it onto a loan on which we pay interest only until 2038 and, after that, repayments are on a phased basis until 2053. In other words, the repayment is reduced and our cashflow is improved. As somebody who worked in financial services for many years, that is exactly what I would have done to help a customer who could not meet their financial commitments and who wanted to honour their commitment and maintain their credibility so they could borrow in the future. As a result of this deal, we will no longer

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have to borrow €3.1 billion each March to meet the promissory note repayments. This means we will have to borrow €20 billion less over the next ten years.

There has been much talk about what this deal means for the man on the street. Obviously, what the ordinary family wants to know is whether they will see the results of the deal reflected in their pockets. Unfortunately, the reality is that, as a nation, we are still spending more than we are taking in, so the fact remains that further savings must be found. What this deal does mean, however, is that the Exchequer deficit will be reduced by €1 billion. This means there will be €1 billion less in spending cuts and tax increases to be found, which is a very significant amount.

It is also disappointing that some Members of the Opposition have not recognised the huge importance of this deal for our country. Although, for some, I suspect it could be a case that they absolutely understand this is the best deal Ireland could have got, it is simply not within their comprehension to give credit where it is due. Instead, they will continue their policy of pervasive negativity. Fortunately, on this occasion, I do not believe this is a policy that will serve them well. The vast majority of economic analysts have acknowledged this is a good deal. This has been reflected by the fall in our costs of borrowing, and the recent decision by Standard and Poor's to upgrade its outlook on the Irish economy from negative to stable is a further positive development and is proof of the renewed credibility which Ireland now enjoys internationally.

It is important to remember that when the Government entered office in March 2011, our country's reputation was on the floor. Ireland was being spoken of in the same terms as Greece. Attempting to negotiate a new deal at that time was the equivalent of trying to drive a car with two hands tied behind our back. Any bank manager will say that if somebody is seeking to re-finance a loan, the first thing to look at is what attempts they have made to make their repayments. What the bank manager wants to see is a willingness and an effort from the person in question to sort their finances out. As the saying goes, you can only help somebody who is willing to help themselves. So it is with Ireland. Our international partners now recognise the serious effort that is being put into restoring our economic fortunes. They are cognisant of the enormous sacrifices and solidarity that the Irish people have shown to date in helping to get our country back on track. This deal is a culmination of those efforts.

The benefits of our enhanced standing in Europe were also to be seen at last week's EU budget agreement. As a Deputy from the constituency of Cavan-Monaghan, I know there were huge concerns among farmers about the possibility of savage cuts to direct payments. It is absolutely crucial that the direct payments have been protected. This funding is a vital support for farm incomes and as we all know, farmers spend locally so it also delivers wider benefits for the rural economy.

These were very difficult negotiations. There were major threats to Irish payments with some countries calling for a cut to the overall CAP budget of over 30% which would have had a devastating impact on farmers. In that context, I believe this agreement represents a good deal for Irish farmers. It guarantees funding of over €1.5 billion per year for Ireland from the CAP and while this is down slightly from previous years, it is not nearly as bad as some had feared.

The past week has been a good week for Ireland and I pay tribute to the monumental efforts of the Minister for Finance; the Minister for Agriculture, Food and the Marine; and the Taoiseach who have been working tirelessly to ensure a positive outcome to these negotiations for

Ireland and I believe they deserve enormous credit for what has been achieved.

**An Ceann Comhairle:** I call Deputy Kelleher who has ten minutes and is sharing time with Deputy Cowen.

**Deputy Billy Kelleher:** I welcome the opportunity to speak on this motion. In addressing the House on this very important topic, it is important that we put it into the context of where we are as a people and what we are trying to achieve in terms of debt restructuring, addressing the fundamental deficit facing the country on a continual basis with regard to the provision of services and, more importantly, trying to inspire and encourage people to ensure that if they stay the course, we will come through the other side. It is critically important to point out that austerity alone will not address the difficulties this country faces. There must be belief, hope, opportunity and a vision and pathway out of where we are.

I have listened to the debate over the past number of days and previously. There are many varying views as to how we address the difficulties. There are varying views on how we got into the difficulties and much revisionism, rewriting of history and partisan point scoring. That is fine. We live in a political world and this is a political Chamber as much as a democratic assembly. In talking about the future, we must address it in a meaningful way that contributes to addressing the problems. They are twofold. We have a major overhang of debt in trying to resolve the banking crisis that faced this country from 2008 to the present day. That issue has not gone away. The restructuring of the promissory note is a start and we welcome that as a party. It addresses a number of fundamental issues such as short-term cash flow and diminishes the repayments required over the longer term by the State to bail out what was described very often in this House as a toxic bank.

The question must be asked as to why one would bail out a toxic bank and why the State and, more importantly, the people carry the burden of a toxic bank. Reference has been made to the fact that it was primarily down to the events of 28 September 2008 when the bank guarantee was foisted on the Irish people. At the time, one would have had to ask what the alternative was. Some parties supported the bank guarantee, while others opposed it. Every party here except for the Socialist Party and People Before Profit have on occasions voted for the bank guarantee. That is a fact. Fine Gael supported it during the legislation that week. Sinn Féin supported it that week. On entering Government, Labour supported the extension of the bank guarantee. The only people who are in any way consistent around here on this issue are People Before Profit and the Socialist Party but one could argue that their policies are always consistent because they are consistently wrong. On this occasion, they claim they were the only ones.

We see a rewriting of history on this issue. Labour in particular said that it vehemently opposed the bank guarantee and yet in Government, it supported and voted on an all-party basis with its Fine Gael colleagues to extend that guarantee. The point I am making is that if we are trying to address the difficulties, it is important that we establish what the problems facing us are and what are the solutions. People could argue that Fianna Fáil has a brass neck to stand up in this Chamber and speak on this issue. I do not believe I have any choice or obligation other than to speak on this issue because I feel my party and I can bring something to the debate. We will support the Government when we think it is right.

The legislation to wind up the IBRC was rushed through the Dáil last week. It came upon us very quickly and we made a decision based on a number of things. They were a quick perusal of the legislation and a brief interpretation and explanation by our spokespersons on finance.

