



DÍOSPÓIREACHTAÍ PARLAIMINTE  
PARLIAMENTARY DEBATES

**DÁIL ÉIREANN**

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

Leaders' Questions . . . . .	499
Order of Business . . . . .	506
Judicial Sentencing Commission Bill 2013: First Stage . . . . .	514
Cemetery Management Bill 2013: First Stage . . . . .	514
Report of Committee on Procedure and Privileges: Motion . . . . .	515
Finance Bill 2013: Second Stage (Resumed) . . . . .	515
Topical Issue Matters . . . . .	520
<i>12 o'clock</i> Finance Bill 2013: Second Stage (Resumed) . . . . .	521
Ceisteanna - Questions . . . . .	540
Priority Questions . . . . .	540
Northern Ireland Marching Season . . . . .	541
State Airports . . . . .	542
Human Rights Issues . . . . .	545
Undocumented Irish in the USA . . . . .	546
Northern Ireland Issues . . . . .	548
Other Questions . . . . .	550
Nuclear Proliferation . . . . .	550
Undocumented Irish in the USA . . . . .	553
International Agreements . . . . .	556
Northern Ireland Issues . . . . .	573
Topical Issue Debate . . . . .	575
Criminal Legal Aid . . . . .	575
<i>4 o'clock</i> Road Traffic Offences . . . . .	578
Services for People with Disabilities . . . . .	581
Fire Service . . . . .	583
Message from Seanad . . . . .	585
Finance Bill 2013: Second Stage (Resumed) . . . . .	585
Private Members' Business . . . . .	622
Mortgage Restructuring: Motion (Resumed) . . . . .	622
Finance Bill 2013: Second Stage (Resumed) . . . . .	650

# DÁIL ÉIREANN

*Dé Céadaoin, 20 Feabhra 2013*

*Wednesday, 20 February 2013*

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

---

*Paidir.*  
*Prayer.*

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## Leaders' Questions

**Deputy Micheál Martin:** The Government is in negotiations to extend the Croke Park agreement. I am sure the Taoiseach will agree with me that a fair and just outcome to the talks is essential. There is growing concern that the new agreement will target and impose a disproportionate burden on front-line workers who are rostered to work on a 24/7 basis. Approximately 80,000 workers are involved. They include gardaí, nurses, prison officers and emergency medical technicians - people who work through the night to protect their communities and streets and provide emergency and essential services. This is done in a 24-hour basis for 365 days per year.

The proposals at the talks suggest the workers face a pay cut of 10% plus, including through changes in their premium pay. In plain euro, this means a Garda with ten years' service will lose €200 per month, which is €50 per week. This is a very significant hit. A nurse on an average salary of €40,000 per year will face a cut of €320 per month. These amounts are excessive. One group will be taking an excessive hit by comparison with any another.

Coupled with this, morale is very low in the services. It is very low in the Garda, for example, and is at a tipping point. It is not I who is saying this; rather, the gardaí are saying it to every Deputy who bothers to meet them to talk. We are in dangerous territory here and the Taoiseach needs to be aware of that.

The health sector depends on 24/7 rosters, frameworks and structures. It cannot operate without such a framework. There are alternatives that should be pursued. A cut of €320 per month is too high for an individual, as is a cut of €200 per month. I appeal to the Taoiseach and those engaged in the talks not to sacrifice the health sector or the health service workers to get a deal over the line. Will the Taoiseach ensure that the outcome of the talks will not be the targeting of, or imposition of a disproportionate burden on, those on the front line who are rostered on a 24/7 basis.

**The Taoiseach:** The Minister for Public Expenditure and Reform was mandated by the

Government to become involved in the process of negotiating the new Croke Park arrangement. It is a wage negotiation process that is currently under way. It is wrong of anybody to assume he can state what the outcome of the negotiations will be. What the Government wants is a fair and balanced outcome across the board in respect of its target for a reduction in pay this year, leading to an extra saving of €1 billion by 2015. This is a challenging position for every public servant. I regard every public servant as being a front-line person in his own way.

I have seen the various statements from the representatives of the trade unions, and the Deputy will have seen the statements of trade unions in regard to front-line workers. The Deputy should understand, however, that the negotiations are ongoing and in a critical and intensive stage. Everybody who has a concern or issue he wants to have discussed and negotiated should get back in where the discussions actually take place, that is, around the table. It is not correct for anybody to state now what the outcome of the negotiations will be.

Reference was made to gardaí yesterday during Question Time. We have absolute respect for the work that gardaí must do. I know from having spoken to gardaí in various stations that morale is very low. This is partly attributable to the fact that, in the years 2009, 2010 and 2011, there were 200 Garda vehicles purchased. In 2012, some 213 new vehicles were purchased. This year, there is an allocation of €5 million, and I expect 250 new vehicles to be purchased. The gardaí – the officers – do need the best facilities to do their job. The pay discussions are ongoing and they involve all the public servants. I regard the job they do as absolutely critical to the provision of the best public services for our people, including taxpayers.

Rather than attempt to predetermine the outcome of the negotiations, I suggest that everybody focus on what is at stake. We must make reductions to get to the required point on the path to which we are committed, and that involves lowering our deficit to 3% by 2015. This is challenging for all public servants. The place to work it out is at the table where discussion takes place.

**Deputy Micheál Martin:** The figures that have been presented to me are from people who are at the table.

**Deputy Brendan Howlin:** Bits of them.

**Deputy Micheál Martin:** I am not making them up. It is the people at the table who are providing the figures. This is what has been tabled.

**Deputy Finian McGrath:** The Government is already breaching the current Croke Park agreement.

**An Ceann Comhairle:** Would Members mind allowing the Deputy to make his point without adding on to it?

**Deputy Micheál Martin:** It is people on the front line who believe they are being targeted and that the hit they will suffer will be disproportionate.

All public servants are not the same.

*(Interruptions).*

**An Ceann Comhairle:** Would the Deputies please allow Deputy Martin to contribute? He has one minute in which to make his case.

**Deputy Micheál Martin:** Consider those who must drive through the night in pursuit of dangerous criminals, for example. As the Taoiseach, the Minister for Justice and Equality and I know, this happens up and down and across the Border on many occasions in the middle of the night, and the officers in question put their lives at risk. They are in a different category. Let us not pretend they are not and that they are somehow similar to others. They are not, and that is why there was premium pay for people in such circumstances from day one. What about officers on the streets at 3 a.m. trying to deal with antisocial behaviour? They are different. Consider the role of paramedics and emergency medical technicians who must perform emergency services at 2 a.m. or 6 a.m. That has to be done. They are not all the same and we need to acknowledge that. That is the fundamental point we need to acknowledge. I do not buy the divide and conquer approach and the attempt to single out and target emergency workers for what is an unfair and a disproportionate hit on their incomes. That is the core point here.

To date in this crisis, no individual has been asked to take a hit of €320 per month. Every individual, irrespective of where he or she is on the scale, has obligations, mortgages and so on. On previous occasions, it was across the board and no one was asked to take a hit of €320 per month or, for that matter, €200 per month. That is the point I am making.

The Minister for Justice and Equality is very clear that there is not low morale in the Garda but I am glad the Taoiseach acknowledged that there is. We are just listening to people on the ground and I put it to the Taoiseach that there is a problem with emergency workers. I am not making this up. I have been meeting all of them in the context of these talks.

*(Interruptions).*

**An Ceann Comhairle:** I ask Deputies to respect the person asking the question and the person replying. Neither of them need help from the backbenches or anywhere else. Could we have silence, please? I call the Taoiseach.

**The Taoiseach:** I am not at all taken by the mock anger of Deputy Martin on this matter. Everything he says these days goes back on what he signed off on. There is actually €90 million more available for the Garda Síochána because the Minister for Justice and Equality was able to recalibrate what the Government, of which he was a member, signed off on for the Garda Síochána for 2012 to 2014, inclusive. The reason we have to make all of these challenging decisions is because of the mess created by the Government of which Deputy Martin was a member.

**Deputy Micheál Martin:** The Taoiseach has choices.

**The Taoiseach:** I respect the work every public servant does and this is not an easy position for a great number of people, but I trust those negotiating these talks to sit around the table, at which these wage discussions are taking place, and to work out a fair and balanced situation across the board so that we will not have a situation where anyone feels he or she has been deliberately discriminated against or targeted in these discussions.

Deputy Martin knows one cannot judge the outcome of any of these discussions by taking bits and pieces of comments, allegations and speculation and by throwing figures around here and there. These are intensive and serious wage negotiations and they are being conducted by professional people between the unions and management. I hope everybody who has an issue, a concern or an anxiety will sit down at that table and negotiate, in a professional way, a fair and balanced outcome for everybody, so that we can get on with dealing with the problem in our country - a €12 billion deficit this year, a €9 billion deficit in 2014 and a €5 billion deficit

in 2015. That is the unholy mess we must clean up. We are set on this course and that is what we will do. I would urge everybody involved in these talks to sit down professionally and work things out in a way that we can have a future for all those coming behind us.

*(Interruptions).*

**An Ceann Comhairle:** Deputies should settle down. A cup of coffee might help. I call Deputy Adams.

*(Interruptions).*

**An Ceann Comhairle:** I suggest Deputies go for a cup of coffee while we get on with the business.

**Deputy Gerry Adams:** Yesterday, the women of the Magdalen laundries heard the words they needed to hear. It is now crucial they are properly compensated for what was done to them. Tá a fhios ag an Taoiseach gur tús maith, leath na hoibre. Chuir na mná fáilte roimh an óráid an-mhaith agus na focail an-fhlaithiúil a labhair sé inné. Today, I want to tease out with the Taoiseach some of the details of Mr. Justice Quirke's terms of reference. An *ex gratia* scheme is to be established which is essentially a payment without an admission of liability. Is this not at odds with the sentiments of the Taoiseach's remarks last night and with the McAleese report, both of which accepted that the State is liable for what happened to these women? Will Mr. Justice Quirke be given statutory powers? Will there be an independent appeals mechanism for the women? I note the terms of reference include the laundry at Stanhope Street but there is no reference to Summerhill in Wexford. Will Summerhill be included as well?

No one wants runaway legal fees but I presume some consideration will be given to allowing some form of legal representation to those women who feel they may need it, such as women who want to remain anonymous. The advocacy groups only represent a minority of women. As the Taoiseach knows, the vast majority of the women do not want to be known. I say all of this in a good spirit. Again I commend the Taoiseach, the Tánaiste and the Government for their remarks last night.

**The Taoiseach:** I thank Deputy Adams for his remarks on this matter. One of the really strong points coming from the groups of Magdalen women was that they wanted the State to apologise but they also wanted a system which was effective, clear, fair and non-adversarial and non-legalistic. The terms of reference presented by the Minister for Justice and Equality to Cabinet, and adopted by it, for Mr. Justice Quirke are to work out a scheme and a strategy that will give recognition to those principles. That is why the judge has been asked to report back within three months and to put in place a set of recommendations for Government to consider in regard to the fund, how it should be dispensed and taking into account those principles of not being adversarial and not being a gravy train for those who might assume so from a legalistic or an administrative point of view. That was the very strong wish expressed by the women who were in the Magdalen laundries and what we want to try to achieve.

The president of the Law Reform Commission, Mr. Justice Quirke, is an exceptional choice to do this and I am quite prepared to let him start his work with his team to address those principles so that we can deal with this as comprehensively, as sensitively and as compassionately as possible, taking into account the fact some women have never told their story and some want complete anonymity. We do not want this bandied about in a way that would have a further devastating impact on them.

We have taken step one and the process is now in train for persons to contact the Department of Justice and Equality. On the instructions of the Minister for Justice and Equality, Mr. Justice Quirke will start his work in devising a set of recommendations for Government to deal with and, as I said, taking those principles into account. As this work proceeds, we will take the advice, as the case may be, of Members of the House, who were very supportive yesterday.

**Deputy Gerry Adams:** I thank the Taoiseach. I accept that Mr. Justice Quirke is a very good person to head up this but he will be bound by his terms of reference and will not be able to act outside them, so all of the questions I have raised are very pertinent and, indeed, some of them have been raised by advocacy groups for the Magdalen women. We need to ensure no one is unjustly excluded from compensation.

A number of us brought in the women sufferers of symphysiotomy and we gave them a standing ovation. Until last night, that was the best occasion I spent in this Dáil. The symphysiotomy sufferers are still waiting for justice. The survivors of the Bethany Home were failed by the State but are not part of this scheme. Will the Government take up their cases as a matter of urgency? The Taoiseach did not answer the question on Summerhill. I trust that we will have the opportunity to tease out the detail of the terms of reference. The terms of reference refer to “women who are now resident in Britain” but do not say anything about women who are resident in the United States of America and elsewhere. I welcome the Tánaiste’s remarks on the question of whether the religious orders will be asked to contribute to compensating the women. This is an attempt to get prompt, transparent delivery on what the Taoiseach said yesterday evening. I stress that this is a non-party political issue. The questions I ask are very valid and we need answers to them.

**The Taoiseach:** The Minister for Justice and Equality is considering the question of Bethany Home which was not a laundry but dealt with the health and welfare of young women and their children. The terms of reference set out for Mr. Justice Quirke are designed to give expression to simplicity, effectiveness, compassion and comprehensive dealings. The report, as Deputy Gerry Adams is aware, is very complex and covers a large range of individual circumstances and stories. That is why the women in particular want this done in a non-adversarial, non-tortuous and non-litigious way. It is for that reason that Mr. Justice Quirke will look at the question of identifying the criteria and factors to be taken into account to facilitate the early establishment and effective conduct of a scheme for the benefit of those women who were admitted to and worked in the Magdalen and Stanhope Street laundries. Deputy Gerry Adams will also be aware that because of the exceptional work done by the Step by Step centre in Britain with substantial numbers of people who were in Magdalen laundries, the Government has decided to allocate €250,000 to the organisation once the relevant paperwork on its charitable status is dealt with.

Mr. Justice Quirke has also been asked to examine how best to operate a fund of a sum sufficient to meet the requirements he sets out. That will take into account the engagement he has with the Magdalen people over the next 12 weeks. He will also look at the supports some of these people need, be it counselling, medical cards, mental health services and other welfare provision. The Minister for Social Protection made the point that we must make sure there is a disregard in place so that any allocation does not impact on a person’s social welfare payments. The same should apply in the case of those who are in England because if one makes a direct payment, it will have an impact on the social welfare payments they receive.

The women I met strongly insisted that they did not want a repeat of the redress board pro-

cess. Under no circumstances do they want that. What we want in these terms of reference is to be simple, effective, non-adversarial, non-litigious and, at the same time, as fair and balanced as possible.

**Deputy Gerry Adams:** On Summerhill, Taoiseach.

**The Taoiseach:** Summerhill is an issue the Government can consider in due course. I know it is the institution in County Wexford. It is a matter for Cabinet to consider in due course.

**Deputy Brendan Howlin:** It is not excluded.

**The Taoiseach:** As the work proceeds, every Member will want it to be done in the best way possible. That is where we should be.

**Deputy John Halligan:** I take the opportunity to compliment the Taoiseach on the remarks he made in the presence of the Magdalen women here yesterday. Every word he said was sincere. I pay tribute to the bravery of the women who came to the House.

Last week, the Children's Rights Alliance report card for 2013 awarded Ireland a grade "A" for strengthening children's constitutional rights but an "F" on the levels of child poverty in the State. That grade reflects the devastating impact which successive austerity budgets have had on children. Current proposals to target child benefit as a mechanism for the redistribution of wealth will have a serious and disproportionate effect on mothers and children. Any attack on child benefit is an attack on women. It is as simple as that. Does the Taoiseach agree that mother's have a special position in our Constitution? Credit must be paid to the women who in the 1970s lobbied successfully for child benefit to be paid to mothers rather than to fathers. It was for a very good reason. Does the Taoiseach agree that in following that proposal, the State recognises the work of women in the home and that we should uphold that recognition by leaving universal child benefit untouched?

Before I ask a number of questions, I note that some startling statistics have been released over the past number of months. Women are the main victims of domestic violence and domestic violence cuts across all classes and levels of income. Workers in domestic violence shelters say that child benefit is often the only source of income to which a woman can turn to escape a violent household. They will also tell one that some men use money as a way to exert pressure and control in a relationship, that many women are denied access to family finances and that child benefit is often the only money they get to see.

Does the Taoiseach agree that universal child benefit is a financial recognition of Article 41.2 of the Constitution which recognises the valuable contribution to the State a woman makes through her work in the home? Will the Taoiseach give a commitment to the hundreds of thousands of women who are beginning to worry early in the year and before we even talk about next year's budget that they face a cut in child benefit? I disagree fundamentally with any cut to child benefit for any woman, irrespective of household income, on the basis of the statistic that many women, even those in households into which a reasonable salary comes, rely on child benefit only. I ask the Taoiseach to give a commitment to the women of Ireland that no matter what happens over the next year child benefit will not be interfered with.

**The Taoiseach:** I thank Deputy John Halligan for his comments and questions. The advisory group on tax and social welfare was established to deal with a number of specific issues relating to the interaction of the tax and social protection systems and to recommend cost-effec-

tive solutions to improve employment incentives and achieve better outcomes where poverty is concerned, particularly child poverty. For the information of the Deputy, I note that the report of the group has now been published and is available for everyone to discuss, which was the purpose of the consent given by the Government yesterday. The report will go before the joint committee for discussion in the next couple of weeks also.

It is important to note that in 2013 the Department of Social Protection will spend more than €2.8 billion on supports to families and children through child benefit payments amounting to €1.9 billion, family income supplement payments amounting to €220 million, qualified child increases in weekly social welfare payments amounting to €694 million and back-to-school clothing and footwear allowance payments amounting to €49 million. Overall, this accounts for approximately 14% of expenditure through the social protection Vote. The group felt it necessary to examine how better to target support to low-income families to reduce poverty and improve work incentives. It considered two issues; the taxation of child benefit and a two-tier child income support payment proposal.

*11 o'clock* The advisory group is clear, however, that child benefit should continue to be paid on a universal basis. The committee will make known its views on this very good report produced by Ms Ita Mangan and it will come back to the Government in due course. In any event, Members will have plenty of discussion about it in this Chamber. However, there will be quite a lead-in time before there is any full implementation of whatever the decision might be in this regard. Basically, while the universal payment is fundamental, the questions around the advisory group's report were, first, to consider the question of taxation of child benefit and, second, to consider the question of a two-tier child income support whereby one would give a universal benefit across the board, which might be reduced for the higher paid and produced for lower-income families or translated into supports for families for child care, preschool and similar areas. This is an issue in which every Member will have an interest. It is a good report and I hope Members will read it. Members will have a discussion on it here but first at the Oireachtas committee before it comes back to the Government.

**Deputy John Halligan:** The worry is that when the Taoiseach speaks of income redistribution, everyone knows this means cuts. My request is quite simple, that is, those who need child benefit will not experience cuts. Ark Life Assurance has produced interesting statistics indicating that women working in the home spend an average of 150 hours per week on child care and housework. Were they to be paid the minimum wage of €8.65, they would earn €956 per week. They are receiving a very small income from the child benefit for the work they do. I reiterate the point that if the Taoiseach wishes to speak about redistribution and those with very high incomes, he should make a suggestion on taxing such income.

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

**Deputy John Halligan:** However, the Government should not touch those on middle or low incomes or those who have been specifically affected by the recent austerity budgets, a group which in my estimation even includes people earning between €40,000 and €60,000. This matter must be considered carefully or Members will seriously risk driving more women and children into poverty.

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

**The Taoiseach:** Given the economic constraints on the country, there is a clear challenge in

this regard for a great number of people. Obviously, with 430,000 people on the live register, we have an unemployment situation that is unacceptable. The answer to a great number of these problems obviously is to have the creation of employment and work. However, the issues Deputy Halligan raises are precisely those dealt with in the report. This is the reason the all-party committee of the Oireachtas should conduct a decent analysis of the report and give its recommendations to come back for discussions in this House and which eventually will revert to the Government for a decision. However, I repeat the advisory group was clear on one fundamental issue, which is the importance of the universal payment. The issues the Deputy has raised are precisely those contained in that report and, consequently, Members will have the opportunity to hear the views of Deputy Halligan and others over the coming period.

### **Order of Business**

**The Taoiseach:** It is proposed to take No. 19a, motion re report of the Committee on Procedure and Privileges on a complaint made under Standing Order 59; and No. 6, Finance Bill 2013 - Second Stage (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.; and No. 19a shall be decided without debate. Private Members' business shall be No. 104, motion re mortgage restructuring, resumed, to conclude at 9 p.m. tonight, if not previously concluded.

**An Ceann Comhairle:** There are two proposals to be put to the House. Is the proposal that the Dáil shall sit later than 9 p.m. tonight agreed to? Agreed. Is the proposal for dealing with No. 19a, motion re report of the Committee on Procedure and Privileges on a complaint made under Standing Order 59 without debate agreed to?

**Deputies:** It is not agreed.

**An Ceann Comhairle:** This is on procedure. I call Deputy Boyd Barrett.

**Deputy Richard Boyd Barrett:** As the only member of the Technical Group who can make a point on this-----

**Deputy Timmy Dooley:** The only member allowed to so do.

**An Ceann Comhairle:** This is procedure.

**Deputy Richard Boyd Barrett:** Indeed. As this relates to Deputy Mattie McGrath, he feels this issue, which concerns him, should not be taken without debate and that he should have an opportunity to make a statement in response to it.

**Deputy Timmy Dooley:** How would the Deputy feel?

**Deputy Richard Boyd Barrett:** Out of any sort of due process, natural justice or whatever one wishes to call it, he should be allowed to speak in his own defence and the Government should allow that.

**Deputy John Halligan:** That is a reasonable request.

**Deputy Paul Kehoe:** He should have thought about making a statement before this.

**The Taoiseach:** This motion is included in the announcements of public business. The question is that the Dáil adopts the report of the Committee on Procedure and Privileges regarding a complaint made under the aforementioned Standing Order 59 in regard to comments made by Deputy Mattie McGrath on 14 June 2012 during the course of the debate on the Second Stage of the Residential Institutions Statutory Fund Bill 2012. The report, which was laid before the Dáil and taking into account the fact that Deputy Mattie McGrath was given ample opportunity to withdraw his remarks, is of the opinion that the remarks were irresponsible and did constitute an abuse of privilege and that Deputy Mattie McGrath should be censured accordingly. I note the Deputy spoke on that and had plenty of opportunity to withdraw his remarks.

**Deputy John Halligan:** He should be allowed to speak on the censure.

**The Taoiseach:** He could have availed of other matters.

**Deputy Michael Healy-Rae:** Is this a kangaroo court?

**Deputy Micheál Martin:** A Cheann Comhairle, let him speak.

**An Ceann Comhairle:** I will now put the question, “That the proposal for dealing with No. 19a be agreed to”.

Question put:

The Dáil divided: Tá, 90; Níl, 21.	
Tá	Níl
Adams, Gerry.	Boyd Barrett, Richard.
Broughan, Thomas P.	Calleary, Dara.
Burton, Joan.	Collins, Niall.
Butler, Ray.	Dooley, Timmy.
Buttimer, Jerry.	Fleming, Tom.
Byrne, Catherine.	Grealish, Noel.
Byrne, Eric.	Halligan, John.
Carey, Joe.	Healy-Rae, Michael.
Collins, Áine.	Higgins, Joe.
Colreavy, Michael.	Kitt, Michael P.
Conaghan, Michael.	McGrath, Finian.
Connaughton, Paul J.	McGrath, Mattie.
Coonan, Noel.	McGrath, Michael.
Corcoran Kennedy, Marcella.	Martin, Micheál.
Costello, Joe.	Moynihan, Michael.
Creed, Michael.	Ó Cuív, Éamon.
Creighton, Lucinda.	Ó Fearghaíl, Seán.
Deasy, John.	O’Dea, Willie.
Deenihan, Jimmy.	Pringle, Thomas.
Doherty, Pearse.	Ross, Shane.

*Dáil Éireann*

Doherty, Regina.	Smith, Brendan.
Donohoe, Paschal.	
Dowds, Robert.	
Durkan, Bernard J.	
Ellis, Dessie.	
English, Damien.	
Farrell, Alan.	
Feighan, Frank.	
Ferris, Anne.	
Ferris, Martin.	
Fitzpatrick, Peter.	
Flanagan, Charles.	
Flanagan, Terence.	
Gilmore, Eamon.	
Griffin, Brendan.	
Harrington, Noel.	
Harris, Simon.	
Hayes, Tom.	
Humphreys, Kevin.	
Keating, Derek.	
Kehoe, Paul.	
Kenny, Enda.	
Kenny, Seán.	
Kyne, Seán.	
Lawlor, Anthony.	
Lynch, Ciarán.	
Lynch, Kathleen.	
Lyons, John.	
Mac Lochlainn, Pádraig.	
McCarthy, Michael.	
McDonald, Mary Lou.	
McFadden, Nicky.	
McGinley, Dinny.	
McHugh, Joe.	
McLoughlin, Tony.	
McNamara, Michael.	
Maloney, Eamonn.	
Mathews, Peter.	
Mitchell, Olivia.	
Mitchell O'Connor, Mary.	
Mulherin, Michelle.	
Murphy, Dara.	