Critically, one must at times take the word of the man standing in the trenches and that was the Minister for Finance. Clearly, his recommendation was that there could be contingent liabilities on the State if we did not pass this legislation. We have to take the Minister at his word on those occasions. We would obviously have liked an opportunity to tease out and debate the issues before giving final consent to supporting this. However, when the Minister looks one in the eye and says that there is a potential threat to the finances of the State in terms of asset stripping, etc., we had an obligation to support this. That is the reason we supported it but that does not mean that we cannot criticise other aspects of the deal and the Government's approach to the banking issue.

We must go back a bit to the time when the Tánaiste and current leader of the Labour Party vehemently opposed the bank guarantee. Another aspect of his opposition related to NAMA. I find it amazing that two years into this Government, it has done nothing to address the democratic deficit in NAMA and the fact that there is no accountability to any Chamber or committee or anybody else. Clearly, these decisions were made under huge pressure at the time. Let us be honest. The Opposition was fighting the good fight in terms of trying to root out a Government that was under siege but the Government of the day had to make these decisions under enormous pressure both in this House and from the ECB in Frankfurt. Very often, it had to stand alone and some of those decisions still need to be looked at in respect of the establishment of NAMA and its governance structures, accountability and transparency. The Tánaiste was the one person I thought would champion that issue from the Government side.

**Deputy Peter Mathews:** I was banging my head against the wall from outside the Chamber.

**Deputy Billy Kelleher:** There is another man who has come into the Chamber and has been consistent since. The question is will he support this particular proposal when they vote tomorrow evening. That will be a difficult one for him and I understand the difficulties he will face but we will watch that particular chair and vote. There is a difficulty with NAMA because there is a lack of transparency and accountability. At the time, we removed it from any political interference and one of the reasons we did so was because Deputy Gilmore at the time accused it of being a social welfare scheme for developers that would bail them out and a scam by the then Government to bail out their colleagues. If that is the case, surely one would think that the Tánaiste would have made some effort to change the legislation underpinning the establishment of NAMA but he has not. He actually praised it from that chair opposite and said that it is doing a wonderful job. When on the Opposition benches, he described the people working in NAMA as "a bunch of tossers". That is what the now Tánaiste when in opposition called the people running NAMA - a bunch of tossers. The question I must ask myself is whether these tossers have changed or not because the legislation has not changed. If it was an organisation that was set up to bail out developers and a social welfare fund for builders, it is time we changed it. I would support changes to NAMA to make it more accountable, democratic and transparent. What has this Government done? It has lashed more assets into NAMA and increased the assets it will hold - this organisation that is run by a bunch of tossers.

**An Ceann Comhairle:** I respectfully suggest that the Deputy not use that term. I am not going back on history but for the record, it is just not parliamentary.

**Deputy Billy Kelleher:** It is certainly not parliamentary. That is my point. It is also very unparliamentary to cast aspersions on individuals when they are on this side of the House and when they move to the other side-----

**Deputy John Perry:** The Deputy should check the record.

**Deputy Billy Kelleher:** I can assure the Minister of State that the record has been checked. I am making the point that if we are to have a serious debate about the serious issues facing the country, some consistency and a little honesty on all sides would not go astray. When the IBRC is wound up and the liquidator sells whatever he can dispose of, the rest of the assets will be run into NAMA, if my interpretation of the legislation is correct. That will give NAMA more assets to dispose of on behalf of the State, without any mechanism in place to make it answerable to the State.

**Deputy John Perry:** NAMA is accountable to a committee of the Oireachtas.

**Deputy Billy Kelleher:** The Minister of State knows well that NAMA is not accountable. Its representatives make contributions.

**Deputy John Perry:** They are accountable. They make statements to a committee of the House.

**Deputy Billy Kelleher:** They make contributions.

**Deputy John Perry:** They are accountable to the committee.

**Deputy Billy Kelleher:** I do not understand why anyone in the House defends NAMA because those opposite criticised it when they were on this side.

**An Leas-Cheann Comhairle:** As I have just taken the Chair, I do not wish to cause any trouble.

**Deputy John Perry:** They are accountable to the committee.

*(Interruptions).*

**Deputy Billy Kelleher:** I have made my point. Even the Minister of State was very critical of NAMA when he was on this side of the House.

**Deputy John Perry:** The situation is well improved.

**An Leas-Cheann Comhairle:** I must call the next speaker. Deputy Billy Kelleher's time has expired.

**Deputy Billy Kelleher:** I welcome anything that lightens the burden on the people who have been through a very difficult time. We welcome any change in the promissory note arrangements. However, it is a deal in which the Government has done what it said it would not do. It has consolidated bank debt as sovereign debt, which should not be forgotten.

**Deputy Barry Cowen:** In the first instance, I welcome the arrangement between the Central Bank and the Government in replacing the promissory notes arrangement. Fianna Fáil also welcomes the fact that the ECB, in noting this arrangement, offered no objection to its configuration, in the main, as it provides for no write-down and honours the State's commitment to meet its obligation in full, albeit over a much longer period. Its effect of reducing the debt burden on the State in the short term is a welcome development. Like others, I acknowledge the role played by the key personnel involved in arriving at this conclusion, namely, the Ministers, Deputy Michael Noonan and Deputy Brendan Howlin, and their respective staff, the Taoiseach

and Professor Honohan and his staff. It is the conclusion of what has been a long, difficult and complex process which was not fairly reflected by the same principal participants when prior to the last general election, they told the electorate that the bailout deal was not only an onerous commitment on all our parts but one which could be would be radically overturned immediately by them on assuming office, as the mandate achieved warranted this to be the case.

The deal, as stated, reduces our immediate debt burden, but it remains a debt to which we are committed to meeting, no matter how long the period involved. It is a deal that provides for no write-down. This is unfortunate but understandable. I am glad that the Taoiseach and the Minister for Finance have confirmed that they never sought a write-down. This finally but publicly kills the myth peddled by the Tánaiste, Deputy Eamon Gilmore, prior to the last general election. The massive majority afforded to the Government and to his party was due to the promise he gave to the public that it would be Labour's way, not Frankfurt's way.