20 February 2013

Nash, Gerald.	
Neville, Dan.	
Nolan, Derek.	
Nulty, Patrick.	
Ó Ríordáin, Aodhán.	
Ó Snodaigh, Aengus.	
O'Brien, Jonathan.	
O'Donnell, Kieran.	
O'Donovan, Patrick.	
O'Dowd, Fergus.	
O'Mahony, John.	
O'Reilly, Joe.	
O'Sullivan, Jan.	
Perry, John.	
Phelan, John Paul.	
Quinn, Ruairí.	
Rabbitte, Pat.	
Reilly, James.	
Ryan, Brendan.	
Shatter, Alan.	
Sherlock, Sean.	
Stagg, Emmet.	
Stanley, Brian.	
Stanton, David.	
Timmins, Billy.	
Tóibín, Peadar.	
Wall, Jack.	
Walsh, Brian.	

Tellers: Tá, Deputies Emmet Stagg and Paul Kehoe; Níl, Deputies Mattie McGrath and Shane Ross.

Question declared carried.

**Deputy Micheál Martin:** People woke up this morning to worrying news about a dramatic increase in the cost of mortgages. As we know, thousands of people are under enormous stress with their mortgages, with 180,000 mortgage loans in arrears. We now have further increases in variable interest rates. Will the Taoiseach outline the time schedule for commencing the Personal Insolvency Act to give some help and support to people in mortgage arrears? Given that the Government has essentially eliminated the mortgage supplement scheme, the level of

support available from the Department of Social Protection and Government is limited. This restricts the capacity of the State to help people who will be placed in difficulty as a result of this significant increase in the cost of mortgages. Are amendments to the Finance Bill proposed to bring about some alleviation for people who are in mortgage distress and may have to pay an additional €1,000 per annum?

**An Ceann Comhairle:** While we cannot debate current issues on the Order of Business, the Taoiseach may comment on amendments to the Finance Bill.

**Deputy Micheál Martin:** I also asked about the commencement of the Personal Insolvency Act.

**The Taoiseach:** The director of the personal insolvency service is recruiting staff. It is expected that the personal insolvency agency will be operational in the next couple of months, probably before the early summer. I will revert to the Deputy with a more accurate read as to when the legislation will commence.

**Deputy Micheál Martin:** Will the Taoiseach let me know what parts of the Act have been commenced to date and the plans in respect of commencement?

**The Taoiseach:** As I stated, the director has been appointed and the service is recruiting staff. In respect of the commentary I have seen about mortgage increases, as I indicated to the Deputy previously, we wrote to the Financial Regulator at the Central Bank asking if it wishes to have more authority and powers to deal with banks. If the Government receives such a request, it will be considered.

In respect of claims that the banks will increase interest rates for mortgage holders and consumers, it would be in the interest of the banks to focus on their cost base rather than consumers. While the Government does not interfere directly in the banks or direct that interest rates be set at a certain level, it is in everyone's interests that banks are able to return to profitable business. However, they should, in the first instance, address their cost base. I have extended the powers of the Cabinet sub-committee to deal with mortgages and banks and I hope we will have new targets for them after the next meeting.

**Deputy Gerry Adams:** When will the report of the expert group on the establishment of acute hospital groups chaired by Professor John Higgins be published? The Taoiseach may be aware that there is a great deal of ráfla or rumour about this issue and fear in the south east about the downgrading of Waterford Regional Hospital. The master of the Rotunda Hospital has also raised concerns that patient safety may be compromised. The quicker the speculation is ended and we are able to read the report, the better for everyone. When will the report be published? Has it been discussed by the Cabinet? When will it be debated in the House?

**The Taoiseach:** It has not yet been discussed by the Cabinet and the Minister has not brought it to Cabinet. Many political discussions are taking place in respect of different areas of the country and medical discussions are ongoing. I hope the report will come to Cabinet in the next couple of weeks. There are two issues, namely, the hospital groups and their impact on the future of local hospitals. These are all very important issues locally, regionally and nationally. I expect the Minister will bring the report to Government in the next couple of weeks.

**An Ceann Comhairle:** As we have only seven minutes left and 14 Deputies have indicated, I ask Members not to make speeches, please.

**Deputy Bernard J. Durkan:** The Ceann Comhairle will be pleased to note I do not intend to depart from practice by making a speech on the Order of Business.

**Deputy Michael Healy-Rae:** The Deputy's 30 seconds are up.

**Deputy Bernard J. Durkan:** On promised legislation, and arising from concerns expressed by the Chief Justice, is it intended to bring forward any of the Bills that may have a bearing on backlogs or waiting lists in the various courts, particularly the higher courts? I refer specifically to the courts (consolidation and reform) Bill, criminal procedure Bill and Probation Service Bill. Is it intended to bring forward selected elements of this promised legislation to address the issues raised by the Chief Justice?

**The Taoiseach:** All the Bills to which the Deputy refers are being worked on. I referred yesterday to the intention, as set out by the Government, in respect of establishing a court of civil appeal. This will require a referendum, which we hope to hold in the autumn. The Minister for Justice and Equality is actively working on the matter.

**Deputy Michael P. Kitt:** When will whistleblower legislation and a Bill to give effect to the proposal to merge the Irish Human Rights Commission with another body be introduced?

**The Taoiseach:** The whistleblower legislation is due this session. What was the second Bill?

**Deputy Michael P. Kitt:** I refer to legislation to merge the Irish Human Rights Commission with another body.

**The Taoiseach:** That is also due this session.

**Deputy Michael McGrath:** Almost a year ago, the House passed a Fianna Fáil Party Private Members' Bill designed to give the Financial Services Ombudsman the power to publish the complaints records of financial institutions. The Bill cannot proceed to Committee Stage until the Government produces its amendments. Speaking on television this week, the Ombudsman called for these powers. The Bill has completed Second Stage. When does the Government intend to produce its amendments to allow it to proceed to Committee Stage?

**The Taoiseach:** I will have to come back to Deputy McGrath on that matter as the Minister for Finance is in London on business this morning. I will have the Minister's office contact the Deputy in regard to the matter he raises.

**Deputy Aengus Ó Snodaigh:** In view of the Mangan report on child benefit and discussions at Cabinet yesterday on a further cut to child benefit, which would be contrary to Labour Party policy, is it intended to introduce a supplementary budget in this term to give effect to the recommendations of the report? What is the budgetary procedure this year? It has been suggested that the budget may be introduced earlier this year, rather than at Christmas.

**The Taoiseach:** No, it is not intended to have any supplementary budget this session. Deputy Hannigan raised this earlier. The report is now published; it will go to the Oireachtas committee. The advisory group made recommendations about the importance of a universal payment, but it examined issues of taxation of child benefit and a two-tier system. The report will come back to the House for discussion and the Government will consider it in due course.

**Deputy Aengus Ó Snodaigh:** The second part of my question was on this year's budgetary

process. Last year, it was announced that there were plans to bring the budget forward from December to October. I do not know whether that is-----

**The Taoiseach:** This all depends upon European decisions in regard to the semester, as it is called. It may be, as I said earlier on, that the budget for 2014 might be presented a little earlier, but I cannot confirm that yet. In any event, we have enough challenges with implementing budget 2013 before we get to considering budget 2014.

**Deputy Aengus Ó Snodaigh:** We want the 2014 procedure to follow on from 2013.

**Deputy Finian McGrath:** I wish to ask about the health (amendment) Bill, which deals with funding for the HSE. Last Monday, I met the family of a disabled child-----

**An Ceann Comhairle:** I thank the Deputy, but we will not debate last Monday.

**Deputy Finian McGrath:** -----whose service was cut from five days to three days.

**An Ceann Comhairle:** Please, other Deputies wish to speak.

**Deputy Finian McGrath:** I just want to ask a question on the health (amendment) Bill. It is in clear breach of the disability legislation.

**An Ceann Comhairle:** When is it due?

**The Taoiseach:** This session.

**Deputy Finian McGrath:** Regarding the young man whose service was cut from five days to three days, it is in breach of the disability legislation.

**Deputy Robert Troy:** Everyone will agree that a person's fundamental right is the right to an identity. In this light, the Minister for Children and Youth Affairs promised to introduce an information and tracing Bill. We are one of the few countries in the western world-----

**An Ceann Comhairle:** Thanks very much, Deputy. Come on.

**Deputy Robert Troy:** -----that does not have this legislation. When will it be before the House?

**The Taoiseach:** That is under consideration. I expect it will be published later in the year.

**Deputy Richard Boyd Barrett:** Following yesterday's historic events, the Magdalen women highlighted the issue of human rights as being critical to their plight and experience. In this regard, will the Taoiseach consider moving forward as quickly as possible the planned legislation on human rights and an equality commission so that the momentum of yesterday's events can feed into it and we can strengthen our human rights legislation?

**The Taoiseach:** That is being drafted at the moment. I expect it will come through in this session.

**Deputy Michael Healy-Rae:** The living city initiative is a pilot tax incentive to encourage people to live in city centres and to regenerate retail businesses. Where is the initiative for people to live in rural areas and to regenerate retail businesses in those areas?

**An Ceann Comhairle:** What is the legislation?

20 February 2013

**Deputy Michael Healy-Rae:** The Irish human rights and equality commission Bill.

**The Taoiseach:** I understand that it will be this session. The Deputy will also be aware that we got another €100 million for rural development under the multi-annual financial framework, MFF, at the recent discussions in Brussels, which I know he is pleased with.

**Deputy Michael Healy-Rae:** I thank the Taoiseach.

**Deputy Bernard J. Durkan:** Do not mention it.

**Deputy Simon Harris:** I wish to ask about two Bills. When will the Construction Contracts Bill be enacted? The Minister of State, Deputy Jan O'Sullivan, referred to amending the Residential Tenancies (Amendment) (No. 2) Bill 2012. Does the Taoiseach have a timeframe for when he expects it to be back before the House?

**The Taoiseach:** That is on Second Stage. The first one in respect of contractors is on Committee Stage and is expected back in March.

**Deputy Patrick O'Donovan:** I wish to ask about two Bills. When is the Legal Services Regulation Bill 2011 expected to conclude? When will the consumer and competition Bill be before the House?

**The Taoiseach:** The second one will be in this session. The amendments are being worked upon by the Attorney General's office in regard to the Legal Services Regulation Bill on Committee Stage.

**Deputy James Bannon:** When can we expect the human tissue Bill to be before the House to comply with the recommendations of the Madden report? Will the EirGrid Bill deal with the close proximity of wind turbines to people's homes?

**An Ceann Comhairle:** We cannot discuss content.

**The Taoiseach:** There is no date for the publication of the human tissue Bill. I will communicate with the Deputy. The turbines are obviously a matter of interest for a lot of people. There is a planning process to go through, as the Deputy knows.

**Deputy Tom Hayes:** Given the reported increases in diesel and petrol prices at the pumps, are there proposals to introduce legislation to control prices? They pose significant costs on families and businesses across the country. Can we control the prices that are reportedly increasing?

**An Ceann Comhairle:** Is legislation promised in this regard?

**The Taoiseach:** No. We do not have legislation. The Deputy could raise that matter, I assume, during the course of the Finance Bill.

**Deputy Niall Collins:** Deputy Dooley's Bill.

**Deputy Ray Butler:** When is the proposed family law Bill expected? It is to make provisions for pension adjustments in the context of separation agreements and certain other reforms in family law.

**The Taoiseach:** The family law Bill will be later this year.

### **Judicial Sentencing Commission Bill 2013: First Stage**

**Deputy Niall Collins:** I move:

That leave be granted to introduce a Bill entitled an Act to promote greater transparency and consistency in judicial sentencing, whilst maintaining the independence of the judiciary, to establish a Judicial Sentencing Commission, to promote a clear, fair and consistent approach to judicial sentencing, to produce analysis and research on sentencing, and to promote public confidence in judicial sentencing.

**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 Niall Collins:** I move: "That the Bill be taken in Private Members' time."

Question put and agreed to.

### **Cemetery Management Bill 2013: First Stage**

**Deputy Eamonn Maloney:** I move:

That leave be granted to introduce a Bill entitled an Act to establish a cemeteries regulator, to provide for the licensing of cemetery authorities and to specify management stipulations for such authorities, to promote competition 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 Eamonn Maloney:** I move: "That the Bill be taken in Private Members' time."

Question put and agreed to.

## **Report of Committee on Procedure and Privileges: Motion**

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

That Dáil Éireann adopts the Report of the Committee on Procedure and Privileges regarding a complaint made under Standing Order 59 in relation to remarks made by Deputy Mattie McGrath on 14th June, 2012, during the course of the debate on the Second Stage of the Residential Institutions Statutory Fund Bill 2012, which was laid before Dáil Éireann on 19th February, 2013; and taking into account that the Deputy was given ample opportunity to withdraw his remarks, is of the opinion that the remarks were irresponsible and constituted an abuse of privilege; and censures Deputy Mattie McGrath accordingly.

Question put and agreed to.

## **Finance Bill 2013: Second Stage (Resumed)**

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

**An Ceann Comhairle:** Deputy Deasy is sharing time with Deputies Tom Hayes and O’Donovan. Deputy Deasy has ten minutes and the others have five minutes each.

**Deputy John Deasy:** I will stick with the living city initiative in the Bill. It relates to the urban regeneration of Waterford and Limerick. The specific provisions are badly needed and will amount to real money. Although I cannot speak for Limerick, Waterford city centre needs investment. It has suffered and changed considerably since the economic downturn. Recently, someone told me that 150 premises were vacant in the centre, 20 on the quay alone. The quay is the streetscape synonymous with the city. The centre has been devastated in recent years.

The initiative has two parts, residential and retail. I will deal with the former first. Clearly, the Minister recognises that many historic buildings in the two cities need help if they are to be restored. In Waterford, many of the buildings in question are in the city centre and form its historical core. There might be more than some believe. The difficulty is that many of them are not being utilised as originally intended. Many are vacant. Of the others, many are being rented to house some form of business, be it retail or service-oriented.

The scheme is substantial. Relief can be claimed at a rate of 10% per year over ten years against income following the customary planning permission, certification, etc. The Department has considered the fact that many of these Georgian houses are not practical family homes and has allowed buildings to be divided into smaller units.

Will this measure make an appreciable difference to Waterford city centre? I cannot speak for Limerick, but some helpful tweaking may be necessary before the commencement order is signed. The legislation as written allows for scope to accommodate the city’s particular circumstances or attributes. It is a tight provision to stipulate that a house must be the principal, private residence. I understand the reason the provision is framed in that way but clarity must be provided in the coming months on a couple of points. First, what is a Georgian building? It depends on whom one asks. If one goes strictly by date one is probably talking about the Georgian period ending in 1830. We must make the provision as effective as possible. Some

people do not count the Regency period which occurred from 1811 to 1820. King George III ruled until he went mad in 1811.

**Deputy Tom Hayes:** Good boy, Johnny.

**Deputy Sean Sherlock:** “The Madness of King George”.

**Deputy John Deasy:** He was succeeded by his son the Prince Regent who ruled until 1820. Mad King George died in 1820 and his son became George IV. He ruled until 1830 when he was succeeded by his brother, William IV, who ruled until 1837. Many regard that date as marking the end of the Georgian era. When it comes to architecture one could ask what is the cut-off point. Georgian-style architecture kept being built well into the 1840s; some would say well beyond that. It is important that we determine the definition of Georgian buildings and architecture in the two cities. Those who do that for a living do not believe Georgian architecture should be strictly determined by dates. It is accepted in those circles that Georgian architecture was being built well into the 1840s.

If a strict definition is applied to what constitutes a Georgian building, Waterford will not benefit a great deal from the provision. The dates must be extended into the early Victorian period. Within a short period we will have a good idea of the footprint of Georgian and early Victorian houses. It is most likely that a comprehensive inventory of Georgian and early Victorian houses has never been done before. We must find out how many such houses there were, where they are and what they are now being used for. It is important that the city gets the maximum benefit from the provision. The measure could be broadened into the early Victorian era at the very least to accommodate those houses that are in the style of Georgian architecture and not those that were built strictly within a certain date range.

The second part of the pilot project is to assist the retail sector. It is a generous provision. Improvements, renovations and extensions can be made and the cost can be written off against income tax once the building or premises is owned and operated by the person conducting the business. As with the previous provision it would be helpful if the Minister considered tweaking the provisions slightly to maximise the impact, certainly in the case of Waterford city. One point that has already been raised with me is that the number of retail outlets owned and operated by the same individuals in the centre of Waterford is not high. That is what I have determined to date in initial conversations I have had with people who know these things.

I understand the definition of retail may be broadened to include service-oriented businesses such as a solicitor’s office, dentist’s office or café. I note there may be a broad definition when it comes to refurbishment. That leads me to believe we have to consider loosening slightly the strict definition of owner-occupier to bring in, for example, long-term leases, or in cases where a tenant has been *in situ* in a particular location for a considerable period, which would determine and suggest continuity. It is important that the Department would think along those lines.

I am aware of the constraints under which the Minister is operating. The measure requires EU grant aid approval. One measure the EU will not approve is the kind of investor tax reliefs introduced by the previous Administration that ultimately helped destroy the economy. They made a lot of people rich in this country but, ultimately they helped ruin it. I have asked interested parties in Waterford city to think about the measures in order that they could come up with proposals that might make sense to the Minister and the European Commission. I urge the Minister to keep the door open on the measure before the commencement order is signed later

this year or early next year.

Every one to whom I have spoken sees the benefit and potential of the measure but they just want the opportunity to make suggestions as the process develops. I listened to the Sinn Féin spokesman deal with the measure last night. He needs to read the details before commenting. It is unbelievable that someone would not have even a basic grasp of what is involved before commenting on it on the floor of the Dáil. Anyone to whom I have spoken in Waterford sees the benefit of the measure. If it works it will have an additional impact, namely, on the construction industry locally. Anyone, from a painter-decorator, plumber or highly skilled craftsman has the potential to get work following on from the introduction of the measure. That is important in a region that has an effective rate of 20% unemployment. In the city of Waterford the rate of unemployment is probably a lot higher – it could be as high as 35% in some areas.

I have been highlighting the damage done to the regional and local economy in Waterford and the south east for some time. To my mind, this is tacit recognition by the Government that a major problem exists and that extraordinary and targeted steps must be taken. The figures back that up. The ESRI also support my argument. Three weeks ago it published a report entitled, The Regional Dimension of the Unemployment Crisis. The ESRI concluded that the national statistics hide the fact that there are areas with considerably higher unemployment rates than the average and others with considerably lower rates. It said that the persistence of unemployment differentials suggest that there are underlying structural differences across regions. From a policy perspective that is important as national policies are unlikely to address the region and location-specific factors.

I thank the Minister for Finance, Deputy Noonan, in particular for recognising what the ESRI has exposed and for trying to do something about it. Other Ministers must take note. When they formulate policy they must consider the potential detrimental impact a measure might have on a region that cannot endure much more. I look forward to engaging in dialogue with the Department and the Ministers involved in the coming months. I am hopeful the Minister will consider some suggestions that might help make the legislation as effective as possible.

**Deputy Tom Hayes:** I am pleased to have an opportunity to speak on the Finance Bill. We are living in extremely difficult times that are tough for everyone. In debating the Bill we must discuss why we are taking certain steps and the impact Government proposals introduced in the House by way of the budget, now being followed up in the Finance Bill, will have on people.

We must explain to people what is happening. They need to know the difficulties they are in. Not enough effort is being made in our work in the Dáil and through the media to tell the true story of the economy, the trouble we have been in and how we are getting out of it. The media has not been fair in telling the story. Everyone has a duty, including Members and the media, to outline to people the true situation.

I spoke to an irate person this morning on the telephone that rang my office last week. After I had spoken to her for ten or 15 minutes about the reasons for the introduction of taxes and other changes she understood the situation. She asked me why we do not outline the situation more often. I say to the Minister of State, Deputy Sean Sherlock, that we have a responsibility to bring the message to the people. That is one way in which we are not fulfilling our duty. The Opposition must be fairer to us in what we do. I accept it is a political forum. We were on the other side of the House for many years. There are times when we have to put the nation first. There are times when we in this House must be fairer and that will work not only to our benefit

but to the benefit of the country. It would help us to get out of the mess we are in if we were more open and fair rather than for us to shout each other down at every given opportunity. A first step is that we must bring people with us in what we are doing.

There are many issues I would like to discuss but one that is of paramount importance is job creation. We need to get Ireland back to work and in that way stop young people from emigrating and provide opportunities for them through job creation. Great efforts were made in the budget and in this Bill to make job creation worthwhile but there are many areas that have not been examined and we need to examine those. I cite the example that more than 400,000 people are unemployed and if one drives on any of the roads in rural Ireland one would find that many of them are in a deplorable state. Every Member receives representations about the state of our roads. There are not enough people working on our roads. A proposal whereby unemployed people would be allowed to retain their entitlements and be given some extra money to assist in road maintenance through working in a co-ordinated way with the local authority is one we should consider in the future.

There has been considerable discussion on assets being calculated for the purposes of income in regard to qualification for a higher education grant. That is not something that should be allowed. I do not know if there is provision for that in the Bill. Such a proposal would be unfair and unjust. A person could have a large asset but derive no income from it. I know of several people who have assets but with the income they have from the work they do, be it agriculture or in a small business, they are struggling to survive. Many of them are on an income of €10,000 or €20,000 a year. They want to put their children through college and if we force through a provision whereby assets are included for the purposes of the calculation of income, that would be unfair. I call on the Minister of State and the Government to make sure that does not happen. It is unfair and unjust and cannot be allowed to happen. These people are committed to sending their children on to higher education and they should be supported in every way to do that.

**Deputy Patrick O'Donovan:** I welcome this opportunity to contribute to this debate. This Bill, the third Finance Bill of this Government, is being taken in the context of there being 400,000 people unemployed, more than 80,000 people a year leaving the country and a massive level of national and personal debt. The Government made some strides last week in regard to the promissory note but I caution people who already clocking up ways to spend those savings. It is important to bear in mind that the money that potentially will be saved from the promissory is not new money but money we will not have to borrow. It took 14 years to wreck the country and I would caution against anybody suggesting that three years into recovery we would go down a route of wreckage - again led by the people opposite. I welcome the remarks of the Governor of the Central Bank in the media recently where he said that he was turning his attention to those banks that are dealing with personal mortgages. This is hugely important. Allied Irish Banks made an announcement last week on how it hopes to target relief for people in distress and that matter was raised earlier in the House. Any rumours or suggestions that the bank would be targeting relief while at the same time putting up interest rates is something of which the Government must be mindful and cautious.

The Bill has some good aspects, particularly the research and development tax credit, which the Minister of State will welcome. The requirement that a person would have to spend 75% of their time in research and development was an unrealistically high level and that proportion of time has now been reduced to 50%. That is very important for people in the SME sector. There may be opportunities to reduce that further, especially for people under a certain threshold, in

provisions in future finance Bills.

If one passes through any town in the country one will find some element of tourism infrastructure, be it hotels or guesthouses. The extension of the incentives to cover investments in this sector will help sustain jobs and will add employment on top of what the Government has already done, which is very welcome, namely, the allocation of a 7.5 cent per litre rebate for bus operators. The rural constituency I represent is hugely dependent on rural transport, be it for social or educational purposes, and this provision is extremely important because of the cost of fuels. That measure is on top of the announcement that was made in the budget by the Minister for Finance in regard to hauliers. It is an acknowledgement of the fact that this country is greatly reliant on road transport and the commitment to the sustainability of it into the future against the backdrop of fuel costs must be welcomed.

I previously asked in the House that the application of VAT to facilities in the tourism sector that also have an educational remit, and this comes under the Minister of State's Department, be examined. If one has a pet farm or a centre to which school tours are brought, this is a small measure that should be introduced. I know that the reference to this in last year's Finance Bill was as a result of the European Commission requesting Ireland to examine this area. Given that some of these facilities have an educational remit, there may be an opportunity to review the application of VAT to them and the rate being charged.