I acknowledge the Government's continuance along the path of fiscal rectitude in the past two years. In the main, it has continued the thrust of the four year plan. The fact that they have deviated from some memorandums and blamed other memorandums when making choices and decisions only confirms that, in its efforts to cling to the vague election commitments not to increase taxes and not to reduce social welfare rates, the Government parties have allowed themselves to blatantly dishonour and renege and make U-turns in areas such as education and on issues such as tuition fees, property tax, child benefit and the abolition of the PRSI allowance.

The real authors of the new deal, the new arrangements, are citizens. They have patiently borne the brunt of the reduction in earnings, loss of jobs, reduction in services and loss of facilities, lack of infrastructural investment and the decimation of morale. They bought into the Government's commitment on assuming office that it would immediately overhaul the promissory notes deal, the arrangements for the retrospective capitalisation of the banks, that there would be pro-jobs budgets, jobs initiatives, special meetings on job creation and that NewEra would lead to the creation of 100,000 jobs. There was a commitment that the banks would be forced to lend to small and medium businesses and that upward rent reviews would be abolished. There would also be an overhaul of the commercial rates system. These are just a few of the commitments made.

When a member of the Government was asked why they had engaged in such electioneering to an electorate which was in need of realistic guidance and reassurance that the path to recovery and stabilisation, let alone growth, would be slow and painful, his answer was, "Isn't that what you do in elections." In response to Fianna Fáil taking the lead in recent opinion polls, he said he was alarmed at the electorate's capacity to return such figures. I hazard a guess that he might be better off in concentrating on the demise of the Labour Party rather than on the renewal of the Fianna Fáil Party.

Last autumn the Taoiseach acknowledged that the previous Government had been bounced into decisions to capitalise and guarantee. He finally gave us some insight into the reason he and Fine Gael had supported this policy, yet he ridiculed it every time he was asked about progress on its replacement or restructuring. He also told us after last June's summit that the structures were being put in place to allow capitalisation of the banks into the future and said it had been acknowledged that Ireland was a special case. He acknowledged that the actions of the previous Government had staved off contagion and secured the survival of the euro. This afforded him the opportunity to deal on behalf of citizens with the issue of retrospective capitalisation of AIB, Bank of Ireland and TSB. This remains outstanding and I expect the Govern-

ment to agree to this on our behalf.

I urge caution on the part of the Government parties in seeking to oversell the deal and which somehow believe they are entitled to majority support in opinion polls. That might be the case if it was the case that the deal could deliver in a manner that would mean kids would not go to school hungry; that pupil-teacher ratios would rise tomorrow; that rural schools would reopen; that career guidance teaching hours would be restored; that third level fees would come back down again; that children's allowance would be increased; and that home help hours would be reinstated. The property tax will still be introduced regardless and the banks, unfortunately, will not suddenly lend to struggling or small businesses. They will probably still exercise their veto on deals with distressed mortgage-holders.

I will admit and acknowledge, however, that there is now a better foundation on which progress can be made. Some €1 billion more than was perceived to be available will be available and choices and decisions will again be sought and made by the Government which I expect will learn from its mistakes. If it is the case that the Government parties really want to clear the debt in a manner that it will diminish in value and significance, we all know that growth must be achieved. To achieve it, it is obvious the Government will have to up its game. For example, rather than penalising and taxing the pensions industry, it should work with it. It wants to invest in the economy, not to be punished or taxed for being part of it. Many constituencies such as my own and others have suffered greatly from the lack of jobs and opportunities for their inhabitants.

In the past, my constituency maximised its potential by virtue of exploiting the resource available to it in order to provide power to the national grid. It continues to do so and it will utilise the resource to which I refer up to 2020. Those in the constituency recognise the alternatives and diversifications which are necessary. The previous Government opened up the electricity market. Alternatives and renewables offer much potential. This potential must be realised through consensus. Local innovators based in Lumcloon in my constituency sought to take advantage of the opportunities that exist in this regard. They sought permission to develop wind energy and to build a back-up plant and a power plant and got it. They sought a licence from the regulator and got it. They sought connection to the national grid and got it. They sought a pricing policy for their development from the Department 11 months ago but did not get it. Some 500 jobs are at stake in respect of the development in question, for which investment has been secured. However, there has been no ministerial leadership forthcoming in the context of progressing the project. This is a blatant example of the fact that, as usual, the Government is high on spin and rhetoric but low on action in the area of job creation.

The promissory note deal affords the Government another opportunity. It stands at a crossroads and can begin again from a new, sound financial base. If it takes this opportunity, perhaps then its actions might be judged to match its rhetoric. As stated, the rhetoric in respect of jobs heretofore in the absence of the deal has been nothing but a puff of wind. We acknowledge the effort that has been made in achieving the deal on the promissory notes. We also acknowledge that reaching an agreement on those notes proved to be much more difficult than those in government perceived it to be prior to the general election. We further acknowledge that it took the Government two years to put together the deal when originally it stated it would take less than two months. Having said that, I know the basis exists for the Government to attract the right sort of investment to encourage job creation. It has no excuse to offer the country from now on. It will be judged on its success in this regard when the electorate is next asked to vote in a general election.

13 February 2013

**An Leas-Cheann Comhairle:** I call Deputy McCarthy who is sharing time with Deputies McNamara, Lyons and Creed.

**Deputy Michael McCarthy:** No matter what way one considers the good news relating to the promissory notes, one cannot escape the fact that the deal done last week is a welcome development in terms of the economic fortunes of this country. I acknowledge the work done by the Taoiseach, the Tánaiste and the Ministers for Finance and Public Expenditure and Reform, Deputies Noonan and Howlin, in this regard. The work in question was arduous and painstaking and those involved in it experienced many dark days, nights, weeks and months during the past two years. However, they have brought home the bacon in respect of this issue. The deal reflects the serious intent of this Administration in the context of fixing the public finances and the banking system.