Changes in regard to vehicle licences were announced in the budget with the introduction of a 131 registration plate for this year to try to stimulate the new car market. Those in the second hand car market would say that a simple provision of allowing cars to re-registered, which I have raised in the House previously, could stimulate its market. For example, if the Minister of State, Deputy Sherlock, was to buy a second hand car in Limerick rather than having a LK registration plate, he would have the opportunity if he wished to do on a voluntary basis-----

**Deputy Sean Sherlock:** I would never buy a car in Limerick.

**Deputy Patrick O'Donovan:** The Minister of State has proven my point. Under such a proposal he would have the opportunity to re-register his car in Cork. Such a provision might yield a revenue stream. If one were to talk to the owner of any garage that deals in second hand cars, they would say that it is very difficult, particularly in Dublin, to sell cars with rural registration plates. A small change such as that would allow second hand cars especially, of which there is currently a glut, to be sold.

I welcome the provision for farm consolidation, which is a matter I raised with the Minister for Agriculture, Food and the Marine. I refer to the concept of an outside farm, where a person is farming in an area and land comes up for sale beside him. On purchasing it he also has an outside farm two or three miles away from his own farm. The tax associated with consolidating land up to now was prohibitive. In acknowledging we are trying to meet the targets in Food Harvest 2020 while allowing a farmer the opportunity to extend his property, that measure, together with the stock relief for young farmers and stamp duty on transfers, are tangible provisions that will make a big difference in rural areas and in sustaining the agricultural community into the future.

This Bill is being brought forward against an awful economic backdrop and it is a small incremental step forward. No gigantic leaps are going to be made by the Government to restore the economic situation we have inherited but incrementally this is another rung in the ladder. It

is about restoring hope and confidence and the measures, even the few to which I referred, will help that in some way. I support the Bill.

Debate adjourned.

### **Topical Issue Matters**

**An Ceann Comhairle:** Before I call Deputy Fleming 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 Willie Penrose - the need to review leases made by the Department of Agriculture, Food and the Marine and agencies under its remit; (2) Deputy Éamon Ó Cuív - the need to conduct an inquiry into the slaughter and export of horsemeat, the controls on imports of meat, and the labelling and processing of meat products;

(3) Deputy John Halligan -

the need to raise the matter of the South East Hospital Networks - the Higgins report; (4) Deputy Michael McNamara - the need to protect rural transport in any reorganisation of services; (5) Deputy Pat Deering - the need to extend the hedge cutting season;

(6) Deputy Colm Keaveney - the need to ensure the continuance of the State's only child and adolescent sexual assault treatment service; (7) Deputy John O'Mahony - the need to address the criminal legal aid system as currently in place; (8) Deputy Brian Walsh - the possible implications of a ban on alcohol sponsorship on the horse racing industry here;

(9) Deputy Seán Crowe - the impact of upward only rent reviews on businesses and jobs in town shopping centres such as the Mill centre Clondalkin and the need for landlords to adopt a more proactive approach to making commercial rents sustainable; (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 Robert Troy - the need for the Minister for Children and Youth Affairs to make a statement on the report card of the Children's Rights Alliance; (12) Deputy Billy Kelleher - the reconfiguration of hospitals in the south east;

(13) Deputy Dan Neville - the need to raise the matter of children's mental health services;

(14) Deputy Patrick O'Donovan - the need for the introduction of changes to the social welfare code that will allow for provision of social insurance cover for self-employed persons;

(15) Deputy Clare Daly - the role of Homebond in relation to the Pyrite Resolution Board and remediation scheme; (16) Deputy Derek Keating - the need to ensure a safe Garda fleet particularly in view of the situation at Clondalkin Garda Station, Dublin; (17) Deputy Mattie McGrath - the need for clarification on the alignment of local development companies and local authorities;

(18) Deputy Aodhán Ó Ríordáin - the need to conduct an audit of all of those in State care, particularly children, who may be housed in prisons, mental hospitals and direct provisions centres for refugees and asylum seekers to ensure that best practices for safety and child protection

are being followed;

(19) Deputy Dessie Ellis - the effects of the reduced opening hours of St. Michael's House Swimming Pool, Belcamp, Dublin;

(20) Deputy Richard Boyd Barrett - the issue of front-line workers opposing cuts to pay and core allowances; (21) Deputy Niall Collins -

the need to review mandatory sentencing in drink driving accidents causing death and the need to make leaving the scene of an accident an indictable offence;

(22) Deputy Caoimhghín Ó Caoláin - the need to discuss the case of a person, details supplied in County Monaghan, diagnosed with autism; and (23) Deputy Eamonn Maloney - the need for a resolution to the dispute between fire fighters and the Department of the Environment, Community and Local Government over the Keeping Communities Safe policy.

The matters raised by the Deputies John O'Mahony, Niall Collins, Caoimhghín Ó Caoláin and Eamonn Maloney have been selected for discussion.

### *12 o'clock* Finance Bill 2013: Second Stage (Resumed)

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

**Deputy Sean Fleming:** I welcome the opportunity to speak on the Finance Bill 2013, which puts into legal effect the measures announced in the Budget Statement in December 2012. Part and parcel of the budgetary process is the passing of legislation in the House, some of it by way of the Finance Bill, some by way of special legislation for the family home tax and some by way of social welfare legislation. It is one overall package and for various reasons, the passing of legislation is subdivided into different areas. It is always important to remember when we are talking about any aspect of the budget that we are talking about the overall budget in that context.

I agree with many of the commentators who argued that the budget was unjust and regressive. It was a policy decision of this Government to make more of the adjustment by way of cutting expenditure than by increasing tax. It was a political choice. I suspect that the Minister of State, Deputy Sean Sherlock, and the Labour Party would have been happier if the balance had gone the other way but, as the smaller party in Government, effectively the Labour Party had to either like it or lump it. That is the coalition Government we have at the moment and the smaller party has to lump it in all of these situations. As a result, we got far more cuts than increases in taxation. That was the Fine Gael approach and that party is pushing forward with this agenda. The only surprise, possibly, is that the Labour Party has been so willing to go along with it.

For the second year in a row, the Government has introduced a budget that is deeply regressive, both socially and economically. It does nothing to foster economic recovery or to provide a vision and direction for the country. Low-income family households have taken a wide range of hits and the cumulative impact of the changes in the budget will be devastating for low to middle income families. The change in PRSI, for example, will hit the working poor far harder

than it will hit those with incomes above €100,000. One must ask if that is fair and I do not think that anybody thinks it could be so. However, it suits a particular agenda and that is why that decision was made.

The budget is economically regressive because it does not address unemployment. The unemployment rate is stubbornly high and there will be hardly any increase in domestic demand this year. The only reason unemployment rates are falling is that, unfortunately, some of our brightest and best are continuing to emigrate. Without emigration, the unemployment problem would be much worse.

Budget 2013 had a phenomenal impact on families and contained multiple measures that will impact negatively on them, particularly those with children and those on lower incomes. Such measures include the reduction of €10 per month in child benefit for the first two children, €18 for a third child and €20 for a fourth or subsequent child. The budget also abolishes the PRSI allowance which increases PRSI by €264.16 for those working and liable to pay PRSI contributions. It also introduces the family home tax which is being dealt with under separate legislation. The budget trebles the prescription charge for medical card holders to €1.50 and increases the monthly cap for a family to €19.50. If one multiplies that figure by 12, one can clearly see the impact it will have on families on low incomes or social welfare payments. The increase in the drugs payment scheme threshold from €132 to €144 will also hit those on the lowest incomes hardest. The abolition of the cost of education allowance of €300 will affect the unemployed and lone parents especially. In addition, there is a cut of €325 in the respite care grant. The Minister for Social Protection, Deputy Joan Burton, presided over all of these cuts. She initiated all of them and cannot blame Fine Gael, Fianna Fáil, the troika or anyone else for them. These were her choices in her budget. She chose to make those individual cuts and decided it was necessary to do so, in an effort to support the agenda of not asking those who could afford to pay a little bit more to do so. The thrust of these measures is to cut payments to those relying on State support rather than making those who can afford it pay a little more.

On the issue of the decisions of the Minister, Deputy Burton, the meanest, nastiest and worst aspect of this Finance Bill is the proposal contained in section 8 to tax maternity benefit. In addition to that, it may have escaped the notice of some that the Minister also wants to tax adoptive benefit and health and safety benefit. Now, for the first time ever, the Government is proposing to tax maternity benefit. I intend to comment on four specific sections of this legislation, some of which are fine, some which require clarification and some which require amendment, but this section must be deleted. This House should not pass this legislation with the section proposing to tax maternity benefit in it. The legislation states that maternity benefit payable after 1 July 2013 will be taxable. That means that for those women who went on maternity leave in January of 2013, any payment they receive up until the end of June is not taxable. However, if their maternity benefit payments run into July, the amount payable in July is taxable. That is a disgrace and should not be done. My party will be opposing this section of the Bill. The Minister for Finance may talk about some transition arrangement to handle that situation but no transition arrangement is required. All that is required is the dropping of section 8 of the Bill.

I thought it was a very mean proposal when it was announced on budget day but this week we have learned where it is coming from. Over the weekend there was much publicity surrounding the fact that the Mangan report on child benefit is to be published this week. That report has been on the Minister's desk for over 12 months. I believe the Minister, Deputy Burton, wants to tax child benefit and would have done so in the budget but for the fact that the Revenue Commissioners were far too busy drawing up the plans for the family home tax. I believe Rev-

enue actually made some remarks to that effect last year, namely, that it took all of its resources to deal with the preparation and implementation of the system for the family home tax and it could not have taken on another big logistical task in the same period. Therefore, the taxing of child benefit was not done but I believe the Minister will try to get her way in the next budget.

I would have been happy to have a proper debate with the Minister but she did not let the issue of taxing child benefit go. She said that if she could not tax child benefit this year, she would start by taxing maternity benefit. She did not get to tax child benefit but is starting the process by taxing children before they are born. This is a forerunner to taxing child benefit. If one is taxing maternity benefit, it is logical that one will follow on by taxing the next payment the mother will receive from the State, namely, her child benefit. The woman will get her maternity benefit while she is on maternity leave and when she starts receiving child benefit she will already be in the tax system for her maternity benefit and so will pay tax on her child benefit too. Who will pay this tax? What of the complexities of those who are cohabiting, those on separate tax assessments, of married couples, single parents and so forth? Who will bear the tax? Will it fall on the mother? I suspect it will because she will be the recipient. We are now seeing the forerunner to taxing child benefit and the burden will fall on the mother, who is primarily the one in receipt of the payment.

A tax on maternity benefit is effectively a tax on childbirth. It is anti-women, anti-child and anti-family. Some people might think it is a good idea to tax maternity benefit but I do not. It is also anti-work because it makes it more difficult for women to participate in the work force. If women take time out to have children, they will be taxed on the small amount of money they receive from the State. I urge the Minister to remove this section from the Finance Bill. I particularly ask the Labour Party to reconsider this measure because taxing maternity benefit is the Minister, Deputy Burton's forerunner to taxing child benefit and that must be stopped in its tracks as quickly as possible.

Section 12 of the legislation deals with benefit in kind as it relates to travel passes. I ask the Minister in his reply to give further information regarding what is involved here. The legislation is complicated and makes reference to benefit-in-kind and approved transport providers, including some private bus operators. As I understand it, if a company provides a travel pass for an employee for travel that may be required in the course of his or her work, there may be a benefit-in-kind implication. Section 12 of this legislation extends this to the Civil Service, An Garda Síochána and the Defence Forces. How many people are in receipt of these travel passes? How many people are paying benefit-in-kind tax in respect of them? Has this applied in the public service before now? Is this a new measure or is it clarification of the legislation relating to benefits-in-kind? Is there a change regarding approved transport providers? Why would some employers provide a travel pass to be used in the course of a person's work? Who pays for it? Is this another way for public bodies to subsidise transport companies?

I could mock, but now that rural Garda stations are being closed are gardaí to be given travel passes and told to get the bus? Will gardaí be given travel passes to go from Portlaoise to Rathdowney, Mountrath, Ballacolla or Ballinakill, where Garda stations have been closed at night or completely? With Garda stations closed during the night must we hope that some of the bus companies will operate during the night? In Portlaoise, we have an out-of-hours bus service from Portlaoise to Dublin Airport. Are the gardaí expected to use a travel pass and travel on these buses, now that the Garda stations are no longer open? I say that facetiously, but I would like to know what is behind this measure, how many are claiming the allowance and what are its benefits. I ask the Minister to shed some light on this area.

Section 12(j) changes the “specified rate” from 4% to 5% and from 13.5% to 12.5%. The explanatory memorandum does not give details of this measure, except to say it relates to preferential loans. Does it refer to preferential loans given by financial institutions to their staff? There is nothing wrong with that. These loans carry a benefit-in-kind charge, which is correct. A person who gets a loan at 4% while the rest of us would be charged an overdraft rate of 10% should be liable for a benefit-in-kind charge. The Minister seems to be changing the rates here.

I ask the Minister to clarify this matter when he speaks at the conclusion of this debate. Preferential loans were issued to employees in the financial services industry, many of whom have been made redundant or are facing redundancy as a result of liquidations, of IBRC for example. Are these people required to repay those loans because they are no longer employees of the companies that granted the loans? Were new loans issued to them? Were their gratuities or lump sums reduced accordingly? The Minister has information on the number of employees of financial institutions who are in receipt of preferential loans because people have been paying benefit-in-kind tax on them. All redundancies have been voluntary to date but that may not always be the case. There is a benefit-in-kind tax implication for those people. I do not have a problem with this section, but I would like more information on the area.

Section 49 deals with the mineral tax rebate on auto diesel for haulage and bus operators. I welcome this provision. Many people feel it will benefit the transport industry and will allow transport companies to buy fuel in Ireland rather than buying it when they are on the Continent, perhaps at a cheaper rate. Fuel will be purchased in Ireland, the Government will gain tax and jobs will be maintained in fuel depots. It is good that the measure also applies to bus operators, who may be entitled to a rebate on the auto diesel used. That is good. It will help keep their costs down. I welcome that.

This amendment to the Finance Act 1999, however, has an unintended consequence. Who is a qualifying road transport operator? Section 49 defines a qualifying road transport operator as a person who holds a national or an international road haulage operator’s licence or an equivalent EU licence, or a person who holds a national or international road passenger transport operator’s licence or an equivalent EU licence.

There are people in the haulage business who, because of Department of Transport, Tourism and Sport legislation, do not have one of those licences and are not, therefore, qualifying road transport operators. I ask the Minister to take this into account and to ask his officials to do so. I welcome the provision but there is an omission here. Perhaps IBEC did not fight the case strongly enough.

The Department of Transport, Tourism and Sport has issued a leaflet for the guidance of applicants for road haulage licences. The first paragraph of the leaflet is headed, Who needs a road freight carrier’s licence. It says a licence is required when goods are carried for hire or reward. The leaflet then clarifies:

Hire or reward haulage arises when you are paid for carrying someone else’s goods. If you only do own-account work, i.e. carriage of your own goods in your own vehicles driven by yourself or your employees, you do not need a carrier’s licence.

The word “not” is underlined in the Department of Transport, Tourism and Sport document. Many companies in the transport business, therefore, do not have a road freight carrier’s licence because the Department of Transport, Tourism and Sport says they do not need one if they are

drawing their own goods. The second page of the document lists those who are exempted and do not require a road freight carrier's licence. The document states:

If you propose to carry any of the following commodities in this State only, a carrier's licence is not required: cattle, sheep, pigs, turf; milk to a creamery or a cream separating station; milk containers to or from a creamery or a cream separating station; livestock by farmers for neighbours locally; newly harvested wheat, oats or barley during the period 1 August to 30 November each year from a farm to a place of storage, assembly or processing.

Again, the word "not" is underlined in the document.

Many companies in the agricultural area have their own transport lorries and do not subcontract their haulage to independent contractors. They do not have a road haulage licence and cannot, therefore, avail of the rebate. We want the Minister to widen the definition of those eligible for this measure to include the two categories the Department of Transport, Tourism and Sport says do not need a road freight carrier's licence. I am thinking of my local quarry, Carroll Quarries in Castletown. They own their own lorries and deliver their own goods. They do not qualify for the fuel rebate. If they subcontracted their haulage to a transport company that company would qualify. The same is true of many cement manufacturers. I suspect many bakeries and companies in the confectionery business carry their own goods in their own lorries. Because they are not required to have a road freight carrier's licence they do not qualify for the fuel rebate. We want that situation redressed.

The Bill, as drafted, will force companies to contract out their transport. The tax incentive can be granted to a subcontractor but not to a company that is carrying its own product. I accept that this consequence is unintended and also that our proposal might make matters slightly more complicated. However, if two lorries are drawing from a quarry, cement factory or bakery, one owned by the company itself and another by a licensed haulier, it is not fair that the driver of one lorry qualifies for a fuel rebate while the other does not. That must be looked at.

Section 29 deals with the living city initiative. I support urban regeneration. The section gives a good summary of the scheme. It is important that we have proper, integrated area plans conducted by local authorities and an independent advisory panel to assess the areas to be included. It is not good enough for a Minister to walk up a street and decide that a certain 40 houses should be included. That is not the way to do business. It is also important that all the buildings be listed.

All work, internal and external, now requires planning permission. There will be a major cost in doing the cost benefit analysis of the scheme. The scheme must then be designed, must secure EU approval and then must go through the planning process. That cannot be done in 12 months. Preparatory work should have been done and the scheme announced so that it could move quickly. People in those areas who may have intended refurbishing some of those properties for commercial or residential purposes will now put the projects on hold until they secure EU approval. A stay has been put on the development of some of those houses by announcing such a process at such an early stage. There should be an independent and more transparent method of identifying the locations and cities that are to be included in the scheme.

Overall, however, I am happy with the scheme. It is good to regenerate urban areas but we need information, clarity and a shorter timescale.

**Deputy Anthony Lawlor:** I welcome the Bill; there are many positive initiatives in it. The

budget was designed to generate as many jobs as possible as someone from a small business background I welcome the many positive measures in the Bill for small businesses.

It is interesting that the Minister of State at the Department of Jobs, Enterprise and Innovation is present. Many of the measures associated with the budget relate to jobs. I wish to talk about initiatives to reduce youth unemployment and to get young people back to work. At the moment more than 400,000 people are claiming benefit, with just over 300,000 of them long-term unemployed. About 30% of those under 25 are currently unemployed. If we are to make any changes to the Bill, the PRSI holiday for employers who take on employees who have been unemployed for over six months should be extended to cover any person under 25 who is taken on irrespective of the length of time he has been unemployed. It should not matter if that person has been on the dole for a day, a week, a month or six months. There should be a PRSI holiday for taking on such workers.

Certain groups cannot get benefits because they live at home and are not entitled to unemployment benefit if they are means tested as living at home. That group cannot be categorised as unemployed although they are not working. I hope the Minister will consider a PRSI holiday for employers willing to take on people who are under 25 even if they have not been unemployed for over six months.

This week the Joint Committee on Jobs, Enterprise and Innovation we launched a policy document, *Creating Policies that Work - Actions to Address Youth and Long-Term Unemployment*. One of the things that was suggested during our discussions was that a fund should be set up for young entrepreneurs. We currently have funds for female entrepreneurs and those who are starting their own businesses but there is nothing for young people. I am talking about people under 25. We have all seen the young people who are involved in the BT Young Scientist of the Year. There are young entrepreneurs with new ideas and the Patents Office could sign them up straight away to make sure their idea is registered as their own. They find it extremely difficult, however, to bring the idea any further. Why? They cannot access funds because they have no credit history. If there was a young entrepreneurs fund like the female entrepreneur fund which is set at €250,000 and it was set at €750,000 and the Government put in €250,000, that seed capital would generate other funds from major companies like Google and Facebook, which would boost the fund to generate jobs for those people under 25 years who have good ideas but are stymied because they cannot access credit.

I have highlighted the positive measures for jobs in the budget and I hope the Minister of State will consider acting to help the motor industry. It has had a horrendous January. Car sales have dropped by about 20% on last year's car sales but we put up both VRT and motor tax. If we could reconsider those increases it would stimulate the motor industry, which is a huge industry in the country.

I welcome the budget and hope the Minister of State will take on board my couple of ideas. This was a positive budget for job creation.

**Deputy Áine Collins:** The Finance Bill 2013 puts into law the provisions outlined in the budget. Much of the Bill merely imposes what the Dáil has already agreed to on a temporary basis, such as the fuel rebate. The Minister has announced some new measures, but the general thrust of the Bill reflects announcements that had been made at pre-budget and budget stage last year.

20 February 2013

This is the second Finance Bill to be introduced by the Minister. The bulk of the changes and the continued difficult, harsh and unpalatable measures which we have to implement on our people are dictated by the agreement entered into by Fianna Fáil with the troika as a result of Fianna Fáil's poor management of the economy.

Deputy Fleming seems to be very concerned about maternity benefit. Under Fianna Fáil, there was a time when full-time employees of the State were entitled to tax-free maternity benefit on top of their salary. That changed three years ago and now we are introducing measures to make maternity benefit taxable. Those who are solely in receipt of maternity benefit will not pay tax because they will have a tax credit. This will only affect women who are in receipt of other income while receiving maternity benefit. That might help Deputy Fleming to understand that the system is fair.

Also, Deputy Fleming is very concerned about the household tax so I would like to remind him this was another Fianna Fáil measure. It was Fianna Fáil that got rid of the rates in 1977 that we now have to replace - as agreed by Fianna Fáil with the troika. I know the party has a slogan "wrong tax, wrong time" but we must deal with the issues as they were agreed. It has now become apparent that while the Minister was preparing the budget he was also in deep negotiations with his colleagues in Europe to renegotiate the promissory note, which was another fine example of poor management by Fianna Fáil.

The measures implemented by this Finance Bill are another step in the right direction towards restoring our economic sovereignty. The primary objective of this government is to restore this country's independence. To achieve this we must reduce the running costs of this country. We have successfully negotiated a successful deal on the promissory note. We now have to stay on the same road and renegotiate other banking debt agreed to by the previous Government and, most importantly, personal debt which is sucking the lifeblood out of our people.

I am glad to say that 85% of the heavy lifting is now done. We have also been able to keep our commitment in the programme for Government that we would protect two fundamental principles - core social welfare payments to assist those people and families who have unfortunately lost their jobs through no fault of their own and no increase in income taxes so that we can reward work and effort and people can plan knowing that their net pay will not be reduced through tax increases.

I have stated on many occasions in this House that the only way to recover is to create new jobs. In order to achieve that, we must help existing businesses to grow and encourage people to set up new business. Fine Gael is committed to this approach and judging from the reaction to the budget and the Finance Bill, this is being recognised by business people. From the feedback I have received in my constituency of Cork North-West, this was very much evident in a recent conference on building the blocks of success that we held with the Charleville Chamber of Commerce. In Cork, the president of the chamber of commerce, Mr. John Mullins, while acknowledging the ongoing challenges facing the Government, accepted that tough decisions regarding our expenditure were unavoidable. Mr. Mullins expressed the view that the overall impact was positive from a job creation point of view and acknowledged the focus the Government has placed on the vital role of SMEs. The reinforcement of its commitment to the 12.5% corporation tax and the absence of any increase in employers' PRSI were most welcome. There was a particular welcome also from employers, who, ultimately, are the ones who take the risks and create the jobs, that the transfer of sick pay costs to employers did not materialise. Likewise, the business associations across the board welcomed the Government's efforts to

recognise the potential of small businesses. It must be stated that 70% of employment comes from small businesses.

The budget introduced sufficient stimulus measures that will assist employers in maintaining or increasing employment by remaining competitive. I was personally pleased that our representation to the Minister for Finance for the implementation of an essential user rebate for the tax compliant licensed road haulage operators has been accepted. This is the first time the country has ever recognised the significant work of the haulage sector. As we are an island nation and exports are our lifeline, a viable, stable and effective transport sector is essential. Not only does it benefit our export sector, but it reduces costs to Irish consumer because of the lower costs on transportation. I am also convinced that this will benefit the Exchequer as the transport companies will now buy their fuel at home and pay Irish excise duties. No doubt they will also create new jobs.

The expansion of this fuel rebate to the coach sector is also most welcome. The initiatives the Government has already taken in the area of tourism have substantially increased jobs in this sector and the fuel rebate for coach businesses will help provide an added boost. In fact, 6,000 new jobs were created in this sector last year.

Every politician and every Member of this House would wish that the less well-off in society would not have to share in this pain. Politicians, by their nature, want to announce good news to people but it was this type of attitude by previous Governments that got us into so much trouble in the first place. We must make the right decisions now to protect the future of our economy for both our children and our grandchildren. As I stated, 85% of the heavy lifting is now done. We can now begin to see a brighter horizon. I commend this Bill to the House.

**Deputy Damien English:** I thank the Ceann Comhairle for the opportunity to say a few words on the Finance Bill which is another important part of the process of recovery of this country as we get there bit by bit. I will address a couple of issues in the few minutes available.

The Minister stated that we are now in a position where we can be optimistic as a country. That is an important point to get out there. People need to know the country is recovering. They need to know there is hope. When we are out there meeting people on a daily basis, they are worried and concerned. They are trying to manage, week to week. If they know the country is turning around, they will buy in to what we have to do here. They will accept it, work with us on it and try to help. However, they need to know. The signs are there to prove that we are not merely making this up. This country is turning around. There is hope and the Minister was correct to state last night that we are bringing in a finance Bill to the House during a period of optimism when matters are improving.

A couple of recent movements provide us with proof in that regard. Our record of winning jobs in the past two years is good. It is not brilliant when compared to the problem of unemployment, but to be winning more jobs per week than we are losing is heading in the right direction. We are coming from a position where there were nearly 280,000 jobs lost in the three years before we came into office. We are in a position of stemming that rot. We are back, and trying to win more jobs per week. That is what it is about, winning more jobs every week than one loses because there are still certain sectors, such as construction, banking and some of the financials, in which there will be more job losses as these sectors return to their proper levels and proportions of GDP. There will be adjustments but we are on the right track.

The sale of Irish Life yesterday, but also the raising of funding on the markets by our banks and also by the State during January, sets out a positive image of the country and that international investors believe in the future of this country. They would not put their money in this country if they did not believe it has a future. People can see such facts. Investment is coming into the country. Slowly but surely, we are winning that game.

The recent deal on the promissory note is a very important initiative. I have listened to Opposition Members state it is not a deal at all and the Government took over the debt. It was made national debt by the previous Government. None of us likes it. On the night of that deal, I spoke here before we knew about it. We hated having the Anglo Irish Bank debt, the promissory notes, etc., but we were stuck with them. One could not merely take out the Sinn Féin magic pen and wish them away. It does not work that way. One must negotiate. One must work on it and deal on it. If Members understand the time value of money and the net present value of money, they will realise that it was a good deal that will stand the test of time. It will prove to be a win-win for us in the long term in terms of the actual debt, but even in cash terms. In trying to run this country for the next couple of years when funding is short and is very hard to get, from a cash point of view alone, if nothing else, that deal was a win-win for Ireland. It will free up money, with which we can fund other projects, but it also means we need not go out this year to find the guts of €7 billion or €8 billion to pay back this year's payment, last year's and the interest. It frees up the necessity to raise that funding, quite apart from the fact that 40-year funding, if one applies net present value, represents a win-win for us. If we stood here a couple of years ago and were strong enough in our deals with Europe when we needed approximately €60 billion to continue paying for the country's services and €60 billion to save the banks and if we had gone out there and looked for €100 billion long-term funding with a term of 40 years or 50 years at 1%, everybody would have been happy and we would not have been under pressure over the past couple of years. That is the way one would do it - one would get long-term funding when one has short-term difficulties that one cannot manage to pay back. Therefore, the deal is a win-win.

Returning to the bigger problem, last night the Minister spoke of returning stability to the public finances. As I mentioned previously, it is only in time that people will realise the real damage the era of former Taoiseach, Mr. Bertie Ahern, and Fianna Fáil did to this country in 2001 and 2008 when they let expenditure go completely out of control in nearly every Department. If one analyses the departmental expenditure trend - I have seen it previously but I will get the information again in parliamentary questions - we can see the reckless spending during those years. That spending was not from permanent revenue. It was from short-term gain from a housing boom and construction, and yet Mr. Bertie Ahern and all his colleagues in Fianna Fáil, including the newly reformed Deputy Martin, decided to spend it on long-term initiatives. They gave the people lower tax rates and extra services. In many cases, they gave staff extra pay. What they really did was give people false hope. Based on that everybody used the new wages, lower taxes and better services - all of which, let us not deny it, were nice to get but were not sustainable - to take out mortgages and loans because they were confident they could repay them. The boom was built on sand. People are faced with a reduction in their disposable income due to wage reductions, increased service costs or taxes, etc., and yet their debt still exists. That is the mess with which they were left. We are aware it is not the right time to introduce either the property tax or charges or to reduce overtime allowances but there is no choice in the matter because at the same time the previous Government was encouraging everybody else to blow their money, it itself did so and committed the State's finances to an unsustainable position. This left us overdrawn some years ago by €20 billion and last year by

€15 billion. This year, we are still overdrawn by between €12 billion and €13 billion. Nobody will continue to lend us that money to spend on services if we continue to be overdrawn. We have no choice other than to reduce that deficit somehow. That is done through negotiation and it is a slow, hard and difficult process. People need to recognise the context for the Finance Bill which is trying to introduce measures to help reduce that deficit gradually. At the same time, the ten-point plan for small business is trying to encourage job creation. Much of that plan relates to freeing up cash for small businesses. In the Departments we now have Ministers - the Minister of State, Deputy Brian Hayes, and the Ministers, Deputies Noonan and Howlin - who understand how important it is for businesses to have cash in order to conduct their businesses and create jobs. Many of these initiatives free up cash and allow that.

I ask the Minister to consider something that is not contained in the Finance Bill. The Minister of State, Deputy Brian Hayes, who is present, is aware that the Minister, Deputy Varadkar, has introduced a pilot voluntary scheme to allow communities to repair their own local roads. As the Minister of State travels around the country he will see many local roads - especially given his responsibility for OPW - and will have seen the problems people are experiencing. In my county, mainly in the Kells electoral area, roads are crumbling and falling apart. They are being left in a very dangerous situation owing to reduced investment in them over the past four or five years. These roads need immediate work and this scheme allows residents in conjunction with the local authorities to fix the roads that would not be due for fixing under the local authority's three or four-year road plan.

As part of the Finance Bill, the Minister should consider introducing a VAT exemption, some form of rebate scheme or a tax relief to offset some of the costs communities bear to make their roads safer and more user-friendly. It is not ideal that our local authorities cannot keep up with the crumbling roads. It is not necessarily their fault given the systems that have developed over the years and a reduction in the money available in the country's present economic situation. So it is not their fault and it is not ideal that the Minister for Transport, Tourism and Sport should need to introduce such an initiative to encourage locals to spend their money. However, if we see that as a short-term solution, we need a whole-of-Government approach and the Department of Finance may have a role in easing that financial pressure so that if people decide to spend money fixing their local road to make it safer, there is a bit of tax relief on that. That is the right approach.

The same model could then be used in other areas. The schools summer works scheme has been abolished. If my proposal works in this case, we could then reconsider that scheme. Some years ago I proposed this to the then Minister, Mr. Noel Dempsey, as a way to get work done on schools. He took it on board and invented the devolved grant scheme, which was only a variant of it but was not managed correctly. This is a way to encourage locals to put spare cash into their own services and get tax back on that also. I believe the Finance Bill is the vehicle - excuse the pun when I am talking about roads - to help achieve this and I ask that it be considered.

I could discuss many other issues, including the report of the Joint Committee on Jobs, Enterprise and Innovation on developing a youth entrepreneurial fund, as mentioned by Deputy Lawlor. Other aspects of that report, which we launched yesterday, are the part-time work initiative, which would basically use people's existing social welfare payment to fund a part-time job for them. The Departments of Finance and Public Expenditure and Reform, along with the Department of Social Protection could play a leading role in using the same money in a different way to get people closer to a full-time job.

20 February 2013

**Deputy Michael Colreavy:** I apologise - I do not have a magic pen.

**Deputy Damien English:** Some of the Deputy's colleagues think they have one. That is the problem.

**Deputy Regina Doherty:** Perhaps it is a wand.

**Deputy Brian Hayes:** A magic bullet, maybe.

**Deputy Michael Colreavy:** What Sinn Féin has is a different way of approaching a problem. Our non-magic pens wrote down the policies and had them costed and verified. We then presented them to the Dáil.

**Deputy Damien English:** Sinn Féin's costings did not add up. There is the magic pen again.

**Deputy Michael Colreavy:** The Waldorf and Statler Members on the Government benches did not listen. It is not a question of magic pens, but of approaching this in a different way. I hope that deals with the magic pens.

This Finance Bill is not all bad and it has some positive aspects. However, the positive aspects are drowned in the overall intention of the Bill and in the tsunami of its regressive and deeply damaging provisions. The fundamental question is as follows. Should people work for an economy or should an economy work for people? I believe the Bill is drafted and crafted on the premise that people must continue to work for and suffer for the economy, which is very wrong.

During the general election campaign and in the initial weeks when it entered power in the spring of 2011, the Government promised so much change. Particularly prior to the general election, there was so much talk of change and taking a different approach to governance. However, the Government has failed to bring about the change it promised which was so badly needed. The Finance Bill is further evidence that instead of a different form of government and governance, and instead of fresh ideas, we simply have Fianna Fáil under a different name as evidenced by the Finance Bill. Nothing has changed. The Government continues to take money from the pockets of the very people who should be sustaining our local economy.

Some Government Members want to talk about magic pens. While we take money from the pockets of the very people who sustain our local economy, we have this hope that somehow miraculously this will fix our local economy. They want to talk to me about magic - now that expectation is magic. It will not and cannot fix the local economy. If we do not fix our local economy, we cannot fix our national economy. Europe needs to understand that if national economies are not fixed, the European economy will continue to shudder from crisis to crisis.

There is a possibility of doing things differently. The Government parties promised they would do things differently before the general election. Now the Government parties seem to believe it is impossible to do things any differently because their hands are tied and they blame the last lot. There is a possibility of doing things differently. Politics should not be about blame. It is important to have accountability and responsibility when politicians get things wrong. The last lot were accountable and were rightly put out of power. Politics should be about more than just blaming. It is about offering solutions, and offering real and credible alternatives to the people. Ireland has tremendous potential which the Government consistently

ignores or to which it pays lip service.

In the long-term strategic development of Ireland as a nation, the Government needs to use all the resources of the State to improve the lives of the people. However, it is time for the Government to think outside the box and to believe that another Ireland is possible. If we look internationally, we see some governments and leaders across the globe that are changing their countries for the better. Last weekend saw the re-election of President Rafael Correa in Ecuador. We could do well to study Ecuador, which went through a period of massive economic turmoil. The Minister of State is laughing.

**Deputy Brian Hayes:** I know a bit about Ecuador.

**Deputy Michael Colreavy:** In that country the markets ruled the people instead of the people ruling the markets. With the arrival of Correa's Government came a different approach. It showed the people that it was not necessary to continue to do what had always been done, namely, be submissive to the World Bank and the IMF and pay off external debt irrespective of the social debts which were pending. This process was called a citizens' revolution. An interesting aspect of this citizens' revolution was to use the country's natural resources to aid and benefit the people of Ecuador. Instead of allowing multinational oil and gas companies to exploit the natural resources of the country, Correa changed the system of oil and gas exploration so that it benefited local communities. Why can the Irish Government not adopt a similar approach to our natural resources? Ireland is a country with a wealth of natural resources that have not been utilised or exploited to its benefit. Oil and gas, wind and wave energy have huge potential to benefit this State and its people. What we need is a Government that is willing to commit to developing these areas and making them profitable for the State and the people.

There is a common misconception among the public that Ireland needs low oil and gas taxation to promote exploration and develop its oil and gas industry. Successive Irish Governments and, in particular, the oil industry lobby have propagated this myth for many years. The successful oil and gas lobby, with the help of media commentators, some of whom have strong interests in the oil and gas industry, have spun the myth that Ireland's current system of taxation is the best deal there is in the exploration of its natural resources. The line which this lobby group spins is that the more oil and gas that is extracted from Irish waters, the more jobs there will be for Ireland and the greater will be our infrastructure. It also claims that the current system of oil and gas exploration off the Irish coast will ensure energy security for Ireland, resulting in our no longer being reliant on imported fossil fuels. Oil and gas company public relations spokespersons, and their spokespersons in the media and in politics, subtly imply that Irish homes will have access to cheap fuel if oil and gas companies are allowed to proceed under the current rules. However, this could not be further from the truth. The people are not being told the facts.

Ireland's offshore oil and gas reserves have the long-term potential to be a significant source of revenue for the economy. According to a Department of Communications, Energy and Natural Resources report in 2006 there is approximately 10 billion barrels of oil equivalent off our western coast, comprised of 6.5 billion barrels of oil and 20 trillion cubic feet of gas. At current oil prices, this equates to approximately €540 billion.

**Deputy Brian Hayes:** If only we could find it.

**Deputy Michael Colreavy:** While it is true that the actual amount of oil and gas brought ashore has been small, these reserves exist. Currently, little gas and no oil is being extracted

from Irish waters. This does not reflect the potential of Ireland's reserves. Companies that discover oil or gas in Irish territory are not obliged to supply these resources to the Irish market. Also, our licensing terms are so weighted in the industry's favour, they do not require the companies to bring a single drop of this oil or gas ashore in Ireland. Ireland's licensing terms do not ensure fuel security for the country. When the Government awards oil and gas companies with a licence, ownership and control of Irish oil and gas is transferred to that company. Under the current licensing terms, the Government cannot guarantee that the oil and gas will be sold to the Irish market, that it will be landed in Ireland or that the companies will employ Irish people. Irish consumers must pay the international price for oil and gas found off the coast of Ireland. At a time when the world is nearing peak oil production, it is imperative that Ireland secures its fuel supply.

When compared to international standards, Ireland's licensing terms are very generous to oil and gas companies. A report carried out in 2007 by the US Government Accountability Office studied the licensing terms of 142 fiscal systems. It found that among all the countries studied Ireland has the second lowest Government take. In the United States the minimum Government take is 42% and in Norway it is 75%. The Joint Committee on Communications, Natural Resources and Agriculture published a report in May 2012 entitled Offshore Oil and Gas Exploration, in which a number of recommendations were outlined. While the report states: "[R]etrospective changes to fiscal and licensing terms can risk long-term reputational damage...", it also agreed that "[F]uture agreements can reflect policy changes necessitated by significant changes in the policy context and circumstances, for example a large increase in the number of commercially viable finds or the size of fields". The report further states:

The joint committee believes that the overall tax take should, in the case of future of licences, be increased to a minimum of 40%. The tax take should increase from existing levels according to a sliding scale based on the rate of profit (that is to give an overall tax take of 40% for small commercial discoveries, 60% for medium commercial discoveries and 80% for very large discoveries).

Renewable energy also has huge potential to benefit this State. According the Minister for Communications, Energy and Natural Resources, in response to a question I put to him, only 16% of Irish electricity consumers receive their energy from wind sources. Ireland has a lengthy coastline that enables us to develop a large amount of wind energy. However, there is no national strategy in place for the development of wind energy. We talk about a national strategy as if one were in place but there is no national strategy on the use of renewable energy to benefit this country and its people. What we do in this regard is respond to approaches made by different companies who are in it for profit. We need to stand back and to think outside the box on this issue. We need to say what we want from renewable energies that will benefit this country and its people and will improve energy security in Europe.

Our primary focus should be a strategy, the benefit of which is to those who control the resources, namely, the Irish people. We are light years away from this type of strategy and need to develop one fast. We are operating on an *ad hoc* basis, responding to proposals that are made by people whose only interest in this area is to get as much as they can from it and get out with their profits intact.

*I o'clock* We need to take control.

In recent weeks the Government signed a memorandum of understanding with the British

Government to supply Britain with a large amount of wind energy. We will pipe our natural resources out of the country. I am not saying this is a bad thing.

**Deputy Brian Hayes:** We are getting paid for it.

**Deputy Michael Colreavy:** It may well be a good thing. The problem is I do not know what arrangements have been entered into or how much we will get from it. I do not know how much Britain will benefit from it or what the payback will be for Irish people. I do not know what impact it will have on Ireland's energy security policy or where it fits as part of a national strategy.

**Deputy Brian Hayes:** It was built using European money.

**Deputy Michael Colreavy:** I repeat I do not know what benefit it will be to Irish people or the Irish State.

**Deputy Brian Hayes:** Exports.

**Deputy Michael Colreavy:** We are exporting people. That is not a benefit to the Irish State.

**Deputy Brian Hayes:** It is energy, Deputy.

**Deputy Michael Colreavy:** I suspect the Minister of State does not know-----

**Deputy Brian Hayes:** I do actually.

**Deputy Michael Colreavy:** If he does I ask him to let me know how much the Irish people will benefit from the export of energy to Britain. Up to now I have been unable to get this information.

**Deputy Brian Hayes:** It is capacity.

**Deputy Michael Colreavy:** If the Minister of State can get me this information and quantify the benefit that will be made available to the Irish people from this, with regard to employment and income to the State, I ask him to please do so.

**Deputy Brian Hayes:** So we should not be doing it.

**Deputy Michael Colreavy:** I am not saying it is a bad thing but in the absence of a national strategy it is another *ad hoc* decision. It might be good or it might be bad, but I do not know what decision-making process was used.

**Acting Chairman (Deputy Bernard J. Durkan):** The Deputy has one and a half minutes remaining.

**Deputy Michael Colreavy:** Is that all?

**Acting Chairman (Deputy Bernard J. Durkan):** Yes. Tough.

**Deputy Michael Colreavy:** Economically we are in a very bad place. We need to think totally differently about energy than we do at present. I hate the term "outside the box" but I cannot think of another way to explain it. We need to take a lateral view and look at it from a different direction. We need to ask what can we do to increase employment and energy security in Ireland.

**Deputy Brian Hayes:** Export.

**Deputy Michael Colreavy:** We also need to ask what can we do to maximise the income for the Irish people. Why is the Government giving a fair deal to the companies producing it? How do we acquire knowledge so we know we are not being taken for a spin by some of the companies which are lining up? We need a national strategy very quickly as otherwise we will continue to struggle.

Recently I attended a public meeting in Carrick on Shannon where a chap in the audience asked a very simple question which I found difficult to answer. He asked how and why have we as a nation allowed ourselves to be put in a position where people fear government rather than government listening to and respecting people and representing their opinions. It is a simple but profound question and we need to be able to answer it.

**Acting Chairman (Deputy Bernard J. Durkan):** Deputies Michael McNamara, Regina Doherty and Joe O'Reilly are sharing time.

**Deputy Michael McNamara:** I commend the Bill to the House. It is a good Bill for the entirety of the country. It is also particularly good for the mid-west for reasons I hope to outline. The Minister for Finance published the Bill and discussed it in detail last night. He also set out the specific sections which apply to the aviation sector. Plans for an international aviation services centre were key to the Government's decision to separate Shannon Airport from the Dublin Airport Authority at the end of 2012. An independent Shannon Airport, combined with the landmark establishment of Shannon Development, could conservatively generate between 3,000 and 3,500 new direct jobs over the next five years according to the Government-appointed task force which reported towards the end of last year. This jobs figure is separate to the construction jobs which would revolve around growing air traffic at the airport and establishing the aviation sector centre. The aviation business development task force was led by Rose Hynes, who has since become the chairperson of the airport. The task force concluded that an independent airport combined with a land bank could be successful and sustainable and contribute significantly to the economic development of the mid-west. I believe the Finance Bill is further proof of the Government's support for aviation generally in the country, which will be of particular benefit to Shannon Airport as it seeks to establish itself as an independent entity.

The Finance Bill provides for an amendment to the definition of industrial buildings whereby industrial buildings allowances will apply to hangers, tear-down pads, parking and ancillary facilities for a period of five years from the commencement of the legislation, while the construction of new aviation-specific facilities such as hangers and tear-down pads will enjoy an accelerated capital allowance over ten years. The Minister for Transport, Tourism and Sport, Deputy Leo Varadkar, stated these measures are designed to attract additional aviation sector businesses and jobs to Ireland, and to encourage Irish and overseas businesses already located here to expand their operations. Although these initiatives were initially proposed by the Shannon aviation business development task force, they will be made available to all airports in the State. Nevertheless, I hope Shannon Airport will be able to avail of these measures and I am confident it will.

As somebody from east Clare, I spent a considerable amount of time in Limerick city when I was growing up, it being the major city for the mid-west. The increasing dereliction of Limerick city is a source of considerable disappointment to all of us in the mid-west. It is very hard to attract tourists to an area with increasing dereliction. One of the Government's first acts was

to combine Limerick City Council with Limerick County Council, and this is beneficial because for decades the rates base of Limerick city was being undermined by Limerick County Council. This has now stopped. I am pleased to see an initiative in the Finance Bill, which applies not only to Limerick city but also to Waterford, whereby owners and occupiers - it is important to point out it is also occupiers - of Georgian buildings in Limerick, which is a very beautiful Georgian city, will be able to avail of tax reliefs to repair buildings. I greatly welcome this. It is not a developer-led type of initiative, which was so favoured by the previous Government and which contributed so much to the economic ruin the Government inherited. It is occupier-led so people who live in these buildings will be able to avail of it to ensure the buildings are repaired to their former glory and contribute to what is a unique architectural heritage on the island.

I again commend the Bill to the House.

**Deputy Regina Doherty:** I am grateful for the opportunity to speak on the Bill. I acknowledge to the Minister of State that for me the Bill has highlighted the benefits of the listening process and I am grateful for this, particularly with regard to homeowners affected by pyrite. The Bill proves the Minister listened as he will provide exemptions for charitable bodies which provide properties for recreational purposes and for the properties of incapacitated persons which have been adapted for mobility reasons. These and a myriad of other exceptions will be made. I have great respect for the Minister for engaging in a listening process. However, I also have big concerns for the thousands of people who paid huge amounts in stamp duty on their properties in the past ten years. It would be remiss of me not to represent those in my constituency of Meath East, some of whom paid the highest stamp duty values because they happen to live in the commuter belt. Most of those people have young families and are now in negative equity. Unfortunately, they were overlooked by the expert group and subsequently were not recognised for the inordinate amounts of stamp duty they had paid in the recent past.

Stamp duty was undoubtedly the poster boy of the tax boom for the last days of the Celtic tiger. Of course, all taxes rose during the boom but the rise in stamp duty was completely disproportionate. By 2006, stamp duty had risen by nearly 1,300% from its 1993 level, while other tax revenues had only increased by 400%. Stamp duty comprised 3% of total tax revenue in the mid-1990s but it reached almost 8% by 2006. For a time, Ireland appeared to have achieved the impossible by remaining a low-tax economy, while spending ever greater amounts on public services. It was all a mirage, however.

A couple who bought a house during the property bubble would typically have paid about €15,000 in stamp duty on a €300,000 home. That home has probably halved in value now. Even the expert group admitted that many people have ended up with bigger debts that they should have because they were forced to add the cost of stamp duty to their mortgages.

The Thornhill report argued that giving a break to those who paid stamp duty would be a boost to some people on high incomes, and that some of the cost of stamp duty was absorbed by sellers of properties during the boom. However, we all know that the majority of people who bought during the boom have stayed put and have no choice but to do so. They did not buy the house as a property - it was not speculation - they bought it as their home. There have been large reductions in household net assets with an uneven impact of cuts across different households. They have been particularly acutely felt by those experiencing unemployment and mortgage distress. There are compelling requirements to deleverage debt.

I would like to have seen the expert group come up with options within the legislation for

this huge number of people. The Government has opted to charge a higher rate of property tax than the rate considered by the Thornhill expert group. Successive previous governments had become hooked on the notion of using once-off tax receipts, such as stamp duty in the property boom, to put in place programmes that required annual spending in good times and in bad. Do we not owe these people something?

Stamp duty from residential property brought approximately €1 billion into the Exchequer during the so-called tiger years. It peaked at €1.3 billion in 2006. There must be some recognition of that in whatever system we arrive at, given the extraordinary and extortionate stamp duty that was paid into the State coffers during those days. This matter is further complicated because buyers of new houses who did not pay stamp duty did, however, pay large VAT bills.

From 2008, despite broad agreement then that, as the bubble burst, a property tax was inevitable, political cowardice meant that civil servants in the Department were not tasked with drafting proposals for its implementation. No research was undertaken into what kind of property charge would be most equitable. Instead, there was an Irish solution to an Irish problem - namely, no solution but a loud consensus on the cause of the problem. Meanwhile, revenue accruing to the government from the property market via stamp duty, VAT and capital taxes plummeted by €8 billion in just four years, that is, from €10 billion in 2006 to €2 billion in 2010. Clearly, there was a crisis but instead of making a brave, bold move to do something about it by introducing the long overdue sustainable revenue raising that was required to fill the void, the last Fianna Fáil government was content to budget on a wing and a prayer, while slashing spending.

The scale of the task facing this Government should not be underestimated. Just because something is hard to do, however, does not mean it is not worthwhile. I respectfully ask the Minister to reconsider the thousands of homeowners who paid vast sums in stamp duty. I appreciate that we do not have a magic calculator like Sinn Féin does, but I respectfully ask the Minister to reconsider this matter and try to do something for those people in this Bill.