The sheer hypocrisy and gall displayed by Fianna Fáil, whose members were the architects of the destruction of the Irish economy, and by Sinn Féin, whose members voted in favour of the blanket guarantee both here and in the Upper House, during this debate has been breathtaking. When the Taoiseach and the Tánaiste gave a commitment to the effect that they would fix this country and when the Labour Party indicated in its election manifesto that it would renegotiate the deal, Deputy Martin predicted that this would neither happen nor was it possible. A host of individuals have been passing negative comment during the past couple of years. They initially predicted that a deal could not be done. When it appeared that a deal would be done, it became the position that it would not be done to suit them. Those to whom I refer are plugged in to a movement which is marked by moaning, groaning and negativity. They do not offer any constructive, proactive proposals. That type of empty and cynical politics must be consigned to the dustbin of history because it does not serve the people of this country or their interests.

On many occasions those on the Opposition benches have sneered and jibed about the Economic Management Council. The deal done last week represents the fruits of that council's labour. This is a good-news deal. It is good for this country, for its economy and for its citizens. One cannot consider the deal in cynical terms and state that it delivers only part of this or that and does not deliver other things. This deal has already given rise to tangible results. The former Anglo Irish Bank, which formed the major part of IBRC, and the promissory notes are gone. That news has been largely well received. However, some people are not happy until they are complaining and miserable. Last week's news has driven them demented. They have scrambled, searched and forensically analysed the deal. However, they cannot criticise it in a constructive manner. They have retreated and merely offered their cynical, empty and miserable points of view. If we were obliged to depend on politicians such as them, the fortunes of this country would be a hell of a lot worse.

When this Administration came to office, there were three overarching themes in the context of what it set out to achieve, namely, to restore our reputation abroad, to fix the banking system and the public finances and to get people back into employment. Those objectives are being worked on on an hourly and daily basis by this Administration. Any objective analysis - there have been many of them offered in the past week - has pointed towards this and has offered credit and recognition where they are due.

Two years ago, Ireland's international reputation was in tatters. The IMF came to town and extended to some of the parties in opposition the opportunity to meet its representatives. The former were nearly laughed out of the room because they are so ridiculous. An individual who sits on the Sinn Féin benches just across from me - and who sat behind me when we were

Members of Seanad Éireann - engaged in his usual empty, windbag-style rhetoric at that time. I will not forget for as long as I live the fact that he donned the green jersey to support the blanket guarantee. The former Anglo Irish Bank was dragged into that guarantee and it almost dragged the country down with it. We are again being obliged to listen to empty, windbag-style, ignorant and miserable comment from those who are seeking to destroy the good news story for which the Taoiseach, the Tánaiste and the Cabinet fought so hard.

On 2 February 2011, when Fianna Fáil realised its goose was cooked - it still wanted to remain in office for a further 12 months and visit more wreck and ruin on the lives of ordinary, hardworking and decent people - Deputy Martin stated, "Eamon Gilmore needs to be honest about this with the Irish people and stop pretending that you can postpone the corrections to 2016 and that everyone will accept it." Deputy Martin also accused Deputy Gilmore of not living in the real world because he thought the deal could not be renegotiated. I refer, of course, to the absolutely catastrophic and miserable deal - it was nothing short of a financial Armageddon - that the Cabinet of which that man, Deputy Martin, was a member authored and which will lead to economic trauma being visited upon the people of this country for generations. In many ways, this reflects what happened in the 1980s when Fine Gael-Labour Governments spent five years in office trying to clean up the apocalyptic mess left behind by Fianna Fáil after its time in office at the end of the 1970s. In the 1977 general election, Fianna Fáil cynically bought people's votes and they did the same in 1997, 2002 and 2007.

Earlier, we debated the Magdalen laundries. Fianna Fáil was in power for 14 years but it did nothing in respect of the people who suffered in those institutions. It is only since the current Government came into office that those in Fianna Fáil discovered both their consciences and the fact that they have some type of obligation to those who suffered so miserably at the hands of the State and the religious orders. Throughout this evening, they have been uttering rubbish about this and that not being done in respect of both the Magdalen laundries and the deal on the promissory notes which was concluded last week. The previous Fianna Fáil Government engaged in a systematic assault on the economy of this country. The current Administration is turning around the position. The deal is a good news story and any objective analysis will show this to be the case.

**Deputy Michael McNamara:** Previous speakers read into the record the general consensus on the part of analysts and commentators, particularly those outside this country, that this is indeed a good deal for Ireland. Analysts in this State have referred to the rules being bent as far as possible without being broken. Both previous speakers and the analysts to whom I refer have congratulated the Government on what is a very good deal. I join them in congratulating the Cabinet, particularly the Minister for Finance, Deputy Noonan, on achieving this deal. Deputy Cowen was reasonably wholesome in his praise of the deal. I congratulate him on his honesty. Other members of the Opposition have been considerably less honest. The degree of misrepresentation we have witnessed in less than one week is nothing short of overwhelming and it goes a long way towards explaining why members of the public are so utterly cynical about politics.

There is not a single member of Sinn Féin in the Chamber at present. Deputy McDonald from that party criticised members of the Government for coming into the Chamber whooping and hollering and with their chests puffed out. I did not hear any whooping and hollering. I accept there were many people in the House when the deal was announced and that some individuals were emotional. However, there was no whooping and hollering and no one is engaging in self-congratulation on this side of the Chamber because we know the deal is merely a beginning. It is no more than a beginning, but it is an important beginning for this State which we

promised and on which we have delivered.

Further deals on the Irish banking debt are required. We are very clear about that. Deputy Cowen acknowledged that there is a very good likelihood that we will get further deals on separating bank debt from sovereign debt.

I have been surprised by what some of the commentators, who at least take themselves seriously if others might not, had to say. Deputy Donnelly left us in no doubt that this was a bad deal because the Greeks got a write-down and we did not, and the Spanish were able to recapitalise their banks without having to pay for it. I will read the statement of the Eurogroup on the Spanish recapitalisation. It states:

Ministers unanimously agreed today to grant financial assistance for the recapitalisation of financial institutions in response to the Spanish authorities' request... The Eurogroup agreed that the Fund for Orderly Bank Restructuring (F.R.O.B.), acting as agent of the Spanish government, will receive the funds and channel them to the financial institutions concerned. The Spanish government will retain the full responsibility of the financial assistance.