**Deputy Joe O'Reilly:** At the outset, I acknowledge the Minister, Deputy Noonan's well crafted and progressive Finance Bill.

**Deputy Finian McGrath:** Good man, Joe.

**Deputy Joe O'Reilly:** I also acknowledge the clear exposition by the Minister of State, Deputy Brian Hayes of the fiscal challenges facing this country and the necessary solutions, both within this House and outside it. We should be proud of the Bill and I am sure that when Deputy Finian McGrath gets to speak, he will be big enough to acknowledge the progressive elements of the legislation, while offering constructive and costed critiques.

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

**Deputy Joe O'Reilly:** The Bill attempts to achieve two broad objectives. First, it seeks to continue making progress on the public finances, which is so vital from every perspective, and ultimately to put our people to work. Second, it seeks to support existing employment while stimulating the creation of new employment.

We have a current budget deficit level of 8% of GDP and are heading for 7.5% next year. We are on course to meet the target of 3% by 2015. That is an extraordinary achievement from a position of effective bankruptcy when we entered Government. At that time, the public fi-

nances had gone completely awry with enormous implications for employment, inward investment and borrowing for economic stimulus. The negative implications were enormous then but, conversely, the implications of where we are getting to now will be enormously positive. We are on course to achieve the fiscal deficit target of 3% of GDP by 2015.

It is worth noting also that banks are back borrowing on the markets, while banking is beginning to normalise. We are on course for growth this year, which is a great achievement. While the promissory note deal might be somewhat abstract for the public to fully comprehend, it has enormous implications for the country in that it will prevent the borrowing of €2 billion per year for the next ten years. That has a double effect in that the borrowing would have led to a further reduction in demand in the economy, meaning a reduction in domestic activity as interest would be paid, thus leading to a diminishment of services. The sum of €3.6 billion will not have to be paid for each of the next eight years, with consequent implications for front-line services and economic activity generally. Economists are now saying that by the time we get around to paying the debt in 2038 it will effectively have diminished by over 40%.

**Deputy Catherine Murphy:** Not at all.

**Deputy Joe O'Reilly:** It is a major deal for the country with great implications. We are back borrowing in the markets and the yield on Irish bonds has fallen to 3.6% today from 15% in 2011. Confidence is generally recovering, which is indicated by the new rating from Standard & Poor's. It was also indicated in practical terms by the creation of 12,500 jobs for the private sector last year and by continuing quarterly increases in exports, including a rise of 3.6% in the final quarter last year. That is all positive economically.

The Finance Bill does a number of progressive things, which Deputy Finian McGrath and others will be big enough to acknowledge. They know it is the right thing to do. There are major elements, including section 21 which deals with tourism. This allows for an extension of the employment and investment incentive scheme until the end of 2020. That will allow hotels, guest-houses and self-catering accommodation to qualify for a wide range of incentives for investing in the business, including repairs and maintenance. Cash flow would not currently permit this, while banks might not be that fussy about funding such work immediately without this kind of support. The 9% special VAT rate is being extended in this area of the food industry, etc. It has been a huge stimulus to jobs and will continue to so be in respect of the tourism sector. The tourism industry is vital and provides 196,000 jobs for the country or 11% of total employment. Moreover, it is of great importance in my locality, namely, the lakelands district of Ireland or the Lake District of Ireland, if one likes. The entire Cavan-Monaghan area traditionally has been an important angling tourism centre and there are lots of small guesthouses and hotels which will benefit from the provision in section 21, which I welcome.

Similarly, the provisions of section 19 are critical for my constituency. It deals with the retention of stock relief for young trained farmers, which is important. It is also an incentive for farmers to be properly educated and there is financial support available for them to do this, as well as for registered farm partnerships. I note there is 100% stock relief for young trained farmers and it is being retained until 2015. Moreover, there is 50% stock relief for partnerships, which now have been extended to include beef and sheep partnerships. This is very important for consolidation, improvement in production levels, etc.

Section 46 deals with the restructuring of the capital gains tax. Tax relief will now be made available to farmers where the proceeds of a sale of farmland are reinvested for restructuring

purposes and this is very important. This relief also will apply to farmland swaps, subject to certification by Teagasc. This will have a huge implication, in that it will allow for consolidation of holdings, more productive and accessible holdings, economies of scale, etc. Having grown up in a rural community, I am acutely aware of the disadvantages farmers suffer from disparate holdings being miles apart in respect of travel issues and so on. Economies of scale arise in a big way in this regard and consequently, this is highly progressive and will sustain farm families and farm jobs. I personally know many young farmers who are dynamic and enthusiastic about the future of farming in Ireland. They are willing to embrace new technologies and challenges, to revolutionise the manner in which farming is done in this country and they will do their bit to extend production over the coming years. The inclusion of these incentives in the Finance Bill is a clear message of support to these farmers and to the future of agriculture in this country. The Government can be very proud of this measure, which I salute. As Deputy Regina Doherty noted earlier, it has been done by a listening Minister. This issue had been brought to me by representatives of my local IFA executive a number of times and I am happy there has been good news in this regard. Moreover, while it is not germane to this Bill, this provision is paralleled by the huge achievements in the Common Agricultural Policy negotiations or in the multi-annual financial framework negotiations at European Union level in the past ten days. The combination of these budget initiatives and the recent deal on the Common Agricultural Policy is important news for the farming community and I am sure it will acknowledge it as such.

The fuel rebate is an excellent development. It involves partial relief for people who buy auto diesel for business purposes such as hauliers. It has now been extended to coach operators with great implications for the tourism industry and to local buses, etc. It is a good initiative that will involve partial relief up to a maximum amount of 7.5 cent per litre. This is something for which the haulage sector, coach operators, etc., had been lobbying and which was granted by a listening Minister. I believe it will stimulate the economy. It all is predicated on the principle that jobs are at a premium and that employment retention and creation are critical. Ireland's export sector is extremely important and measures such as reforming the three-year corporation tax relief for start-up companies, increasing the cash receipts basis threshold for VAT, amending the close company surcharge rules to improve the cash flow for SMEs and extending foreign earning deductions for work-related travel to certain additional countries are all positive.

I appreciate the Acting Chairman's indulgence and state in conclusion that the Government has had enormous achievements to date across a range of areas including the establishment of confidence, job creation domestically and from inward investment and in respect of foreign lenders' confidence in Ireland with the promissory notes deal being the icing on the cake. The Government has had achievements across all those areas and this Bill is a good and important component of that. However, the Government must continue and a jobs stimulus package is forthcoming. The challenge now is to turn the progress to date into job creation. This will restore the dignity of those who get the jobs. Moreover, each time a job is created, there is a double whammy because the annual cost to the Exchequer arising from the associated health and social welfare-related expenditure falls by €20,000. This Bill constitutes a good day's work, is a step in the right direction and the House should acknowledge it as such. I believe there is an audience outside this House which does not want destructive or negative politics but which seeks positivity and results for people. Moreover, if there is to be criticism, such people want it to be completely constructive, costed and accompanied by alternative plans. The audience outside for what Members have to say is too sophisticated for the days of magic calculators.

**Deputy Brian Hayes:** Hear, hear.

**Acting Chairman (Deputy Bernard J. Durkan):** I call Deputies Catherine Murphy, Finian McGrath and Ross, who will share a slot of 20 minutes. They will have approximately six minutes each.

**Deputy Catherine Murphy:** On reading the Finance Bill, in an obvious sign of the times I noted it contains much about loan losses, insolvency and the closing off of tax avoidance possibilities. However, I scrutinised the Bill both to establish whether it contained something it should not and if it included a big vision. I must note I did not really discern such a vision. Members get two Finance Bills, the first of which appears on budget day. There is very limited scope to do anything with that because it is shoehorned into an extremely tight timeframe, which is effectively the day of the Budget Statement itself. Consequently, this Bill offers a big opportunity both to debate the economic management of the country and perhaps to embrace some opportunities for meaningful discussion about alternative policies. I hope this will take place both this week and on Committee Stage.

Essentially, there are two dimensions to our economy. One pertains to tax, cuts or the ability to fund public services. However, there also is the issue of where one might invest and where one might get such investment. This investment is of critical importance to Ireland's ability to pay for public services. I believe the silo-based approach to finances ignores the cumulative effect on people. For example, many developments, such as property tax and child benefit cuts or continually increasing fuel costs and third level registration fees, as well as the reduction of the PRSI exemptions, hit the same people and have a significant impact on their ability to exist in many cases.

I asked myself what kind of society we are trying to create. I would be in favour of creating a society that is more equal in terms of people's incomes. However, I cannot discern such an intention in this Bill. It was not present in last year's budget and I do not discern it in this year's budget. For example, measures such as the €127 exemption on PRSI constituted a very big hit for a lot of people. It will cost €300 per year for many people who do not even find themselves in the tax net. While I can understand the reason for the provision of increases in stamp duty on health insurance, I am a little concerned about people trading down to basic plans or perhaps dropping out of the scheme altogether and how the service will be funded. This is not because I am a great fan of a two-tier health service - I most definitely am not - but the public health system certainly is under pressure and one should avoid putting further pressure on it at present.

Debate adjourned.

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

## **Ceisteanna - Questions**

### **Priority Questions**

## Northern Ireland Marching Season

1. **Deputy Brendan Smith** asked the Tánaiste and Minister for Foreign Affairs and Trade if he has discussed with the Northern Ireland Secretary of State the need to bring clarity to the exact authority of the Parades Commission and its jurisdiction over non-notified parades in view of the fact that difficulties have recently emerged with non-notified parades; and if he will make a statement on the matter. [9179/13]

**Tánaiste and Minister for Foreign Affairs and Trade (Deputy Eamon Gilmore):** I have discussed the ongoing situation regarding the flag protests and the upcoming marching season with the Secretary of State for Northern Ireland, Theresa Villiers, on a number of occasions, most recently in Dublin on 11 February last. I have also discussed these issues in ongoing contacts with the party leaders in Northern Ireland.

The particular problem posed by non-notified parades has been a matter of some comment recently. My understanding is that the interpretation of certain provisions of the Public Processions Northern Ireland Act 1998, under which the Parades Commission acts, is likely to arise in the context of an imminent judicial review. Accordingly, it would be inappropriate to comment further at this stage. However, while only a small number of applications related to the flag protests have been made to the Parades Commission, almost 200 people have been arrested in regard to these protests since they began on 3 December. I would like to record the Government's support and appreciation for the efforts of the Police Service of Northern Ireland to protect the community there throughout weeks of public disorder. I would also like to record our absolute support for the role and mandate of the Parades Commission and for the commissioners and their staff who willingly take on work that, while critical for society in Northern Ireland, is often thankless.

Parades do not operate solely in a regulatory environment; they also operate in a political framework. Where that political framework is weak or inadequate, the Parades Commission and the Police Service of Northern Ireland are required bear an added burden of responsibility. We will continue, therefore, to take every opportunity to urge the party leaders and the Executive to address these issues urgently and in a manner that advances the lasting reconciliation which is at the heart of the Agreement and which must remain our shared objective.

**Deputy Brendan Smith:** I thank the Tánaiste for his reply. Since I tabled this parliamentary question last Thursday, this issue has received considerable coverage in the media. One police officer issued a strong message that judicial clarity is needed on parading laws. The Tánaiste referred to this and we await the judicial review. It is to be hoped that can be finalised as soon as possible. Next Saturday will be the 11th consecutive Saturday a parade has been held in Belfast and everyone is aware of the trouble emanating from these non-notified parades. These flag marches around City Hall are parades but they are not classified as such and, therefore, do not come within the jurisdiction of the Parades Commission because they are not notified. All the other parades outside Belfast relating to the new protocol regarding the flying of the union flag were notified to the commission and came under its jurisdiction. There was weak commentary, to be charitable, regarding the reasons for the postponement of the Crusaders-Cliftonville soccer game last Saturday evening when senior unionists referred to "events" causing the postponement.

Like the Tánaiste, I have spoken to political leaders and community members in Northern Ireland on a constant basis and there is great concern in many communities, particularly in

Belfast, given the marching season begins this coming Saturday, that this issue needs to be addressed with the utmost urgency. Clarity needs to be brought to the jurisdiction of the Parades Commission regarding parades as we know them, as provided for following the enactment of the Public Processions Northern Ireland Bill 1998. Will the Tánaiste ensure this issue remains on the agenda at senior levels with the British Government, the Secretary of State, the Northern Ireland Executive and political leaders in the North?

**Deputy Eamon Gilmore:** I assure the Deputy that this is very much on our agenda. The Parades Commission was established at the height of the Drumcree parade related violence under the 1998 Act and the policy underpinning this was to remove from the police the dual responsibility of taking decisions on parades and then having to police their own decisions. The Government strongly supports the work, mandate and role of the commission. I do not want to talk about the judicial review that is imminent for obvious reasons but in view of forthcoming parades, which will pass through Short Strand and other interfaces in Belfast, both the Irish and British Governments are of the view that the commission needs to be strongly supported and that its determinations must be respected. I urge all parties to engage with local residents at interfaces to identify compromise solutions that respect the wishes of both marchers and communities and we will continue our efforts to work with the Northern Ireland political leadership on these issues.

**Deputy Brendan Smith:** What we have witnessed over the past ten weeks is the remit of the Parades Commission not being respected by people organising parades every weekend and midweek as well. On the morning of 11 February, both the Tánaiste and the Secretary of State, Ms Villiers, referred to the need for greater urgency to be attached to a resolution of the underlying problems of sectarianism by the Northern Ireland Executive and political leaders. In view of the urgency of dealing with this issue and the potential for it to escalate, which hopefully will not happen, does the Tánaiste agree that the Taoiseach and Prime Minister Cameron should convene a meeting with the five party political leaders in Northern Ireland, which has been proposed by one political party, to give the resolution of this issue much needed impetus? The marching season begins this coming Saturday and, as the Tánaiste said, that parade passes by the Short Strand interface. We do not want to witness violence on the streets of Belfast and other towns that we witnessed in December and January.

**Deputy Eamon Gilmore:** Every opportunity is taken to impress on the political leaders in Northern Ireland the importance of having an agreed position on parades, the issue of the shared future and, in particular, responding to street violence when it occurs. The position of both the Irish and British Governments was expressed clearly by both Secretary of State Villiers and I jointly when we met the First Minister and the Deputy First Minister in the quad format. We have each separately communicated, in our discussions with leaders of political parties, our view, which is shared by both governments, of how this issue should be dealt with. The critical issue in the period ahead is to have clear support for the Parades Commission and Police Service of Northern Ireland and the work they must do and an agreed opposition by political leadership in Northern Ireland to street violence and some of the things that are causing it.

## **State Airports**

2. **Deputy Seán Crowe** asked the Tánaiste and Minister for Foreign Affairs and Trade his views on the report by the Open Society Justice Initiative titled *Globalising Torture: CIA Secret*

Detention and Extraordinary Rendition, that was released on 5 February, regarding the use of Shannon Airport by the US CIA for flights of extraordinary rendition, which were not in line with the dictates of international law; and if he will make a statement on the matter. [9032/13]

**(Deputy Eamon Gilmore):** I am aware that the Open Society Justice Initiative report, Globalizing Torture: CIA Secret Detention and Extraordinary Rendition, contains a compilation of existing publicly available material on the subject of extraordinary rendition. It does not contain any new information or make any new allegations in respect of Ireland. In particular, it does not allege that any person has ever been subject to extraordinary rendition through Irish airspace or Irish airports.

The Government is completely opposed to the practice of extraordinary rendition. I have addressed the issues raised in this report on a number of occasions in the House when I stated Ireland does not and will not tolerate the use of our airspace or airports for any illegal purpose, including torture, rendition or the unauthorised detention of any individual. In this regard, the programme for Government states clearly that the Government “will enforce the prohibition of the use of Irish airports and related facilities for purposes not in line with the dictates of international law”. The permission of the Irish Government must be sought and obtained for the transport of prisoners through Irish airports. I made clear in this House on 22 May 2012 that “under no circumstances will we grant permission for the transport of prisoners who are subject to extraordinary rendition”.

Immediately following the first reports which suggested that the United States was carrying out extraordinary rendition to transit prisoners, the then Government demanded and received specific assurances from the US authorities that such prisoners had not been transferred through Irish territory, nor would they be so transferred, without our permission. I am satisfied with these assurances, which were confirmed at the highest political level. They are of a clear and categorical nature, relating to facts and circumstances within the full control of the United States Government.

It is likely that a small number of commercially leased aircraft which have been involved in legitimate commercial activities have also been involved at various other times in activities relating to extraordinary renditions. However, there is no evidence to suggest that any of these aircraft were carrying prisoners at any time when they transited through Irish airports, including Shannon Airport.

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

Where allegations have been made, including by Members of the Oireachtas, these have been fully investigated by senior officers of the Garda Síochána. In no case has any evidence been adduced to support claims that extraordinary rendition had occurred. If anyone has evidence to suggest any person subject to extraordinary rendition has transited an Irish airport during this process, this evidence should be made available to the Garda Síochána in order that an investigation can take place.

**Deputy Seán Crowe:** The Tánaiste is correct that the report is a compilation of testimonies gathered by human rights organisations and brings together various court documents, official sources and so forth. However, it also links the apprehension and transfer of three suspects to aircraft and flight schedules that included stopovers at Shannon Airport between 2002 and 2004. I welcome the Tánaiste’s statement that the Government will not grant permission to

transfer prisoners through Irish airspace, although this commitment was also given by previous Governments. I recall that the previous Government took assurances provided at the time at face value. We now know that up to 170 aircraft passed through Irish airspace and suspects may have been on board in the case of three flights. Will the Tánaiste assure the House that the practice of transferring prisoners through Irish airspace, which may have occurred in the past, will not take place in future? How can those who are concerned about rendition be assured that Irish airspace and, more important, Irish airports will not be used by other States for rendition purposes?

**Deputy Eamon Gilmore:** There is no evidence that any persons were transited through Shannon Airport for the purposes of extraordinary rendition or that any persons involved in the practice transited through the airport. What the reports referred to and what the recent report from the Open Society Justice Initiative refers to was the belief that certain commercial aircraft, which it believed were used for extraordinary rendition purposes elsewhere, stopped at Shannon Airport. To put the issue in context, more than 1,700 commercial aircraft passed through Shannon Airport in the period in question. There is nothing wrong with commercial aircraft coming through Shannon Airport - we all wish more would do so.

The Deputy asked about assurances. We must be clear that if prisoners are to be transported through Shannon Airport or any other Irish airport, the relevant authorities must seek and obtain permission from the Irish Government. Under no circumstances will the Government grant permission for the transport of prisoners who are subject to extraordinary rendition. That is the clear position of the Government and I give that assurance to the Deputy and House.

**Deputy Seán Crowe:** Let us back up a little. What action does the Government propose to take that is different from the action taken in the past? Concerns persist on this issue, court cases involving extraordinary rendition are pending and one of the suspects involved remains in Guantanamo Bay. While the Government denies prisoners were transferred through Irish airports, they were certainly transferred through other parts of Europe. What action can we take on this issue?

**Deputy Eamon Gilmore:** I repeat that we do not know, nor do we have any evidence or information, that any prisoner transported through an Irish airport was the subject of extraordinary rendition. The closest that anybody has come to making a linkage with Irish airports is a suggestion that some aircraft which may have been used for extraordinary rendition elsewhere and at a different time travelled through Shannon Airport.

The Deputy asked what is different from in the past. The difference is that the current Government has made a clear commitment in the programme for Government to enforce the prohibition of the use of Irish airports and related facilities for purposes that are not in line with the dictates of international law. Where overflights are concerned and where prisoners are being transported through Irish airports, there is a requirement to seek our permission. If, at any time, we receive evidence that there is a breach of this requirement, we will have our law enforcement officials take action on it.

**Deputy Seán Crowe:** Will inspections be carried out? People want to hear that we will do things differently.

**Deputy Eamon Gilmore:** That is a matter for the Garda. No one has produced any evidence.

## Human Rights Issues

3. **Deputy Maureen O’Sullivan** asked the Tánaiste and Minister for Foreign Affairs and Trade if he has made representations to the British authorities on the location of the Royal Pardon which had been granted to Marian and the late Dolours Price; his views on whether the granting of the Pardon is being disregarded and Marian Price continues to be detained in prison and is in very poor health. [9030/13]

**(Deputy Eamon Gilmore):** Genuine concerns have repeatedly been raised about several aspects of this case by Deputies in the House and I have raised concerns very frankly with the British Government over the past two years, most recently when I met the Secretary of State for Northern Ireland last Monday, 11 February. The individual in question was sentenced in 1973 to two life terms and 20 years imprisonment to run concurrently on charges arising from the bombing of the Old Bailey. She was released in 1980 and has been detained since 13 May 2011 following the revocation of her life licence by the Secretary of State for Northern Ireland.

I discussed the specific issue of her royal prerogative of mercy and the life licence at some length last year with the then Secretary of State for Northern Ireland. He informed me that the royal prerogative of mercy no longer exists but that the issue had been considered by the parole commissioners in Northern Ireland who are tasked with making recommendations to the Secretary of State in relation to parole in such cases. The Parole Commissioners had concluded that the royal prerogative related to the determinate sentence of 20 years and not the two life sentences. Their ruling stated that “the life sentences were not in fact remitted by the Royal Prerogative of Mercy” and that the individual “remains subject to the life licence”. The Secretary of State informed me that he had revoked that licence under the powers contained in article 9(1) of the Life Sentences (Northern Ireland) Order 2001.

I have received a full briefing on the assessment of an Oireachtas delegation that recently visited the individual in question. I understand the Parole Commissioners will consider the issue of her continued detention in the coming weeks. In the meantime, I assure the House that my officials will continue to monitor developments in the case very closely.

**Deputy Maureen O’Sullivan:** I acknowledge the fact that the Tánaiste met the group that travelled to Maghaberry and I know that he has made representations to the Secretary of State, Ms Theresa Villiers, MP. However, there appears to be a large grey area. Marian Price and her late sister, Dolours, were given a royal prerogative of mercy in May 1980. Her solicitor gave her the impression that it covered all of the sentences and was not subject to licence. There now appears to be circumstantial evidence to the effect that it is subject to licence. The Northern authorities seem to be misusing this process. Article 9 of the Universal Declaration of Human Rights states: “No one shall be subjected to arbitrary arrest, detention or exile.” She has been subjected, as have other prisoners who we will discuss later.

Will the Tánaiste make representations to the Minister of Justice? Under Article 7 of the Life Sentences (Northern Ireland) Order 2001, the Minister has the power to release Marian Price on humanitarian and compassionate grounds. Those of us who visited last week saw a serious deterioration in her physical, mental and emotional health. There are grave fears for her. The review will take place at the beginning of March and will be conducted by the Parole Commissioners for Northern Ireland, who were appointed by the Secretary of State. Where is the fairness?

**Deputy Eamon Gilmore:** I have discussed issues relating to this and other prisoners with the Minister of Justice, Mr. David Ford, MLA, including the conditions in which they are being held. The Deputy has described the licence process and the issues that arose in that regard. As she is aware, a court case was also involved.

My understanding is that the Parole Commissioners are due to consider her case shortly. My information is that three dates have been identified for its hearing. It will be heard shortly. The intention is for the commissioners to make a decision shortly afterwards.

I recently discussed the matter with the Secretary of State. I am aware that Deputy Maureen O'Sullivan and other Members have visited Ms Price where she is detained.

**Deputy Maureen O'Sullivan:** The Parole Commissioners do not have investigative powers. They will work based on whatever they are handed, but Marian Price will have no idea what that will be.

Will the review be held in public in the interests of due process, justice, fairness and transparency? I hope that it will. Can the Tánaiste ensure that it will be held in public? If it is not to be held in public, representatives of our Government should at least be allowed to attend in the interests of justice.

**Deputy Eamon Gilmore:** Representatives of this Government are keeping a close eye on the case. My officials in Belfast are in touch with the case and report to us regularly. I have taken an ongoing interest, as the Deputy knows. We are in continual contact with the British authorities and the Department of Justice in Northern Ireland on the matter. We will maintain this level of contact.

**Deputy Maureen O'Sullivan:** Can the Tánaiste request that one of the officials from the Northern Ireland Office attend the review?

**Deputy Eamon Gilmore:** The Deputy can be assured that our officials will monitor the issue very closely.

### **Undocumented Irish in the USA**

4. **Deputy Brendan Smith** asked the Tánaiste and Minister for Foreign Affairs and Trade if he will outline his views on the recent immigration reform initiative; the plans he has to discuss this initiative with the United States authorities in regard to the position of the undocumented Irish; and if he will make a statement on the matter. [9180/13]

**(Deputy Eamon Gilmore):** The welfare of the Irish abroad in general and especially the position of undocumented Irish immigrants in the United States remains an important priority for the Government. A resolution of the situation for undocumented Irish immigrants will continue to be pursued by the Government in our ongoing contacts with the US Administration and Congress.