That clearly demonstrates the utter misrepresentation in which Deputy Donnelly engaged.

He also said that the Greeks got a write-down of their debt and why should we not get one? What the Greeks got was a debt buy-back of the bonds held by private investors, not European Central Bank, ECB, emergency liquidity and not EFSF funding but private investors, and it was a voluntary buy-back. Not all of them participated in it, but the majority did.

What Deputy Donnelly did not say is that there was a similar scheme in IBRC which applied to subordinated bondholders. Those subordinated bondholders refused to participate in it, and the subordinated bondholders who are not covered by the eligible liabilities general scheme are now hit to the tune of approximately €200 million. They lose their entire investment because they did not participate in that, but Deputy Donnelly did not want to give any credit for that or mention that bondholders are being burned to the tune of €200 million. What the Greeks got was an extension of the maturities of the bilateral and EFSF funds - no more, no less. That is not a debt write-down.

Deputy Ross told us this time last week during the debate on his ill-timed Private Members' motion, although he was not responsible for the timing of the deal, that the State and the Government was about to be humiliated. He was a little more magnanimous in his *Sunday Independent* column but he was back engaging in rhetoric again this evening and criticising commentators like Wolfgang Munchau of the *Financial Times* who heralded it as a very good deal. The great majority of international investors would place a little more credence on what the *Financial Times* has to say than, with respect, the commentators in the *Sunday Independent*, but then the *Financial Times* never heard of Seanie FitzPatrick. The *Financial Times* never called for Seanie FitzPatrick to be made the Governor of the Central Bank. In fact, it expressed a great deal of worry that the regulation of Irish banks was not what it could or should have been.

I record my utter disdain at the level of misrepresentation that has been going on, particularly by Sinn Féin. We see the reality of what that party represents. It is a party that thrives on the failings of a state. Just as it thrived on the failings of the Northern Ireland state, it had hoped to do exactly the same here, but it was cut short by this deal which is not an end in itself but is certainly a very good beginning.

**Deputy John Lyons:** Having listened to the debate for a short while, I thought that before I was elected to this House two years ago I had a certain level of naivety in that I genuinely thought most Members of this House, regardless of the side of the House they sat on, were here for the better good. What I observed in recent weeks, and last week in particular, was somewhat of a penny-dropping exercise. I firmly believe there are some Members in this House who do not want to see Ireland progress and the people of Ireland to have a better quality of life and standard of living. It is appalling to think that public representatives who represent the citizens of Ireland here are telling people that this is not a good deal. It is political opportunism. Credit should be given where credit is due. This is not about us telling ourselves that we are fantastic. The reality is that the news delivered last week is exceptionally good, and the behaviour of the majority of Members, though not all, in opposition regarding this deal is very disappointing.

Last Thursday was a very important day for Ireland in our mission to recover from our crisis. We said goodbye to Anglo Irish Bank, the bank that brought our nation to its knees. We also said goodbye to the promissory notes, a burden that would have made the next ten years nearly impossible to face without massive social and economic consequences. Anglo Irish Bank is no more. The promissory note is no more. It will not be paid this March or any other March.

The benefit of this deal is very significant, as we build our way out of crisis and towards recovery. We will not be paying €3.1 billion in payments for the next ten years, and we will have to borrow €20 billion less over that same period. This deal will reduce the gap between our revenue and our expenditure by €1 billion every year. According to Standard & Poor's, this deal reduced our deficit by 0.6% overnight. The repayment of the debt, with an average bond maturity of 34 years, gives us room to breathe. With that weight lifted, we will have a greater opportunity to focus on the future by growing our economy and creating jobs.

I wish to quote from three international newspapers. On the deal last week *The New York Times* said it was "another important milestone in Ireland's slow emergence from a banking and real estate crisis". A German newspaper, *Frankfurter Allgemeine*, stated: "Ireland has won the argument over the massive costs of its bank rescue." The *Financial Times* stated: "Ireland has reaped a diplomatic victory that will bear immediate economic fruit."

The value of the deal in making our debt sustainable has become immediately apparent on the international bond markets. Standard & Poor's has upgraded Ireland's credit outlook to stable. Fitch has described the deal as "credit positive", but the yield on Irish bonds has fallen to its lowest rate since before the crisis hit in 2007. Our 2020 bond is now trading at a yield of less than 4%. This means that the National Treasury Management Agency, NTMA, which has already successfully dipped into the international money markets in recent months, will be in a much better position to source the funding we need to ensure we can fully leave our bailout programme in the next year, and wave goodbye to the troika.

Despite what some people appear to think, this deal did not come about overnight; it was the outcome of months of extensive negotiation. That negotiation took place on both a political and a Central Bank level. I commend the Governor of the Central Bank, Patrick Honohan, on the excellent work he has done on behalf of the State, and the officials in the Central Bank and the Department of Finance. I commend also the Minister for Public Expenditure and Reform, Deputy Howlin, the Minister for Finance, Deputy Noonan, the Taoiseach, Deputy Enda Kenny, and the Tánaiste and Minister for Foreign Affairs and Trade, Deputy Eamon Gilmore, for securing this deal for us. That work is ongoing, and I understand negotiations are now getting under way on the remainder of our legacy bank debt used to recapitalise our pillar banks.

The people of Ireland want and need to know that this deal will have a direct impact on them. They have borne a very heavy burden as a result of the crisis, more than they morally should have borne and, in some cases, more than they can. That deal must manifest itself in the next two budgets. I urge the Minister to make it clear that this will be the case, and to point to areas where this additional funding can be allocated to ensure the people will see the dividend of this deal in their pockets.

**Deputy Michael Creed:** When this Government assumed office, it faced a challenge of similar magnitude to the founders of the State. In that context, I place on the record of the Dáil my appreciation for the result achieved by the Government in respect of the promissory note. I acknowledge the role played by the Minister, Deputy Noonan, the Taoiseach, the Tánaiste, and all their ministerial colleagues, but it is important to record the sterling work done by senior officials in the Department of Finance and our diplomatic corps across Europe. A serious job of work had to be undertaken, which was referred to by previous speakers, in restoring our international standing and our standing among our European partners, particularly those who share the euro as a common currency.

*10 o'clock*

In recent weeks, on foot of a media frenzy that seemed to suggest we were about to suffer a humiliating defeat, as stated by Deputy Ross during Private Members' business last week, I also began to wonder whether the deal was possible. For very obvious reasons, the Government's endeavour since it took office had to proceed in the utmost secrecy. It is a very significant achievement. Anglo Irish Bank died many years ago. This deal represents the burial, once and for all, of the IBRC and the end of the promissory note.

It is somewhat difficult to accept the lectures coming from the Opposition benches, particularly Fianna Fáil. I have listened to the leader of Fianna Fáil and other contributors in this debate. The promissory note is a creature of the previous Government, particularly Fianna Fáil. Fianna Fáil would have been better served by saying little rather than making the types of contribution it has made.

Much has been made of the fact that the deal is not a debt write-down. It is a debt write-down by any other name. It remains to be seen whether the deal will be challenged. I hope it is not challenged and that it will stand up. There is a fear that there could be a legal challenge anywhere across the eurozone. Anybody who states that pushing out our repayments over 25 to 40 years on Government bonds, subject to a low interest rate of 1%, represents a bad deal is not living in the real world, considering that we were facing up-front payments of €3.1 billion every March for the next eight years. While it is important not to overstate what we have achieved, the deal represents a good foundation. It deals with 40% of the legacy bank debt that the Government inherited. We must now build on the European leaders' summit of 29 June last year at which a commitment was made to break the link between sovereign debt and bank debt. That is the next step on the road to recovery.

It is important not to overstate the impact of the deal. There is much clamour over what it will mean for the ordinary person on the street. I am not sure the effect is immediate. It means we will not have to borrow more, not that we will have the opportunity to spend more in the immediate term. Our debt-servicing cost will be lower. If we can build on this and achieve a result in respect of the cost of the remaining banking debt, we will be making a very significant step in rebuilding the economy.

The problem the economy faces at present is the gap between what we spend and what we earn. Regrettably, until we re-establish businesses, create employment and get more people back to work and paying taxes, our austerity programme will continue. People ask whether the deal will mean the end of property tax and water charges. It will not. It is foolish to raise that expectation.

**Deputy Catherine Murphy:** I wish to share time with Deputies Shortall and Nulty.

During the debate on the IBRC liquidation legislation last week, I referred to section 17, which conferred significant powers on the Minister for Finance. I sought that the Oireachtas would debate any forthcoming proposal, such that power would reside with the Oireachtas and not an individual Minister. On the next day, the deal was announced.

Very little media or public attention has been paid to the debate this week. Obviously, we are debating a motion that is not one of major substance. It is a congratulatory motion rather than one making a real decision; that is the crux of the problem. We will be able to put our opposing views on the record and vote but we will achieve little more. The relevance of the Parliament hinges on the substance of an issue. What we are doing is debating a decision after the event.

I ask whether this would occur in Germany. The clear answer is “No”. On several occasions, we have seen agreements reached at European level on financial issues in respect of which the German Chancellor said she did not have the authority to sign off without first consulting the Bundestag. Last Wednesday, we relied on online media, including Twitter, and rumour in respect of a late sitting. We were not even consulted about it. That is how the Parliament has been treated. Clearly, Germany has checks and balances in its system because it has learned from history that it is very dangerous to place significant power in one person or a small group of people without having such checks and balances. We need to ensure we learn from history because it may be repeated.

We were told about Cabinet confidentiality and it seems that it was very easy to maintain because only four Cabinet members were aware of the legislation, which was prepared months ago. Some members of the Government have talked about its being a national government. Unfortunately, it sometimes feels a bit more like a dictatorship. There are frequent abuses of process, heavy use of the guillotine and inadequate time between vital stages of robust legislation. What occurred last week was a very public example of that.

The problem is not just section 17 of the IBRC legislation; it is that so much power resides with the Minister for Finance on foot of other legislation. Section 6 of the Credit Institutions (Financial Support) Act and section 34 of the Anglo Irish Bank Corporation Act 2009 are being contested in the High Court on the basis that they are repugnant to the Constitution. A case is being taken by David Hall and it is currently live.

The scary thing is that all of this could happen again. Empowering one or two people in the Cabinet could see the same type of financial transaction occurring again. Fine Gael, the largest party in the Government, produced a banking strategy before the last general election entitled “Credit Where Credit is Due”. It stated that committing €100 billion in taxpayers’ money to the banks so they could pay their foreign debts while starving the Irish economy of credit has made the recession far worse. In the last leaders’ debate before the general election of 2011, Deputy Enda Kenny, who is now Taoiseach, asserted Ireland’s reluctance to default on sovereign debt

and that some burden sharing with bondholders was required. Despite this, we have seen none.

Much of the Taoiseach's Ard-Fheis speech in 2009 could have been written by Deputy Richard Boyd Barrett. He should read it again. The debts of a private bank have no place on the shoulders of the Irish public. A short time before it crashed, Anglo Irish Bank was an AAA-rated bank in a country that was known to have a property bubble. Its lending portfolio was heavily dependent on property. I am sure this fact would not have escaped the European Central Bank. Tonight, people are talking about how great it is that Standard & Poor's and Moody's are talking us up again, yet these institutions are the ones that rated the bank.

Too many elements of society and the media are cheerleaders for the soft landing. We were warned about group-think. Is it being repeated? The country was sold short. While there are short-term advantages to the deal, it is very bad in the longer term. Clearly, the bar of the Government's expectations was set far too low. This is why it is so satisfied with the deal, which provides for full payment of the debt, the formalising of the debt into Government bonds and the sharing of responsibility not with our so-called European partners but with our children and grandchildren. At the very least, the burden of the bank debt should have been shared. It should never have been fully placed on the shoulders of the Irish citizens.

The expectation is that inflation will, in practice, reduce the principal debt. That is crystal ball territory.