The advice of Ireland's friends and contacts within the US Administration and Congress has long been that comprehensive reform of the US immigration system and procedures is likely to be the only manner by which such a resolution can be achieved. The prospects for such reform would appear to have advanced in the wake of President Obama's re-election. The emphasis

20 February 2013

he placed on immigration reform in his inauguration address as well as his subsequent speech on the issue on 29 January and his State of the Union address on 12 February all sent a positive signal in this regard. The indications of emerging bipartisan support for reform in Congress are also encouraging. Although work is under way in the Senate and the House of Representatives, full proposals have not yet been tabled. We will monitor closely any proposals as they emerge in the coming weeks and months.

Through our embassy in Washington and in close liaison with Irish-American community representatives, our contacts with the US Administration and Congress continue with a view to ensuring that the interests and concerns of undocumented Irish immigrants are captured in any future legislative deal in this area that emerges. In this regard, I raised the issue with the then Secretary of State Hillary Clinton during our bilateral meeting on 6 December last and recalled our strong support for comprehensive immigration legislation and the passage of E-3 visas for Irish citizens.

I am currently engaged in a round of telephone discussions with key US Senators to discuss prospects for progress and to underline our ongoing interest in the issue. The Taoiseach discussed immigration reform when he spoke with President Obama to congratulate him on his election. The issue will remain a critical element of the Government's engagement with the US authorities, including over the forthcoming St. Patrick's Day period. My programme and that of other members of the Government during that period, while not yet finalised, will include discussions with key political figures on the immigration and with the Irish community groups that provide assistance to the undocumented.

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

Much further debate and discussion is likely to be required within the US political system as to what any future legislative deal might comprise. It is therefore not possible at this stage to identify an exact timescale in which these may become clear. What I can make clear, however, is that this issue will continue to receive the Government's closest attention over the period ahead.

**Deputy Brendan Smith:** I thank the Tánaiste for his reply. Clearly, assisting or regularising the position of the undocumented Irish must form part of a comprehensive immigration reform programme. Like the Tánaiste, I welcome the fact that, in two major speeches recently, President Obama placed a certain priority on a legislative initiative to deal with this issue. I also welcome the cross-party support for and work on devising a worthwhile initiative.

Am I correct in believing that the priority for Irish lobbyists has traditionally been the provision of E-3 visas, which would give approximately 10,500 undocumented Irish the legal status to work in the US for up to two years? We hope that the proposed reform will be successful, but I read that one Irish lobbyist group is concerned about the fact that the reform period will be eight years long. The 30,000 to 50,000 undocumented Irish in the US want to go about their work normally in the meantime while being able to travel home to visit their families if necessary. What is the likely timeline for an initiative's enactment, should such an initiative be successfully passed by Congress?

**Deputy Eamon Gilmore:** This issue has two aspects, first of which is the position of the undocumented Irish in the US. We estimate that there are approximately 50,000. As Deputy Smith mentioned, some of them have been living in the US for some time and cannot return

home for funerals. They are in difficult circumstances. We are anxious to have their position regularised.

Second, we have been advancing an idea for the E-3 visa that would enable new Irish immigrants to work in the US. The model used is the E-3 arrangement negotiated by Australia.

A major change occurred during the US presidential election, that is, a clear bipartisan political determination to introduce legislation on comprehensive immigration reform.

*3 o'clock* Overall, our understanding is that this is legislation that potentially could cover approximately 11 million immigrants in the US. We want to ensure that the needs of the undocumented Irish are included in any such legislative reform. That is why we are discussing the matter directly with the US Administration and why we are also discussing it with Senators and Members of Congress on both sides of the political aisle in the US.

**Deputy Brendan Smith:** I thank the Tánaiste for his further clarification. I again urge him to ensure that every opportunity that arises is taken by Irish political leaders and officials working in the United States in order to keep the issue on top of the agenda. The Tánaiste correctly stated that many people have not been able to travel home for family occasions, be they happy or sad. All of us, but in particular those who represent rural constituencies, receive representations every weekend from parents, elderly in many instances, who want a son or daughter to be in a position to travel home. We want to be able to assure them that this is a priority for Government. It is outside our legislative powers but the Government can keep it high on the agenda in all discussions with Members of Congress and officials in President Obama's Administration as well.

**Deputy Eamon Gilmore:** This is very much a priority for the Government. I do not wish to create false expectations as there have been false dawns on immigration reform and visa related issues in the United States. However, it is clear that positive signals have been made. Speeches by President Obama have been absolutely explicit. He has said he wants to see legislation on the issue. On foot of that, the approach being taken involves me doing a round of telephone conversations with key United States Senators who are involved in the issue. Our embassy in Washington is also very much involved. Both the Taoiseach and I will be in the United States over the St. Patrick's Day period. We will both be in Washington and we intend to use the opportunity to speak to key political figures and those within the US Administration about the issue. The situation is difficult. It is not for us to predict a timeframe because that is in the hands of the US Legislature. We have got a feel for what is happening and what is possible, certainly from the discussions I have had with United States Senators and Members of Congress.

## **Northern Ireland Issues**

5. **Deputy Clare Daly** asked the Tánaiste and Minister for Foreign Affairs and Trade the steps he has taken in his dealings with the Northern Ireland and British authorities to highlight the wide-spread concern that exists in relation to persons (details supplied) being in prison without knowing the charges against them and without an open trial. [9182/13]

**(Deputy Eamon Gilmore):** I am very aware of the cases to which the Deputy refers and my officials monitor these and other cases very closely. The first individual referred to has been detained since 13 May 2011, following the revocation of her life licence by the Secretary of State

20 February 2013

for Northern Ireland. Genuine concerns about several aspects of this case have been raised by Deputies on many occasions, and I have raised them very frankly with the British Government, most recently when I met the Secretary of State for Northern Ireland on Monday, 11 February. I have been advised that the Parole Commissioners for Northern Ireland will determine in March on the issue of her continued detention.

In relation to the second individual referred to, the British authorities have confirmed that he was released under licence in 1992. The Secretary of State for Northern Ireland revoked that licence in April 2010 and the individual, has as a result, been in custody for the past two years and nine months. I understand that an appeal on the case will be heard by the Supreme Court in Belfast shortly. As the case is the subject of an ongoing legal process, it would be inappropriate to comment further at this time.

**Deputy Clare Daly:** I appreciate that the Tánaiste has raised those matters but all of us need to do more. We were among a cross-party delegation that went to Maghaberry Prison where we visited both Martin Corey and Marian Price in recent weeks. The health of Marian Price in particular is a cause of grave concern. We all have a role in putting pressure, not just on the British authorities but also on the Northern Ireland Administration. Deputy O'Sullivan is correct; the Minister, Mr. Ford, could release the two individuals on compassionate grounds at the stroke of a pen.

The issue is a serious one. I am shocked that the media have not taken it up to a greater extent. The cases involve two people who have been in prison for almost two and three years, respectively. They do not know the charges against them. Their solicitors are not entitled to the evidence against them. In the case of Marian Price's parole commission hearing, a representative is being appointed on her behalf to represent her. This is a person she cannot meet, who cannot discuss matters with her or talk to her. This person will attend her hearing, which will be held behind closed doors, which she herself is not allowed to attend. If that was taking place in a tin-pot African dictatorship, we would be banging our drums demanding justice. It is happening on this island and it is absolutely unlawful and disgraceful. I echo the point made previously on whether we can get an official from the southern Government to be a public voice at the hearing. Could we demand that the case is held in public and that Marian Price and her solicitor could attend? Could we begin to address the issues in the broader European Union community because it is a serious erosion of human rights?

**Deputy Eamon Gilmore:** Two cases were referred to in the question. In one case a Supreme Court case is shortly to be held on it so I cannot say anything much further in that regard.

In the second case the individual was sentenced to two life terms of imprisonment – 20 years imprisonment to run concurrently. In March 1975 the individual concerned was transferred from prison in England to Armagh Prison. On 30 April she was released from Armagh on humanitarian grounds. The release was on licence and the licence was then revoked on 15 May 2011 by the then Secretary of State for Northern Ireland. An issue arose about the terms of the revocation. The Secretary of State for Northern Ireland and the Northern Ireland Office inform us that the parole commissioners considered the terms of the royal prerogative of mercy after receiving submissions on behalf of the prisoner, that the Secretary of State ruled that the life sentences were not remitted by the royal prerogative of mercy, and that the individual remained subject to the life sentence.

The prevailing policy within prisons themselves is a devolved matter which is the respon-

sibility of the Department of Justice in Northern Ireland. The Northern Ireland Prison Service is an executive agency of the Department and the Police Service of Northern Ireland. I have received a briefing on the assessment of the parliamentary delegation which visited Maghaberry Prison. My officials are monitoring the situation closely. It is the subject of discussion between the Secretary of State and I and between officials of my Department and corresponding officials in the Northern Ireland Office. That will continue to be the case. I am very much aware of what is going on.

**Deputy Clare Daly:** If people have done something wrong and have broken the law, they should of course be brought to justice and to trial. This is the opposite case where people are imprisoned for a period of years whose cases have been heard in open court. They have been found to have no case to answer and then secret evidence has been introduced behind closed doors. That is a fundamental attack on human rights and civil rights for everyone in Irish society and beyond.

We do not know that the royal pardon did not cover the sentences because the official excuse is that the pardon has gone missing. Therefore, how do we know what was specified in it?

Why does Martin Corey have to go to the Supreme Court? An open court has already said he has no case to answer. These are serious matters. It is 41 years since Bloody Sunday when people marched against internment. Now there is a new Administration and a new power structure but people are in prison who do not know the reason they are there. The Northern Ireland Minister for Justice could release those two people at the stroke of a pen. I hope that when we have next month's ministerial Question Time, we do not have to raise the two cases in question because if Marian Price is not released soon on compassionate grounds, given her ill health, it will lead to a seriously destabilising situation in the North for the foreseeable future.

**Deputy Eamon Gilmore:** In one case, as I said, there will be a Supreme Court hearing and my information is that it is due to be held shortly. A date was set for it earlier in the month but the hearing was not held on that date. I understand a new date will be set for it shortly.

My understanding is that the parole commissioners will hear the Marian Price case in early March. Three dates have been indicated to me as to when the case will be held and it has been indicated to us that there will be a decision shortly after that. Clearly, we cannot prejudge what that decision is likely to be and I will certainly be keeping a very close watch on what is happening and my officials will be doing that on my behalf.

## **Other Questions**

### **Nuclear Proliferation**

6. **Deputy Seamus Kirk** asked the Tánaiste and Minister for Foreign Affairs and Trade the sanctions that will be imposed on North Korea following the latest nuclear weapons tests [8920/13]

20 February 2013

**(Deputy Eamon Gilmore):** I issued a statement on 12 February condemning in the strongest possible terms the decision by the Democratic People's Republic of North Korea, the DPRK, to test a nuclear explosive device on 12 February 2013. This action directly threatens peace and stability on the Korean peninsula and was a clear violation of North Korea's international obligations under United Nations Security Council Resolutions 1718, 1874 and 2087.

It has been the position of successive Irish Governments that nuclear weapons have never and will never guarantee the security of any nation. The very existence of these weapons threatens security.

Following this test, the international community has been united in its strong disapproval of this action, and there has been strong condemnation to this effect by the EU, the US and China. The UN Security Council has also strongly condemned the test. The members of the Security Council unanimously adopted Resolution 2087 on 22 January which expressed the council's determination to take significant action in the event of a further test. In line with this commitment, following this latest nuclear test, the members of the Security Council have begun work on appropriate measures in a Security Council resolution.

The EU Foreign Affairs Council of 18 February agreed, unanimously, that additional restrictive measures be taken against North Korea. Together with my EU colleagues, I agreed to further strengthen sanctions against North Korea by adopting EU autonomous measures which are in addition to those contained in UN Security Council Resolution 2087. These further measures in particular concern trade in conventional weapons involving North Korea and in relation to the export to North Korea of certain key components for ballistic usage.

At the Foreign Affairs Council, Ireland together with our EU partners further called upon the DPRK to re-engage constructively with the international community, in particular with the members of the six party talks, and to work towards lasting peace and security on the Korean Peninsula. The European Union stands ready to continue to work with its partners in support of these objectives.

**Deputy Brendan Smith:** I thank the Tánaiste for his reply. I welcome the fact that he issued a strong statement and that this matter has been taken very seriously at the recent Foreign Affairs Council meeting. One worrying commentary I saw reported was that North Korea threatened South Korea with final destruction during a debate at the UN Conference on Disarmament recently and it talked about taking second and third steps after the nuclear test last week. That obviously needs to be seriously dealt with at UN and EU level and at every appropriate forum.

Can the Tánaiste indicate when the additional sanctions agreed at the Foreign Affairs Council on Monday will become effective? If North Korea continues to pursue nuclear ballistic capability, as it has indicated, what steps will the European Union take to address the destabilisation of the Korean Peninsula? When is it expected that the comprehensive nuclear test ban treaty will come into force? Am I correct in thinking that it awaits the signature of eight states? Is it under the remit of the nuclear non-proliferation treaty or under the remit of the International Atomic Energy Agency?

**Deputy Eamon Gilmore:** The Deputy has asked a number of questions. In regard to the comments which were made in Geneva yesterday by the DPRK that South Korea would face final destruction if it continued to press for tougher sanctions against North Korea at the United Nations, the comments which were made by the DPRK representative at the conference on dis-

armament in Geneva yesterday are totally unacceptable and only serve to exacerbate an already tense situation. For North Korea to make such an explicit threat against its neighbour is quite reckless and wholly irresponsible. What is more, such language is all the more reprehensible given that the comments were made at a United Nations forum, the purpose of which was to promote global disarmament.

The intention is that the sanctions will come into effect straight away. The European Union will work very closely with the United Nations in regard to the potential destabilisation of the Korean Peninsula. We have encouraged the resumption of the six party talks. A very clear message is now being given to North Korea that the international community wants it to engage in these talks and wants it to discontinue nuclear testing.

As the Deputy said, there are eight countries which have yet to ratify the comprehensive nuclear test ban treaty. There are three countries which have not even signed it, and one of those is the DPRK.

**Deputy Seán Crowe:** Are questions on the same subject not being grouped together any more? Questions Nos. 38 and 49 are on the same subject. I do not know who made that decision. There are a number of other questions on the same subject. I know it is not the Minister's responsibility but I noticed recently that questions on the same subject tend not be grouped any more and I wonder is that a new policy.

Britain has talked about further isolating North Korea but I wonder how it could be isolated further. The regime is living in a bubble; it is living in fantasy land. We all accept that. The only way to break down some of the rhetoric is for people to talk to them or visit them and hopefully that could be achieved through such outreach.

We have heard what North Korea said in regard to South Korea and it has said that if the Americans take action, it will step up things. The concern is the proliferation of nuclear weapons in the region. Are the Japanese and the South Koreans going to do the same? We do not expect them to but that is the concern in this respect as would be their alignment with other countries around the world in relation to it. I know discussions were taking place but perhaps we need to look outside the loop and consider if there is anything different we as an independent nation can do in regard to North Korea or other conflicts around the world.

**Deputy Brendan Smith:** Will the Tánaiste indicate if there was any discussion at the Council meeting in regard to the commentary at the weekend that Iran's leading nuclear scientists travel to North Korea for this particular nuclear test? As we know, advocates and friends of Iran in this country will always state that Iran's nuclear capability is being developed for peaceful purposes and as a source of energy whereas North Korea declares that it is building weapons as a deterrent, as they would say, to hostile powers, but it is obviously for aggression purposes. Was this particular issue discussed at the Council meeting?

**Deputy Eamon Gilmore:** On Deputy Crowe's point on the issue of isolation, Ireland has diplomatic relations with North Korea. We do not have a resident embassy there but through our diplomatic relations we make our point of view very clearly known and independently known. Over many decades Ireland has taken a leading role in regard to nuclear non-proliferation. We are very clear in our view. We are one of the leading countries in the world which says that nuclear weapons pose a huge threat to humanity and to peace and stability in the world. The idea that a country would develop a nuclear weapon as some form of a defence mechanism is

wrong. We must rid the world of nuclear weapons and that is why we have been such a strong proponent of the comprehensive test ban treaty and the non-proliferation treaty. We continue to make this point of view very clearly known in all international fora.

We did not have a lengthy discussion on North Korea at the meeting of the European Union Foreign Affairs Council on Monday. There have been discussions on several occasions previously about the situation in Iran. We are anxious to get the E3 + 3 talks going and effective and that is why a sanctions regime was agreed by the European Union with regard to Iran to encourage that country to go back to the table to engage in the E3 + 3 talks. The Iranians have come back to the table but unfortunately there has not been a very meaningful engagement so far. The approach of the European Union to Iran and its nuclear ambitions is to get it to comply with what the IEA is demanding of it.

### **Undocumented Irish in the USA**

7. **Deputy Joe McHugh** asked the Tánaiste and Minister for Foreign Affairs and Trade if he will provide an update on his recent engagements with American Senators in respect of resolution for Irish citizens who live without documentation in the USA; and if he will make a statement on the matter. [8735/13]

**(Deputy Eamon Gilmore):** As I said in my earlier response, the position of the undocumented Irish immigrants in the United States is an important priority for the Government. President Obama has indicated his strong support for progress on comprehensive immigration reform. Work is currently underway in Congress on agreeing the terms of the reform and the indications of emerging bipartisan support for reform are encouraging. In this regard, the Embassy in Washington has intensified its contacts with members of Congress to ensure that the interests and concerns of undocumented Irish immigrants are captured in any future legislative deal in this area that emerges. In addition, I am currently undertaking a round of contacts with key Senators.

I spoke with Senator John McCain on 8 February last to discuss the prospects for progress and to express the Government's appreciation for the efforts he and others are making in developing bipartisan Senate proposals and to underline our ongoing interest in the issue. I look forward to continuing my contacts with other Senators in the coming weeks.

The Taoiseach and I will be in the United States to fulfil St. Patrick's Day engagements and we will take every opportunity to discuss this issue further in our contacts at political level.

My Department is also in close and regular contact with the Irish community groups who provide assistance to the undocumented and who are promoting immigration reform.

**Deputy John Deasy:** I listened to the Tánaiste's earlier response to Deputy Brendan Smith with regard to the best advice being that comprehensive legislation was the best way of securing a deal on the undocumented issue. I disagree with that. It has not been the only advice and in fact, the people who have been advising that this is not the best way of getting a deal for the Irish have been proven right, unfortunately, for the last 20 years. The problem is that there never has been a plan B put into operation either by this or the previous Government. In terms of emerging bipartisan support being encouraging, it is too early to say. I do not know if the Tánaiste is aware that over the weekend the White House leaked a draft bill on immigration

reform but one of the critical Senators on the Republican side, Senator Rubio, said that if the draft arrived on Capitol Hill it would be dead on arrival. There have been a lot of false dawns. While we have made progress with regard to the E3 visa, as the Tánaiste has said, it will not cover the bulk of the undocumented Irish.

The Tánaiste said that he has talked with various Senators and will talk with others over the coming days. Who is he speaking to on the Republican side? The House of Representatives in the United States is held by the Republican Party.

**Deputy Eamon Gilmore:** We have to recognise when circumstances change. Anybody addressing this question a year or more ago would certainly have said that comprehensive immigration reform was largely off the agenda in the United States. It is back on the agenda now and we must recognise that. It has been put back on the agenda because it was an issue in the United States presidential election and President Obama has made a number of very clear statements about it in the aftermath of that election. On the back of that, it is appropriate and right that we pursue this matter in the interests of the undocumented Irish living in the United States.

I am aware of the statement that was made by Senator Marco Rubio. The key people on the Republican side with whom we are in touch include Senator John McCain, to whom I have spoken directly, Senator Lindsey Graham, Senator Rubio, Senator Jeff Flake, Congressman Paul Ryan and Congressman Jim Sensenbrenner. We have also been discussing this issue with Senator Shumer, Senator Durbin, Senator Menendez, Senator Bennet from the Democratic side, Senator Leahy and Senator Kirk. We have been in contact with a broad range of people on Capitol Hill.

The issue of comprehensive immigration reform is back on the agenda. People can speculate about whether this is a false or real dawn but our responsibility is to pursue it in the interests of the estimated 50,000 undocumented Irish people in the United States.

**Deputy John Deasy:** The names the Tánaiste read out are, in many cases, the usual suspects. The reality is that over the last ten or 15 years we have lost sway on Capitol Hill and we have lost sway in particular with the Republican Party. Unless an executive order is signed, this needs to go through Congress. The House is held by the Republicans and the opinion of that party on immigration has hardened over the last five or six years. We have not made any inroads into that party in terms of convincing it that a stand alone deal, if necessary, is good for the Republicans.

I wish to remind the Tánaiste that when it came to the green cards, it was Republican presidencies that allowed that to happen, namely former Presidents Bush and Reagan. The Visa Waiver Bill, which has helped Ireland so much over the last 18 years, was passed by a Republican-dominated Congress. The Clinton administration was actually against it. Unless we have a return to the kind of situation that we had 20 years ago with, in particular, the Republican Party and if comprehensive immigration reform fails again we will be left in the same position in which we currently find ourselves.

**Deputy Eamon Gilmore:** I am not sure that it helps our cause to engage in commentary on the politics of the United States. The politics of the United States is a matter for the people of that country, the Congress and Senate and I am not going to engage in a discussion on which Administration, Congress or majority holds a particular view. As far as we are concerned, as a Government we will work with both sides of the aisle. We will work with Democrats and

Republicans. My assessment is that this is an issue that requires a bipartisan approach. We worked, for example, on the E3 issue on a bipartisan basis. I had a very good and very frank discussion last week with Senator John McCain about these issues. I hope I will be able to meet him and some of his colleagues during the course of the St. Patrick's Day events. We intend to pursue this issue and if there is any assistance that any Member of the House can provide to us with regard to introductions, either to a particular party or representatives of that party, we would very gladly avail of it.

**Deputy John Deasy:** Is the Tánaiste inviting me to come to Washington with him on St. Patrick's Day?

**Deputy Eamon Gilmore:** I am inviting Deputy Deasy to give me his list of contacts in the Republican Party.

**Deputy Brendan Smith:** Personal introductions are always better.

**An Leas-Cheann Comhairle:** We will have nobody giving out phone numbers.

**Deputy Denis Naughten:** There is a nuance between what has been presented by President Obama and by the bipartisan approach of the US Senators. President Obama is talking about a two-strand approach, dealing with border security and comprehensive immigration reform in tandem with each other. The Senators are talking about securing the borders first and then looking at a path to citizenship.

If the second approach is taken, it could be a long time before we have a clear path to citizenship for the 50,000 undocumented Irish. Has the difference in approach being taken by the two sides been addressed in the conversations the Tánaiste has had to date? Can the Tánaiste update the House on progress regarding the E3 visa itself?

**Deputy Seán Crowe:** I have submitted a question, Question No. 23, on this issue. Senator Rubio from Florida said the plan was half baked and seriously flawed. While it is not helpful for us to concern ourselves with what one person or another has said, it is, however, important that we raise the issue of documentation in this House. It has cross-party support. The group, Friends of America, has been established consisting of Deputies from all parties and none.

What can Members of the Dáil do to progress this issue? On a previous occasion, the House supported a motion on this issue almost unanimously. I think one person, who has just left the room, opposed the motion at that time. What can we do? I welcome the fact that the Tánaiste is making telephone calls. Would it be helpful for Deputies Gerry Adams or Micheál Martin, for example, to ring around or for the rest of us to do so? What exactly can we do?

I have seen the false dawns. I was there when up to 3,000 Irish people gathered to lobby, wearing T-shirts saying "Legalise the Irish". We all had high expectations at that time but those expectations were dashed. Families contact their public representatives every weekend on this issue. Their children are in this legal limbo and they want to see a resolution. If there is anything the House can do, we will do it.

**Deputy Eamon Gilmore:** We must understand that immigration has been a big political issue in the United States for a long time. It is perfectly understandable that the issue of immigration will be linked to issues of border security and to security generally, given what the United States experienced just over a decade ago. We must be mindful of that. That is the approach

that will be taken to this issue.

While the issue of comprehensive immigration reform has been on the political agenda in the United States for a long time, it got renewed momentum following the presidential election. I do not want to exaggerate that renewed momentum but clear statements have been made by the President of the United States of his desire to see reforming legislation. That is now occupying the minds of certain key members of the Senate and House of Representatives who have an interest in this area and with whom we are in contact.