In *The Irish Times* business section last Friday there was an article written by Ashoka Mody - I am probably not pronouncing his name correctly - under the headline, "We are treating the present as if the bubbly growth from 2000 to 2007 will return". The article states:

Robert Gordon of Northwestern University concludes [in a recent paper] that the rate of technological progress has slowed sharply, and that the rise in standards of living (at least in the world's rich countries) is thus set to decelerate. In the 20th century, he says, per capita income in the US doubled for every 25 - 30 years. Yet the next doubling will likely occur only over 100 years, a pace last seen in the 19th century ... Gordon's point is not that growth will decelerate in the future, but rather that the underlying productivity growth moved to a sharply lower trajectory around the year 2000. We lived the better part of the subsequent decade with a misguided sense of extended prosperity and inflated a financial bubble. Worse, we are treating the present as if the bubbly growth from 2000 to 2007 will return.

Ashoka Mody is a former mission chief for Ireland and Germany at the IMF.

We are also moving towards a so-called more competitive society, which is reducing people's wages at a time when they are being asked to pay more. From where will the inflation come? The point made by the Minister for Finance about his mortgage and how inflation will wipe out the principal might well be a totally wrong assumption. Many contributors to this debate on the Government's side have clearly clung to this assumption. I believe it might be wrong.

People aged between 35 and 40 years are most affected by mortgage debt and negative equity. They mainly have inflated mortgages and will have them for the bulk of their working lives. After they have picked up the tab before they retire, they will then discover that inadequate provision has been made for their pensions because the National Pensions Reserve Fund has been raided by this generation and handed to the banks, with just €8 billion remaining and not invested. Nobody has been jailed and there is no proper investigation of the banks. Despite

the banks having been allocated funds to deal with mortgage debt they are disgracefully dragging their heels. I could offer some very good examples that I am dealing with currently.

I have spoken to members of the generation that will pick up the tab. They are very resentful at being portrayed as having lived the high life when, in fact, most of them borrowed and scraped to get deposits to buy houses that are now only worth a fraction of what they paid for them. We must stop this myth. It is very unfair to a generation which we have no right to slag, which is essentially what we are doing.

The workers in IBRC have been treated disgracefully. These are people who are on the lower end of the salary scale. They have been told that the redundancy package is significantly below what was given in the previous exodus. That is very unfair, given the very short notice they received, and must be revisited.

**Deputy Róisín Shortall:** I share Deputy Murphy's concern about the disregard with which the Government treats duly elected Members of this House. That action seriously undermines our democracy and it is something on which the Government must reflect.

Like most deals, the deal to restructure the promissory notes has good and bad points. On the positive side, this deal is better than no deal. We have swapped a short-term loan for longer-term bonds. If 2% growth rate is achieved and if inflation is kept at 2%, the real value of these bonds should be reduced over time. However, they are big ifs. In the short term, we are not faced with the annual €3.1 billion bill for Anglo Irish Bank. That is welcome and it will certainly ease the budgetary situation. The deal should improve our attractiveness to investors. The markets had already factored in a deal, so there are no shocks there.

However, while all of these are positives, it must be pointed out that this deal is a lot less than what the Irish people are entitled to. The €30 billion Anglo Irish Bank debt is not the Irish people's debt, and it should never have been on our books. I understood we had all agreed that the key objective must be to separate banking debt from the sovereign, to lift the legally questionable burden that had been placed on the shoulders of Irish people by the promissory notes. That was my understanding of the strategy in the negotiations leading to this deal. Last June, indeed, we were given to believe that the principle that this link must be broken had been accepted. Far from breaking that link, this deal copperfastens it. It shackles the Irish people to the gambling debts of reckless banks for the next 40 years and passes the burden to Irish people not yet born. How can one say there is any fairness in that?

The extraordinary thing is that the Government said it never sought any element of write-down. The first rule of negotiation surely must be that if one does not ask for something, one will never get it. In accepting that the bank debt is Irish Government debt, the Government put paid to any prospect of other eurozone members sharing the cost of stabilising the European banking system, which is what should have happened. The effective transfer of the promissory notes to the ECB and the fact that the ECB is legally precluded from writing down debt mean that this deal has tied the hands of all future Irish Governments.

As this deal did not secure a fixed interest rate, there remains considerable uncertainty about its cost. The interest rate on the bonds will probably be 5.5% to 6%. The bonds are 3% now only because the ECB interest rates are at record lows. In normal times, the ECB rate could be 3%, with the six months Euribor rate a little higher. These bonds will be 2.5% to 2.7% higher again. There has been little transparency about the detail of this deal, and the Government's

spinning has not helped. Ireland was not paying 8% on the promissory notes. These were circular payments between State institutions, and the money was borrowed from the Central Bank at 0.75%.

There is also much concern about the lack of clarity about the implications of the deal for a number of legal cases that are pending. It remains to be seen how these will be concluded. For some time we have heard a great deal of talk from the Government and from senior EU and IMF officials about the importance of solidarity and burden sharing. However, the only solidarity in this deal is ultimately with bondholders, and the only people doing the burden sharing are the Irish people. It is not the EU or ECB, unsecured bondholders or well secured politicians, disgraced bankers or failed regulators who will pay this debt. The Irish people will pick up the tab in its entirety. Anglo Irish Bank might be gone but under this deal its ghost will haunt us all forever.

**Deputy Patrick Nulty:** I thank Deputy Murphy for sharing time.

I first wish to put on record the scandalous way in which the Oireachtas was treated this day last week. Members were presented with very complex legislation in the dark of night and were obliged to analyse it and decide on their vote. It was profoundly and deeply undemocratic. Any citizen observing the behaviour of the Government last week in railroading that legislation through without any attempt to debate it properly would have to have contempt for the way the Government treated the Irish people and Members who have been given a mandate by Irish citizens to represent them. I voted against the legislation based on the important legal principle of informed consent. We have a duty under the Constitution to analyse legislation forensically and that was not possible for Members of the Oireachtas last week. It was a shameful indictment of the processes in the House.