Deputy Crowe asked what would be helpful. Many Members of the House, from all parties and Independents Members, have contacts on Capitol Hill and with American political figures. It would be helpful if Members were to reactive those contacts where they exist and use them to communicate what is generally agreed here, which is that we want to see an immigration regime that will regularise the positions of the 50,000 or so Irish people who are living in the United States and are not documented, and who are in a very difficult set of circumstances. They cannot come back for family events, as Deputy Smith said earlier.

Where Deputies are making such contacts, I ask that they liaise with me and keep me informed about what is happening. We need to do this in a co-ordinated way. My Department and I are leading this effort. It is, therefore, important that we know about any contacts that are being made, are given the heads-up on where progress might be made and that we work in a co-ordinated way on behalf of Irish people in the United States.

**Deputy Denis Naughten:** Has the Tánaiste information about the E3 visas?

**Deputy Eamon Gilmore:** We are continuing our efforts to secure the E3 visas. This was at the top of the agenda until the possibility of comprehensive immigration reform came up again. We are continuing our efforts on the E3 visa issue.

### **International Agreements**

8. **Deputy Catherine Murphy** asked the Tánaiste and Minister for Foreign Affairs and Trade if he will provide a list of international treaties, conventions and other international legal obligations which Ireland has signed but not ratified; and if he will make a statement on the matter. [8737/13]

**(Deputy Eamon Gilmore):** As requested, I am providing the Deputy with a list of international agreements which Ireland has signed but not ratified. The list has been prepared according to the information available to my Department and aims to be as comprehensive as possible.

The two-step process whereby a state will first sign an international agreement, and then ratify it later, is the usual manner in which international agreements are concluded. This interval permits states to take whatever legislative or administrative measures are necessary to fulfil obligations assumed under the agreement. The signing of an agreement may be an important demonstration of a state's support for it, pending its ratification when in a position to do so. The alternative would be to refrain from signing the agreement at all, which may be interpreted as a lack of support for the agreement.

Although my Department has an important role in relation to signing and ratifying international agreements, the necessary legislative or administrative measures required to implement

20 February 2013

them are for the line Department responsible for the subject matter of the agreement.

My Department annually publishes all international agreements that enter into force for Ireland in the Irish treaty series, which is available on the Department's website, and lays them before this House. A notice of all agreements laid is also published in *Iris Oifigiúil*.

### **List of International Agreements signed by Ireland, but not Ratified**

#### **[1] Multilateral Treaties deposited with the Secretary General of the United Nations**

1	Optional Protocol to the International Covenant on Economic, Social and Cultural Rights, done on 10 December 2008	Signed by Ireland on 23 March 2012.
2	Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity, done on 29 October 2010.	Signed by Ireland on 1 February 2012.
3	Universal Postal Union Convention and Final Protocol, done on 12 August 2008.	Signed by Ireland on 12 August 2008.
4	First Additional Protocol to the General Regulations (Universal Postal Union), done on 12 August 2008.	Signed by Ireland on 12 August 2008.
5	8th Additional Protocol to the Universal Postal Union Constitution, done on 12 August 2008.	Signed by Ireland on 12 August 2008.
6	Optional Protocol to the Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, done on 18 December 2002.	Signed by Ireland on 2 October 2007.

*Dáil Éireann*

7	Convention on the Rights of Persons with Disabilities, done on 13 December 2006.	Signed by Ireland on 30 March 2007.
8	International Convention for the Protection of All Persons from Enforced Disappearance, done on 20 December 2006.	Signed by Ireland on 27 March 2007.
9	International Convention for the Suppression of Acts of Nuclear Terrorism, done on 13 April 2005.	Signed by Ireland on 19 September 2005.
10	Protocol on Strategic Environmental Assessment to the Convention on Environmental Impact Assessment in a Transboundary Context, done on 21 May 2003	Signed by Ireland on 21 May 2003.
11	Protocol against the Smuggling of Migrants by Land, Sea and Air, supplementing the UN Convention against Transnational Organised Crime, done on 15 November 2000.	Signed by Ireland on 13 December 2000.
12	Optional Protocol to the Convention on the Rights of the Child on the Sale of Children, Child Prostitution and Child Pornography, done on 25 May 2000.	Signed by Ireland on 7 September 2000.
13	Protocol to the 1979 Convention on Long-Range Transboundary Air Pollution to abate Acidification, Eutrophication and Ground Level Ozone, done on 30 November 1999.	Signed by Ireland on 1 December 1999.

14	Protocol to the 1979 Convention on Long-Range Transboundary Air Pollution on Persistent Organic Pollutants, done on 24 June 1998.	Signed by Ireland on 24 June 1998.
15	Protocol to the 1979 Convention on Long-Range Transboundary Air Pollution on Heavy Metals, done on 24 June 1998.	Signed by Ireland on 24 June 1998.
16	Agreement concerning the Adoption of Uniform Conditions for Periodical Technical Inspections of Wheeled Vehicles and the Reciprocal Recognition of such Inspections, done on 13 November 1997.	Signed by Ireland on 13 November 1997.
17	Optional Protocol to the Vienna Convention on Consular Relations, concerning the Compulsory Settlement of Disputes, done on 24 April 1963.	Signed by Ireland on 24 April 1963.
18	Optional Protocol to the Vienna Convention on Diplomatic Relations, concerning the Compulsory Settlement of Disputes, done on 18 April 1961.	Signed by Ireland on 18 April 1961.
19	Convention on the Territorial Sea and the Contiguous Zone, done on 29 April 1958. Signed by Ireland on 2 October 1958.	Signed by Ireland on 2 October 1958.(This Convention has been superseded by a later agreement to which Ireland is a party.)
20	Convention on the High Seas, done on 29 April 1958.	Signed by Ireland on 2 October 1958.(This Convention has been superseded by a later agreement to which Ireland is a party.)

*Dáil Éireann*

21	Convention on Fishing and Conservation of the Living Resources of the High Seas, done on 29 April 1958.	Signed by Ireland on 2 October 1958.(This Convention has been superseded by a later agreement to which Ireland is a party.)
22	Convention on the Continental Shelf, done on 29 April 1958.	Signed by Ireland on 2 October 1958.(This Convention has been superseded by a later agreement to which Ireland is a party.)

**[2] Council of Europe Treaties**

1	Convention on Mutual Administrative Assistance in Tax Matters, done on 25 January 1988.	Signed by Ireland on 30 June 2011.
2	Protocol amending the Convention on Mutual Administrative Assistance in Tax Matters, done on 27 May 2010.	Signed by Ireland on 30 June 2011.
3	Council of Europe Convention on the Prevention of Terrorism, done on 16 May 2005.	Signed by Ireland on 3 October 2008.
4	Council of Europe Convention on the Protection of Children against Sexual Exploitation and Sexual Abuse, done on 25 October 2007.	Signed by Ireland on 25 October 2007.
5	Protocol amending the European Convention on the Suppression of Terrorism, done on 15 May 2003.	Signed by Ireland on 15 May 2003.
6	Convention on Cyber-crime, done on 23 November 2001.	Signed by Ireland on 28 February 2002.

7	Additional Protocol to the European Agreement on the Transmission of Applications for Legal Aid, done on 4 October 2001.	Signed by Ireland on 5 October 2001.
8	Protocol No. 12 to the Convention for the Protection of Human Rights and Fundamental Freedoms, done on 4 November 2000.	Signed by Ireland on 4 November 2000.
9	Civil Law Convention on Corruption, done on 4 November 1999.	Signed by Ireland on 4 November 1999.
10	European Convention on the Exercise of Children's Rights, done on 25 January 1996.	Signed by Ireland on 25 January 1996.
11	European Convention for the Protection of Vertebrate Animals used for Experimental and other Scientific Purposes, done on 18 March 1986.	Signed by Ireland on 6 December 1990.
12	European Convention on Spectator Violence and Misbehaviour at Sports Events and in particular at Football Matches, done on 19 August 1985.	Signed by Ireland on 3 November 1986.
13	European Convention on Social Security, done on 14 December 1972.	Signed by Ireland on 23 February 1979.
14	Supplementary Agreement for the Application of the European Convention on Social Security, done on 14 December 1972.	Signed by Ireland on 23 February 1979.
15	European Convention on the Control of the Acquisition and Possession of Firearms by Individuals, done on 28 June 1978.	Signed by Ireland on 28 June 1978.

*Dáil Éireann*

16	Convention relating to Stops on Bearer Securities in International Circulation, done on 28 May 1970.	Signed by Ireland on 23 April 1974.
17	European Agreement on the Protection of Television Broadcasts, done on 22 June 1960.	Signed by Ireland on 22 June 1960.
18	European Convention for the Peaceful Settlement of Disputes, done on 29 April 1957.	Signed by Ireland on 29 April 1957.

**[3] EU Agreements**

1	Framework Agreement on Partnership and Cooperation between the European Union and its Member States, of the one part, and the Republic of the Philippines, of the other part, done on 11 July 2012.	Signed by Ireland on 11 July 2012.
2	Framework Agreement on Comprehensive Partnership and Cooperation between the European Union and its Member States, of the one part, and the Socialist Republic of Vietnam of the other part, done on 27 June 2012.	Signed by Ireland on 27 June 2012.
3	Common Aviation Agreement between the European Community and its Member States, on the one part, and Moldova, on the other part, done on 26 June 2012.	Signed by Ireland on 26 June 2012.

20 February 2013

4	Agreement Establishing an Association between the European Union and its Member States, on the one hand, and Central America on the other, done on 29 June 2012.	Signed by Ireland on 29 June 2012.
5	Trade Agreement between the European Union and its Member States, of the one part, and Colombia and Peru, of the other part, done on 26 June 2012.	Signed by Ireland on 26 June 2012.
6	Partnership and Cooperation between the European Union and its Member States, of the one part, and the Republic of Iraq, of the other part, done on 11 May 2012.	Signed by Ireland on 11 May 2012.
7	Agreement between the Member States of the European Union, meeting with the Council, regarding the Protection of Classified Information Exchanged in the Interests of the European Union, done on 25 May 2011.	Signed by Ireland on 25 May 2011.
8	Euro-Mediterranean Aviation Agreement between the European Union and its Member States, on the one part, and the Hashemite Kingdom of Jordan, on the other part, done on 15 December 2010.	Signed by Ireland on 15 December 2010.

*Dáil Éireann*

9	Common Aviation Agreement between the European Union and its Member States, on the one part, and Georgia, on the other part, done on 2 December 2010.	Signed by Ireland on 2 December 2010.
10	Co-operation Agreement on Satellite Navigation between the European Union and its Member States and the Kingdom of Norway, done on 22 September 2010.	Signed by Ireland on 22 September 2010.
11	Framework Agreement between the European Union and its Member States, on the one part, and the Republic of Korea, on the other part, done on 10 May 2010.	Signed by Ireland on 10 May 2010.
12	Agreement on Air Transport between Canada and the European Community and its Member States, done on 17 and 18 December 2009.	Signed by Ireland on 17 December 2009.
13	Framework Agreement on Comprehensive Partnership and cooperation between the European Community and its Member States, of the one part, and the Republic of Indonesia, of the other part, done on 9 November 2009.	Signed by Ireland on 9 November 2009.
14	Agreement between the European Community and its Member States and the Republic of South Africa amending the Agreement on Trade, Development and Cooperation, done 11 September 2009.	Signed by Ireland on 11 September 2009.

20 February 2013

15	Convention on centralised customs clearance, concerning the allocation of national collection costs retained when traditional own resources are made available to the EU budget, done on 10 March 2009.	Signed by Ireland on 10 March 2009.
16	Economic Partnership Agreement between the European Community and CARIFORUM, done on 15 and 20 October 2008.	Signed by Ireland on 15 October 2008.
17	Convention on the Accession of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic to the Convention on the Law applicable to Contractual Obligations, opened for signature in Rome on 19 June 1980, and to the First and Second Protocols on its interpretation by the Court of Justice of the European Communities, done on 14 April 2005.	Signed by Ireland on 14 April 2005.

*Dáil Éireann*

18	Decision of the representatives of the Governments of the Member States, meeting within the Council, on the privileges and immunities granted to the European Defence Agency and to its staff members, done on 10 November 2004.	Signed by Ireland on 10 November 2004.
19	Cooperation Agreement between the European Community and its Member States, of the one part, and the Swiss Confederation, of the other part, to combat fraud and any other illegal activity to the detriment of their financial interests, done on 26 October 2004.	Signed by Ireland on 26 October 2004.
20	Agreement between the Member States of the European Union concerning claims introduced by each Member State against any other Member State for damage to any property owned, used or operated by it or injury or death suffered by any military or civilian staff of its services, in the context of an EU crisis management operation, done on 28 April 2004.	Signed by Ireland on 28 April 2004.

21	<p>Agreement between the EU Member States concerning the status of military and civilian staff on secondment to the Military Staff of the European Union, of the headquarters and forces which may be made available to the European Union in the context of the preparation and execution of the tasks referred to in Article 17(2) of the Treaty on European Union, including exercises, and of the military and civilian staff of the Member States put at the disposal of the European Union to act in this context (EU SOFA), done on 17 November 2003.</p>	Signed by Ireland on 17 November 2003.
22	<p>Protocol established in accordance with Article 34 of the Treaty on European Union, amending, as regards the creation of a customs files identification database, the Convention on the use of information technology for customs purposes, done on 8 May 2003.</p>	Signed by Ireland on 8 May 2003.
23	<p>Protocol, established by the Council in accordance with Article 34 of the Treaty on European Union, to the Convention on Mutual Assistance in Criminal Matters between the Member States of the European Union, done on 16 October 2001.</p>	Signed by Ireland on 16 October 2001.

*Dáil Éireann*

24	Decision of the Representatives of the Governments of the Member States on the privileges and immunities granted to the European Union Institute for Security Studies and the European Union Satellite Centre, and to their bodies and staff members, done on 15 October 2001.	Signed by Ireland on 15 October 2001.
25	Convention, established by the Council in accordance with Article 34 of the Treaty on the European Union, on mutual assistance in criminal matters between the Member States of the European Union, done on 29 May 2000.	Signed by Ireland on 29 May 2000.
26	Convention drawn up on the basis of Article K.3 of the Treaty on European Union on jurisdiction and the recognition and enforcement of judgements in matrimonial matters, done on 25 August 1998.	Signed by Ireland on 25 August 1998.(This Convention has been superseded by later measures.)
27	Protocol drawn up on the basis of Article K.3 of the Treaty on European Union on the interpretation, by way of preliminary rulings, by the Court of Justice of the European Communities of the Convention on jurisdiction and the recognition and enforcement of judgements in matrimonial matters, done on 28 May 1998.	Signed by Ireland on 28 May 1998.(This Protocol has been superseded by later measures.)

28	Convention drawn up on the basis of Article K.3 of the Treaty on European Union on the service of Member States of the European Union of Judicial and Extrajudicial documents in Civil and Commercial matters, done on 26 May 1997.	Signed by Ireland on 26 May 1997.(This Convention has been superseded by later measures.)
29	Agreement between the Member States of the European Coal and Steel Community and the European Coal and Steel Community of the one part, and the Republic of Slovenia, of the other part, done on 5 April 1993.	Signed by Ireland on 5 April 1993.
30	Agreement relating to Community Patents, done on 15 December 1989.	Signed by Ireland on 15 December 1989. (This Agreement has been superseded by later measures.)
31	Protocol on a possible modification of the conditions of entry into force of the Agreement relating to Community Patents, done on 15 December 1989.	Signed by Ireland on 15 December 1989. (This Agreement has been superseded by later measures.)
32	First Protocol on the interpretation by the Court of Justice of the European Communities of the Convention on the law applicable to contractual obligations, opened for signature in Rome on 19 June 1980, done on 19 December 1988.	Signed by Ireland on 19 December 1988.

#### [4] Other Multilateral Agreements

1	Agreement on a Unified Patent Court, signed on 19 February 2013.	Signed by Ireland on 19 February 2013.
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*Dáil Éireann*

2	Statute of the International Renewable Energy Agency (IRENA), done on 26 January 2009.	Signed by Ireland on 26 January 2009.
3	Hague Convention on the International Protection of Adults, done on 13 January 2000.	Signed by Ireland on 18 September 2008.
4	Protocol additional to the Geneva Conventions of 12 August 1949, and relating to the Adoption of an Additional Distinctive Emblem (Protocol III), done on 8 December 2005.	Signed by Ireland on 20 June 2006.
5	Convention for the Protection of Cultural Property in the Event of Armed Conflict, done on 14 May 1954.	Signed by Ireland on 14 May 1954.
6	Convention for the Amelioration of the Condition of the Wounded and Sick in Armies in the Field, done on 27 July 1929.	Signed by Ireland on 27 July 1929.(This Convention has been superseded by a later agreement to which Ireland is a party.)
7	Convention relative to the Treatment of Prisoners of War. Geneva, 27 July 1929.	Signed by Ireland on 27 July 1929.(This Convention has been superseded by a later agreement to which Ireland is a party.)

**[5] Bilateral Agreements**

1	Agreement between the Government of Ireland and the Government of the United States of America to Improve International Tax Compliance and to Implement FATCA	Signed on 21 December 2012.
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20 February 2013

2	Agreement between Ireland and Montserrat for the Exchange of Information Relating to Tax Matters	Signed on 14 December 2012.
3	Convention between the Government of Ireland and the Government of the Republic of Uzbekistan for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and on Property	Signed on 11 July 2012.
4	Agreement between the Government of Ireland and the Government of the Grand Duchy of Luxembourg on Audio-Visual Relations	Signed on 9 July 2012.
5	Agreement between the Government of Ireland and the Government of the Republic of San Marino for the Exchange of Information relating to Taxes	Signed on 4 July 2012.
6	Agreement between the Government of Ireland and the government of the State of Qatar for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital Gains	Signed on 21 June 2012.
7	Agreement between the Government of Ireland and the Government of the Arab Republic of Egypt for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital gains	Signed on 9 April 2012.

8	Protocol amending the Convention between Ireland and the Swiss Confederation for the Avoidance of Double Taxation with respect to Taxes on Income and on Capital, signed at Dublin on 8 November 1966, as amended by the Protocol signed at Dublin on 24 October 1980	Signed on 26 January 2012.
9	Memorandum of Scientific and Educational Cooperation between the Department of Education and Skills and the Ministry of Higher Education in the Kingdom of Saudi Arabia	Signed on 14 June 2011.
10	Agreement between the Government of Ireland and the Government of the State of Kuwait for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income	Signed on 23 November 2010.
11	Agreement between Ireland and Malta on cooperation in combating illicit drug trafficking, money laundering, organised crime, trafficking in persons, terrorism and other serious crime	Signed on 26 February 2009.

**Deputy Catherine Murphy:** The Tánaiste has answered much of what I would have asked in a supplementary question.

It is useful to have a list. Could the list be made available on the website of the Department of Foreign Affairs and Trade? There is an issue of transparency regarding why an agreement would be signed but not ratified and what the delay might be. There may be a good reason that an agreement is not ratified.

The convention on human rights and biomedicine, for example, was declared open for signature in 1997. Not only did we not ratify it, a number of other countries did not do so either. I am curious as to why we did not go one stage further. It is something people would find useful

to know. I am seeking a way to make that information available on an ongoing basis so that we do not have to scratch around for each individual agreement but have a comprehensive list and the reason each agreement is not signed or ratified.

**Deputy Seán Crowe:** Is there a timescale for ratification of many of these agreements? The Government has accepted, in principle, the terms of the Council of Europe Convention on Preventing and Combating Violence against Women and Domestic Violence, the Istanbul Convention.

The Government said it accepted in principle the terms of the convention but it is almost a year since then and there has been no indication of any movement on that. Other countries, however, are moving ahead and while the Minister might say that is due to their system, there is also the optional protocol to the International Covenant on Economic, Social and Cultural Rights. Uruguay has become the tenth country to ratify that within three months. Last year, the Minister for Justice and Equality said we were determined to achieve full respect for human rights, but a year later there has been no movement on either of them. People would wonder what the delay is in ratifying something to which we have signed up. Is it due to cost?

**Deputy Eamon Gilmore:** In some countries, once they sign the agreement, it automatically comes into force in domestic law. Our Constitution is different. It states that the signing of an international agreement can only have effect once a decision is made in the Oireachtas to ratify it and give it effect. Often legislation is required for the ratification process. Sometimes a Minister will await the next available opportunity. If there is legislation that embraces the subject matter of the international agreement, the opportunity will be taken to ratify it at that stage. In some cases it requires the putting in place of administrative or legislative arrangements to give effect to it, and that can take time. In terms of pursuing individual agreements, it is better to do that with the line Departments and Ministers.

### Northern Ireland Issues

9. **Deputy Gerry Adams** asked the Tánaiste and Minister for Foreign Affairs and Trade if his attention has been drawn to the various legal proceedings currently being taken by persons (details supplied) to set aside the indeterminate sentence being imposed on them by the British Secretary of State, Ms Theresa Villiers, without access to judicial proceedings in which they can see, hear and challenge the evidence against them; and if he has expressed his abhorrence of the denial of fair judicial procedure to these two Irish citizens [8959/13]

29. **Deputy Mick Wallace** asked the Tánaiste and Minister for Foreign Affairs and Trade in view of the fact that Marian Price has been interned without trial for a period of nearly two years, if he will consider raising the matter at a European level; and if he will make a statement on the matter. [8952/13]

30. **Deputy Frank Feighan** asked the Tánaiste and Minister for Foreign Affairs and Trade if he will provide an update on the Marian Price case; and the action he is taking to advance the case [8911/13]

33. **Deputy Aengus Ó Snodaigh** asked the Tánaiste and Minister for Foreign Affairs and Trade if his attention has been drawn to the deterioration of the physical and mental health of a person (details supplied); his views on their prison conditions; and if he has discussed them

with British Secretary of State, Theresa Villiers. [8956/13]

63. **Deputy Luke ‘Ming’ Flanagan** asked the Tánaiste and Minister for Foreign Affairs and Trade the discussions he has had with the Northern Ireland Office and the Secretary of State with regard to Marian Price; and if he will make a statement on the matter. [8863/13]

66. **Deputy Damien English** asked the Tánaiste and Minister for Foreign Affairs and Trade if his attention has been drawn to the fact that the Stormont Assembly Minister, David Ford, denied until the last minute compassionate parole to persons (details supplied); if he will raise with Minister Ford at their next meeting the need to address compassionately requests from both in view of the limbo position in which they have been placed, having being neither charged with an offence, nor given a release date, granted bail or seeing the evidence against them; and his views on a royal pardon issued to one of the persons in the 1970s being conveniently misplaced. [8957/13]

67. **Deputy Martin Ferris** asked the Tánaiste and Minister for Foreign Affairs and Trade if he has raised with the British authorities the continued detention-internment without trial of two Irish citizens (details supplied) in prison; and if he has demanded their immediate release. [8955/13]

**Deputy Eamon Gilmore:** I propose to take Questions Nos. 9, 29, 30, 33, 63, 66 and 67 together.

I am very aware of the cases to which the Deputy refers and my officials monitor these and other cases very closely. The first individual referred to has been detained since 13 May 2011 following the revocation of her life licence by the Secretary of State for Northern Ireland. Genuine concerns about several aspects of this case have been raised by Members on many occasions, and I have raised them very frankly with the British Government, most recently when I met the Secretary of State for Northern Ireland last Monday, 11 February. I have been advised that the parole commissioners will determine in March on the issue of her continued detention.

In relation to the second individual referred to, the British authorities have confirmed that he was released under licence in 1992. The Secretary of State for Northern Ireland revoked that licence in April 2010 and the individual has as a result been in custody for the past two years and nine months. I understand an appeal in relation to the case will be heard by the Supreme Court in Belfast shortly. As the case is the subject of an ongoing legal process, it would be inappropriate to comment further at this time.

**Deputy Seán Crowe:** There has been some discussion of this but I want to add a few points. The nature of these cases involves unseen and unknown evidence, so it is difficult for people to defend themselves when they do not know what evidence has been presented against them. The common denominator is the involvement of shadowy figures in the background from MI5 and MI6 who are not friends of the Irish peace process. The Minister said he would get the report of the delegation that visited Marian Price. That delegation has stated that her health is getting worse and we know she is only allowed to exercise in a corridor late at night, with no access to the fresh air or the environment. She is also concerned that there is talk of closing the wing she is on and returning her to what she described as the dungeon. She said that part of the problem with the dungeon was that she was refused access to medication. The Red Cross has been refused access to Hydebank where she is being held. Will the Minister raise that with the British Government?

20 February 2013

**Deputy Eamon Gilmore:** I have already brought to the attention of the Secretary of State the previous visit that was undertaken by a group of Oireachtas Members whom I subsequently met and whose report and assessment I was given. On a continuing basis, we have raised with the Minister for Justice in the Northern Ireland Executive the conditions in which Ms Price is being held. The immediate focus is on the hearing by the parole commissioners that is due in early March.