While it stands to reason that the deal which has been negotiated is an improvement on the catastrophic situation the country finds itself in on bank debt, an improvement is not a sufficient change to warrant support. We learned two things over the past week. We learned that Irish citizens will have to pay back every red cent incurred through the disastrous greed-driven policies of bankers, developers and the politicians who danced to their tune for many years. We learned also that just like in September 2008, when push comes to shove and it really matters, Fianna Fáil and Fine Gael vote together. They always stick together when the big financial interests are at stake. Last week, Fianna Fáil, the party that guaranteed Anglo Irish Bank in a disastrous move for the country, backed the Government up 100%, walking over the cliff like lemmings. We know now that real and substantial political change cannot happen while Fianna Fáil and Fine Gael play musical chairs across the House. We require a radical transformation in Irish politics.

We have heard a great deal about how the ratings agencies, international investors and the financial and corporate press view the so-called deal. They are entitled to a view and in a global economy we must listen to what they have to say. I judge any deal, however, on its impact on the citizens I represent: on the mother who is trying to access speech and language therapy for her young son or daughter, on the father who lost his job in construction and is desperately hoping that there will be economic stimulus to rejuvenate construction and build infrastructure to get him back to work, and on the people with elderly parents whom they want to see experience dignity in later life. Unfortunately, Deputy Michael Creed let the cat out of the bag earlier in the debate. Not one cut will be reversed and not one attack on living standards will be modified by the deal. That is why I oppose the deal. We must reject the odious bank debt. The Government

should have suspended the payments. A majority of Deputies were elected with a mandate to suspend and stop those payments.

The 800 workers in IBRC were treated with contempt. I spoke to some of them today who I represent in my constituency of Dublin West. Their rights have been trampled all over. Their access to information and basic labour rights was completely disregarded. It is absolutely shameful in the current context. I will oppose the resolution. We should not have paid the promissory note. We should have stood up for Irish citizens and said as the French do, “Non”; no we will not pay. Instead, we should develop a new economic strategy based on investment, growth and jobs and not on crippling austerity which does not and has not worked. Anyone with even a cursory understanding of economics recognises that now.

**Deputy Charles Flanagan:** I welcome the content of the Government’s motion and warmly congratulate the Taoiseach, Tánaiste and Minister for Finance on achieving an excellent result in Europe last week with the ripping up of the promissory note and the implementation of a new sustainable deal. Since the formation of the Government in 2011, it has been a key priority under the programme for Government to eliminate the promissory note and to put in place a new deal with the approval of the European Central Bank. We know the excesses of Anglo Irish Bank and Irish Nationwide were of a shocking scale which brought the country to the brink. The new deal, as analysts rightly state, is the best possible outcome for Ireland.

Despite criticism from some Members of the Opposition, it was the only real deal that was achievable last week. We no longer have to worry about paying €3.1 billion on 31 March every year, which would have been a huge drain on the State’s cashflow. It was an embarrassment that we had to make the payment given the economic circumstances of each household in the country and the pressures they are under. The promissory notes are now destroyed and long-term Government bonds have replaced them with an average 34 to 35 year repayment period. As the Minister for Finance, Deputy Michael Noonan, has stated, it is like changing a short-term loan into a longer-term, interest-only mortgage. It is as if someone who receives a €1,000 loan today has to repay 1% interest each year while repaying the €1,000 principal in 15 instalments over a period of 15 years from 2038. There are many other benefits from the deal, including the fact that cashflow of almost €20 billion will be saved over the next ten years as less money will need to be borrowed and the deficit will be reduced by €1 billion each year over the coming years.

We know that a write-off of a portion of the debt was never on the table as write-offs are illegal under the rules of the European Central Bank, and we know that default would have meant dire consequences for every man, woman and child in the country. That is not something a responsible Government would act unilaterally to undertake. We know the bond markets have reacted positively and that yields fell to 3.9% immediately after the deal was announced. It was very much a vote of confidence from the markets. It was a vote of certainty that the country has a future. The feedback from business people has been extremely positive and extraordinary. They see that Ireland has a future and that the deal greatly improves opportunities for new businesses to locate here. It also makes it easier for the Minister for Jobs, Enterprise and Innovation and others, including the IDA and Enterprise Ireland, to sell Ireland when travelling abroad. When they walk into boardrooms, they can walk in with confidence and seek investment from America and elsewhere.

I am glad the Minister for Finance has reassured the Dáil that there will not be a fire sale of IBRC assets and that there will be an independent evaluation of all assets before they are sold. This is only the first phase in the restructuring of Ireland’s banking debt. Phase 2 has already

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begun and involves splitting the remaining banking debt from the sovereign debt. The Government is doing everything to recoup as much as possible of the money that has gone into the banks. The Taoiseach received a very positive response and huge commitment from the European Council on 29 June 2012 which will help to break the vicious cycle between banks and the sovereign. It was ground-breaking news at the time. Ireland is participating in negotiations on the development of the European Stability Mechanism and the establishment of a European single supervisory mechanism under new policy guidelines agreed by Europe. This represents a significant opportunity for a new deal to be done on the remaining debt in the coming years.

Europe needs a success story and Ireland can be part of one. We can be the first country to emerge from an EU-IMF programme. I welcome the motion and congratulate the Taoiseach, Tánaiste, Minister for Finance, members of the diplomatic corps, the Governor of the Central Bank and all other Government members and officials who were involved in achieving a new deal for the Exchequer and taxpayers. It will help to reduce our debt servicing costs and reduce our risk profile. It greatly improves Ireland's reputation and increases our chances of re-entering the normal financial markets in the years ahead, which is very much a Government priority.

**An Leas-Cheann Comhairle:** Deputy Tony McLoughlin has half a minute before we adjourn but will have four and a half minutes on the resumption of business tomorrow.

**Deputy Tony McLoughlin:** I am thrilled, like every right thinking person, to see the issue of the promissory note dealt with. The promissory notes will be exchanged for long-term Government bonds with an average maturity of 34 to 35 years as opposed to the notes' seven to eight year average maturity. This provides Ireland with a real opportunity to deal with a debt burden that was not sustainable.

Debate adjourned.

The Dáil adjourned at 10.30 p.m. until 10.30 a.m. on Thursday, 14 February 2013.