*Written Answers follow Adjournment.*

## Topical Issue Debate

### Criminal Legal Aid

**Deputy John O'Mahony:** I thank the Ceann Comhairle for selecting this issue. I wish to address the criminal legal aid system currently in place. The first thing I want to do is state that I am not trying to deny any citizen the right to a fair trial. I also acknowledge that in 2012, there was a reduction of 10% in the amount spent on free criminal legal aid. I recognise that solicitors must be paid their fees to defend those who face the courts on criminal charges.

In 2012, €50 million was spent on free criminal legal aid. In my constituency of Mayo, €289,000 was spent on it. The public are infuriated when they see stories of career criminals repeatedly claiming free legal aid. I saw in a local newspaper recently a report of someone who had claimed free legal aid for the 12th time in 12 months. Another person was claiming free legal aid for the 100th time.

There seem to be no limits or sanctions and certainly no consideration given by the criminals that there are any consequences for wreaking havoc on the State. In previous replies I was told by the Minister there were no data available from the Courts Service to quantify the number of times people have claimed free criminal legal aid. I suggest this must be addressed quickly because I have no doubt the public would be shocked to hear the figures of a small cohort of people who are claiming free criminal legal aid time and again.

It suggests that, obviously, under the Constitution, they are entitled to it and if they have means they will not get it, but I would like to know whether the means testing for free criminal legal aid is as thorough and rigorous as that for other entitlements of law-abiding citizens who, the odd time they may be court for speeding fines or whatever, must pay their own legal fees. This matter needs to be addressed quickly.

I reiterate that everyone is entitled to a fair trial, but this matter needs to be looked at and addressed, for once and for all. At a time, given the economic climate, when people are finding it difficult to abide by the law and pay their dues, they see this happening.

**Minister of State at the Department of Arts, Heritage and the Gaeltacht (Deputy Dinny McGinley):** The Minister for Justice and Equality, Deputy Shatter, is unable to be present today

and has asked me to convey his thanks to the Deputy for raising this matter which is important to the proper functioning of the criminal justice system.

At the outset it is necessary to state that, as everyone would agree, the criminal legal aid system is a fundamental principle of the criminal justice system. A person who faces criminal charges is entitled to a fair trial and the presumption of innocence. If that person cannot afford to pay for legal representation, he or she has a right to legal aid in order to uphold that principle. An unreasonable block on legal aid could give an accused person an avenue to prevent his or her trial proceeding or give a convicted person an avenue for appeal. The efficient operation of the criminal justice system could be compromised in such circumstances.

The criminal legal aid scheme is based on the Criminal Justice (Legal Aid) Act 1962 and a series of regulations made thereunder. The courts have clarified a number of aspects of the right to criminal legal aid in various judgments since then. For example, the Supreme Court ruling in the case of *The State (Healy) v. Donoghue* from 1976 effectively determined that the right to criminal legal aid is, in circumstances which are quite wide in practice, a constitutional right. The court stated it was mandatory that every criminal trial shall be conducted in accordance with the concept of justice, that the procedures applied shall be fair, and that the accused person must be afforded every opportunity to defend himself and afforded the opportunity of being represented. The court, referring to the situation of a person who was facing a serious criminal charge but who because of a lack of means could not provide a lawyer for his own defence, concluded that the person must be afforded the opportunity of being represented and that this opportunity must be provided by the State.

Also, Article 6(3)(c) of the European Convention on Human Rights states that everyone charged with a criminal offence has the right to defend himself or herself in person or through legal assistance of his or her own choosing or, if he or she does not have sufficient means to pay for legal assistance, to be given it free when the interests of justice so require.

The Deputy will appreciate that the criminal legal aid scheme must operate with due regard to these rights. The Minister's overriding concern is to ensure that no risk arises in the prosecution of persons charged with criminal offences before the courts.

Under the Criminal Justice (Legal Aid) Act 1962, free legal aid may be granted by the court in certain circumstances, for the defence of any person of insufficient means in criminal proceedings. An applicant for legal aid must establish to the satisfaction of the court that his or her means are insufficient to enable him or her to pay for legal aid and the court must also be satisfied that by reason of the "gravity of the charge" or "exceptional circumstances", it is essential in the interests of justice that the applicant should have legal aid. It is important to note that an applicant's previous convictions are not a criterion under the Act as to whether or not legal aid ought to be granted.

The nature of the criminal legal aid scheme is that it is driven by the incidence of crime, detection rates and prosecution of cases through the courts system. This renders it a difficult area in which to anticipate and control costs. However, a number of measures have been taken since the Minister took office, including cuts to fees and expenses during 2011. Following these measures, total expenditure under the criminal legal aid scheme for 2012 came to €50.5 million, a reduction of 10% over 2011. This reduction in the annual expenditure is the largest ever recorded and represents a fall of approximately €10 million, or 16%, over the peak recorded in 2009.

The Minister will also be considering, in the context of legislation currently being drafted in his Department, measures to update and strengthen the system of granting legal aid. The draft of the new legal aid Bill includes provisions to transfer responsibility for the administration of the scheme to the Legal Aid Board. This would be in keeping with the approach internationally where one State agency deals with all aspects of criminal legal aid.

The Bill is also likely to include provisions to, *inter alia*, regulate better the taking of statements of means, increase the sanction for false declarations, and allow the board to verify the means of applicants and to prosecute cases of abuse. Provision to give power to the board to recover the cost of criminal legal aid or to make application to the court to revoke a criminal legal aid certificate are also under consideration.

These matters require careful consideration and will be examined closely in the development of the Bill so as to protect the rights of accused persons and to protect taxpayers' money. The Minister hopes that it will be possible to publish the Bill during the course of this year.

**Deputy John O'Mahony:** I fully respect the need for a fair trial and the efforts the Minister has made to reduce the costs, but the message we are sending out is that all the rights are with the criminals. What about the victims? It is as simple and straightforward as that.

I was told recently by a member of the Garda Síochána that the head of a household which was getting €41,000 in social welfare got involved in selling drugs or whatever and was granted free legal aid automatically. I would ask that the matter be looked at so that where a person on social welfare is convicted of a crime, over a period there is some clawback from his or her social welfare. The criminals must be seen to take some pain for what they are inflicting on law-abiding citizens.

In researching this, I looked at other jurisdictions. In the United States, there is a three strike rule, where if somebody is convicted within a certain length of time of three similar serious offences, the sentence imposed is significantly increased. Could some model like that be used for those convicted repeatedly over a long period and being granted free legal aid? There must be some payback over a period to the State.

**Deputy Dinny McGinley:** I am sure the Deputy will agree that the reduction in the costs of the scheme for 2012 is a welcome development and the Minister can assure him that his Department continues to closely monitor expenditure in this area.

In addition, as I said, the Department is developing a new legal aid Bill which will look at fundamental changes to the way the scheme is administered. These would be the first real substantial legislative changes to a scheme which dates back to the 1960s. It is important that any changes are appropriate and that they give due regard to the clear rulings of the courts since that time about the right to criminal legal aid.

The development of the Bill will allow for further consideration to be given to improving certain aspects of the scheme. Whatever draft legislation emerges must give due regard to the rights of accused persons and of the need to ensure that criminal trials can proceed without being compromised. It would be an important consideration in developing any changes to the criminal legal aid scheme that due regard is given to a person's entitlement to the presumption of innocence and the right to defend himself or herself. Any revision to the criminal legal aid system simply could not introduce arbitrary or unfair obstacles in the way of accused persons obtaining legal representation, if necessary at the State's expense, in order to defend themselves

in a court of law.

Needless to say, the Deputy's remarks and proposals will be brought to the attention of the Minister and the Department officials.

#### *4 o'clock* **Road Traffic Offences**

**Deputy Niall Collins:** I thank the Ceann Comhairle for selecting this Topical Issue matter and I thank the Minister for attending to respond. Over recent months since becoming my party's spokesperson on justice, I have met a number of families affected by the devastating impact of negligent driving, particularly under the influence of alcohol. I am sure all Deputies in this House have come across such tragic cases. There is a responsibility on us as legislators to ensure that the legal system acts as a protector of the victims and delivers justice.

In recent weeks we have seen legal cases where the sentences handed down have been substantially less than the maximum level allowed by the law, despite the gravity of the case involved. In my home county of Limerick last week, a particularly sad case involving the deaths of a husband and wife at the hands of a drunk driver, who had almost twice the legal limit of alcohol, came to a head. The convicted man had a record of endangering the community, with a number of previous convictions for dangerous driving and speeding. He pleaded not guilty but was driving on the wrong side of the road giving the victims no chance to avoid him. The convicted man was given five years. While the maximum sentence in these cases is ten years, with remission he will probably serve only four. The six children of the victims are left without their parents and the community they lived in has been robbed of their contribution. The convicted drunk driver will lose only four years of his life.

This week I was contacted by a family in another similar case which is before the courts. It would be inappropriate for me to comment on an ongoing legal case. Suffice it to say the circumstances are equally tragic and devastating to the family involved. They are deeply concerned by the prospect of ineffectual sentencing and feel a pressing need for justice for the lost one involved.

I wish to raise three pressing issues with the Minister arising from these cases. The first is mandatory sentencing in cases of dangerous driving causing death. In this regard, today I published the Judicial Sentencing Commission Bill which aims to set clear sentencing guidelines without undue interference with judicial independence. This Bill will help ensure that sentencing will have greater stability, predictability and uniformity. This will avoid the scenes of disappointed families of victims that we have seen over the years. We will bring the Bill to Second Stage in the near future and I hope the Government will support it.

The second is to make leaving the scene of an accident an indictable offence. As it stands, leaving the scene of an accident is a summary offence. However, in the case of leaving the scene of an accident causing a fatality, it at least must be an indictable offence with a trial by jury. Fianna Fáil has drafted a road traffic Bill to deal with this issue and will put it forward to the Oireachtas in the near future. Again, I hope the Minister will treat it in an open spirit.

The third is to extend the time limits in which to test for drugs and alcohol. The existing time limits for testing for drugs and alcohol have been exposed by cases about which I have been contacted. By leaving the scene, an accused contaminates all the evidence. After three

hours he or she cannot be tested for alcohol or drugs. Perhaps the Minister can explore extending these timeframes to ensure those who leave the scene of an accident do not evade full responsibility for their actions.

**Minister for Transport, Tourism and Sport (Deputy Leo Varadkar):** I thank the Deputy for raising this important issue. We have made considerable advances in improving safety on our roads in recent years. Both 2011 and last year witnessed the lowest recorded number of road fatalities on Irish roads since records began back in 1959. Indeed, last year was the seventh consecutive year that the number of road fatalities fell. However, the number of fatalities to date this year, at 32, is a matter of great concern and should strengthen our resolve not to let complacency set in.

Road traffic legislation and the enforcement of that legislation have played a significant role in our road safety success to date. Ensuring that legislation in the area of road safety is robust, proportional and reflective of the needs of policymakers remains a constant challenge. Regular reviews of existing provisions is a requirement that my Department takes seriously and, in doing so, consults a wide range of key stakeholders, both within and outside of the Department.

Road traffic legislation provides separately for the offences of drink-driving and dangerous driving causing death. Sections 4 and 5 of the Road Traffic Act 2010 provide for the specific offences as determined by the alcohol concentration in breath, blood or urine specimens and set out the maximum fine and the term of imprisonment that may be imposed by the judge hearing the case. The decision on whether to impose a fine and imprisonment is entirely at the discretion of the judge.

Separately, section 53 of the Road Traffic Act 1961 provides that where a person drives a vehicle in a public place in a manner which, having regard to all the circumstances of the case, is or is likely to be dangerous to the public, he or she commits an offence under the section. The judge hearing the case and having given regard to all the circumstances of the case, including evidence that the person was found to have a blood-alcohol concentration level in excess of the permitted levels, will take such circumstances into account when determining the penalties to be applied. In doing so and where a person is convicted on indictment of committing an offence under the section where death or serious bodily harm has been caused to another person, that person is liable to a maximum fine of €20,000 and imprisonment for a term not exceeding ten years. Once again, the level of the fine, whether imprisonment will be imposed and for how long are at the discretion of the judge.

Mandatory imprisonment in criminal cases is generally confined to the most serious of offences, such as murder and certain drug offences. In all other instances, including manslaughter, discretion must remain with the judge hearing the case so that when convicting a person and applying sanctions, recognition can be given to all the associated circumstances and a determination made that reflects those circumstances. Accordingly, I do not propose at this time to amend existing legislation to provide for mandatory imprisonment in dangerous driving cases.

Section 106 of the Road Traffic Act 1961 requires that where injury is caused or property is damaged following a road traffic collision, the driver must stop the vehicle and keep it near or at the scene of the collision for a reasonable period. The section also provides for the reporting of the collision to a member of the Garda Síochána as soon as possible thereafter in the situation where a member of the Garda does not attend the scene of the collision. Penalties, both financial and optional imprisonment on summary conviction, are also provided for.

I am finalising the road traffic Bill 2013 which I intend to introduce to the Oireachtas in the coming weeks. It is not intended to escalate the contravention of an offence under the section from a summary offence to an indictable one at this time but I am open to reconsidering that and will study the Deputy's Bill when it is published.

**Deputy Niall Collins:** I thank the Minister for his reply in which he addressed a number of aspects which come under his remit as Minister for Transport, Tourism and Sport in terms of various offences under the Road Traffic Acts. I also mentioned the area of inconsistency in general. The Bill that we published today proposes a very constructive role for a new body, a judicial sentencing council, which would not be a new quango. I know the Minister has a particular interest in erasing quangos. He raised the matter frequently in opposition and is following through in government. The body could easily be subsumed into part of the existing Courts Service. Such a 14-member body exists in the UK with eight members of the Judiciary and six other non-judges coming from areas such as probation, health, education and policing. It draws up guidelines for sentencing which eliminate inconsistency. We get considerable exposure to the UK broadcast and print media. We do not see the coverage of inconsistent sentencing in the UK that we have here with some road traffic offences as I have outlined and particularly with some serious sexual assault crimes. There has been significant inconsistency in sentencing here.

Uniformity of sentencing would be of assistance to the Judiciary not only in the Dublin area, where much of the inconsistency emanates because of the concentration there of court sittings, but throughout the country. Different sentences in respect of the same crimes are being handed down. This matter needs to be addressed in a constructive fashion and is the purpose of the Bill moved in the House this morning. I acknowledge this issue does not come directly within the responsibility of the Minister, Deputy Varadkar but it is important that I mention it.

**Deputy Leo Varadkar:** The Deputy raised two issues, the first of which relates to a driver leaving the scene of a collision and the second which relates to sentencing. On the first issue, I am open to the suggestion of making leaving the scene of a collision an indictable rather than summary offence. However, a complication arises in terms of proportionality. I would need to study the matter further and to seek the advice of the Attorney General on it because as the Deputy will be aware, under the Constitution crimes must be dealt with proportionately. As such, the offence applicable would have to be similar to that which pertains in relation to, for example, leaving the scene of a serious assault. In other words, we could not provide that it is an indictable offence to leave the scene of a road traffic collision and not an indictable offence to leave the scene of an assault. I will have to seek the advice of the Attorney General in regard to whether that is consistent and proportional. I am however open to the Deputy's suggestion in this regard.

On mandatory sentencing, I do not favour it. It generally tends not to work. Judges do need discretion. We are all aware that in some cases there are aggravating and mitigating circumstances. This is the reason we have courts, judges and juries to make decisions. There is also the issue of where the crime occurs in another country and there is a risk of acquittal of a guilty person because the judge or jury believes the mandatory sentence is too high in the circumstances and the person, rather than being convicted of murder, is acquitted or convicted of a lesser offence because the judge or jury does not believe the minimum sentence is appropriate. I was interested to hear a person from the Rape Crisis Centre say in a recent interview that this organisation is against mandatory sentencing in the case of rape for the type of reasons I have outlined. There is an interesting debate to be had on the issue.

On consistency, I agree with the Deputy that people need to have confidence and faith in the justice system and will not have it if there is inconsistency in sentencing. It is for the Minister for Justice and Equality, Deputy Shatter, to respond to that issue. While I do believe a set of guidelines would be beneficial, whether a judicial council is the appropriate mechanism in this regard I do not know. The Deputy is right to raise the issue of consistency, although I do not know if it is a problem or is just reported as so. However, the issue needs to be addressed.

### **Services for People with Disabilities**

**Deputy Caoimhghín Ó Caoláin:** I thank the Ceann Comhairle for selecting this issue for discussion today. The issue relates to an individual case presented to me, which I have pursued for some considerable time and has wide ranging implications, in particular for those with autism spectrum disorder similarly impacted as Aaron, the young person in the case involved. While this issue is being dealt with today by the Department of Health, it also comes within the remit of the Departments of Education and Skills, Social Protection and Children and Youth Affairs.

The challenges faced by Aaron's mother in her efforts to access appropriate services to cater for his particular needs have been nothing short of scandalous. Barriers and diversions were and continue to be put up at every opportunity. Aaron's diagnosis of autism was late, at 14 and a half years of age. It was a battle to get a psychological assessment for him. We know from all of the information available that diagnoses post-six years of age have far less favourable outcomes. Aaron, now 17 years of age, spends all his time alone in his room. It is for sure where he is as we speak today. As a result of his condition, he is too anxious to engage with others and too nervous to go outside. Where State intervention was needed it has always come up short. Aaron's family expect that the situation will deteriorate when he turns 18 years of age next month.

Aaron's experience of the education system has been a paltry one. Repeated efforts and attempts to get him to settle in various settings have failed. It is clear to those who have expertise in this area, including Aaron's psychiatrist and psychologist, that one-to-one home tuition is the only option. Aaron's mum has been unable to find a teacher to take up the position. The Department must intervene immediately. This is not the first line of address of this issue. As already stated, I have gone through all other reasonable approaches and felt compelled to bring it to the floor of the Dáil during Topic Issue Debates. My appeal is for the Departments of Education and Skills and Health to intervene immediately. Their record to date in this case has been shameful.

To aid Aaron's development, it is essential that home tuition is provided. It will help to alleviate many of the associated symptoms of his condition, including anxiety, nervousness and depression. Without home tuition, Aaron will become more isolated and angry. Without it, this young person will in a number of weeks become an angry young man. The prospects for him and his future are seriously impaired by the State's failure to respond appropriately to his particular circumstances and needs. In raising this issue today, I am appealing for a cross-departmental response in order to ensure that we are not too late.

**Deputy Leo Varadkar:** I thank Deputy Ó Caoláin for raising this issue, which I am taking on behalf of the Ministers of State, Deputies Kathleen Lynch and Alex White, who are out of Dublin on official business.

As the Deputy will be aware, current Government policy advocates a mainstreaming approach to the provision of services and supports for people with disabilities, including those with autism, whereby people with disabilities have access to the same services as the general population and, in addition, receive the appropriate supports and interventions to address individual needs. The children, adolescents and young people with complex disabilities unit, led by a principal officer, has been established in the Department of Health. This new unit is charged with fostering greater collaboration between the Departments of Health, Education and Skills and Children and Youth Affairs on children's disability issues, including autism and to build on the cross-sectoral working arrangements that are already in place. The Health Service Executive published the report *National Review of Autism Services: Past, Present and Way Forward* in February 2012. This covers children's and adult autism services. The review recommends a move to a more consistent model of delivery, in line with the mainstreaming policy. A reconfiguration of existing service provision is recommended. Also, access should be provided at the appropriate level, depending on need, through the primary care system, school age teams, and specialist intervention services as appropriate. The report will be implemented within existing resources and taking account of the need for greater efficiency and effectiveness in the current climate, and in the context of parallel initiatives, including the value for money review of disability services and the progressing of the disability services for children and young people programme, young people in this context being defined as up to 18 years of age.

With regard to the specific case raised, the Deputy will appreciate that it is not appropriate to discuss the matter in detail in the House, particularly when it relates to a child. However, the HSE has indicated that since the young person's referral in 2009 the child developmental team in Cavan-Monaghan has been actively engaged with him and his family in relation to the identification and provision of assessment and appropriate therapeutic and other services. As the young person concerned is approaching 18 years of age, a full transfer meeting has been held to support his transitioning from child development team services to adult services. A meeting has also been arranged between the key worker, the young person and the family to discuss transitioning arrangements.

The Minister for Health has asked the HSE to keep him informed of developments in relation to the case.

**Deputy Caoimhghín Ó Caoláin:** I thank the Minister, Deputy Varadkar, for taking this issue in the absence of the health portfolio holders. The Department of Health has failed Aaron and his mother. Aaron is without appropriate speech and language therapy and regular psychology appointments. His mum has applied for some respite but to no avail. A recommendation for theory of mind therapy to help Aaron socialise has been ignored. In my view, this is a textbook case of the experience of many young people. Aaron's specialist psychiatrist will retire shortly and there are no plans to replace him. Despite having an excellent relationship with his child psychologist, Aaron, now fast approaching 18, will have to move elsewhere. It should be noted that Aaron does not transfer well, despite all of the points the Minister included in his reply, and we can all understand this. This will all be new, and new challenges will present in dealing with new people; Aaron needs consistency in relationships, and this will be all undone when he reaches 18 years of age.

This situation is wholly unsatisfactory and I urge the Minister not just to set aside the paper after this. I understand he will have an appreciation of the seriousness of the case. I would not have raised an individual case only that it is as serious as I know it to be. I ask the Minister to use his good offices to impact on his colleagues at the Departments of Health and Education and

20 February 2013

Skills because the case needs an immediate cross-departmental co-ordinated response. I appeal on behalf of Aaron, his very understandably distraught mother and his wider family who love him dearly that no further time is lost.

**Deputy Leo Varadkar:** I certainly note the Deputy's comments and his sincerity and concern for the case. I do not know Aaron, and even if I did it probably would not be right for me to comment on an individual case in the House for reasons the Deputy understands. I will ensure the record and the briefing notes I have been given are passed on to the relevant Ministers and I will ask them to take a personal interest in the case.

### Fire Service

**Deputy Eamonn Maloney:** I thank the office of the Ceann Comhairle for including this item for debate. Everyone inside and outside the House appreciates the valuable work firefighters carry out in our communities. There is no disagreement about this. It is worth noting and acknowledging that the majority of firefighters are part time. The principal points on which I wish to focus relate to the Keeping Communities Safe document published in October, and the policy of the Department of the Environment, Community and Local Government on the fire service. The policy document proposes reducing the number of national divisions from 34 to 21, which is a substantial change. Fire service personnel are of the view that serious problems emanate from the report and the policy. They are concerned that the reduction in front-line numbers will endanger public safety. In many communities people are reluctant to ring a fire station because of the continuing myth they will be charged an astronomical amount of money. This is not the truth. According to the firefighters to whom I have spoken, many people first telephone the Garda Síochána and not the fire service about a fire because of this concern about the cost.

Fire service personnel are also concerned about the lack of consultation about the document. They claim efforts have been made to discuss the policy but without success. They claim that of the more than 20 items they have raised they have received comprehensive replies to only two. These people have a legitimate argument to make. They believe there should be a rethink about the policy and that the Department should engage more fully with them. Given the nature of how our society has changed, and the number of people living in apartments, firefighters should not have to go on strike over an issue such as this. There should be greater consultation to try to get the matter resolved before it reaches the stage where people are on strike.

**Minister of State at the Department of the Environment, Community and Local Government (Deputy Fergus O'Dowd):** I thank Deputy Maloney for raising this matter which I will take on behalf of the Minister, Deputy Hogan. The Minister is responsible for national policy on fire safety and fire services. Recently, he published two policy documents, Keeping Communities Safe, and, on 7 February, CAMP - the Next Generation. Both documents were prepared by the Department's national directorate for fire and emergency management through a collaborative process which included - I stress this point - consultation with stakeholders.

I am more than happy to clarify that there is no dispute between firefighters and the Department. The Department is not an employer of firefighters and any issues which arise between firefighters and the local authorities which are their employers are dealt with through established industrial relations processes and systems.

I can confirm that, as a recognised representative body for firefighters, SIPTU has five members on the national directorate's consultative committee, which is a forum where views can be articulated on the directorate's work programme. SIPTU was one of the groups which provided comment during the consultation process, and bilateral meetings were held last autumn to further establish its views on specific issues. The Department also corresponded with the relevant SIPTU officials, and provided them with draft texts and samples of supporting documents. It is a matter of regret that SIPTU representatives indicated they were withdrawing from the consultative committee at its last meeting in December 2012. However, while no stakeholder group can have a veto on policy formulation, the Department has corresponded with SIPTU indicating that, in addition to the consultative committee forum, the bilateral meeting process is available if it wishes to discuss aspects of the national directorate's work.

I assure the Deputy that should matters arise at the implementation stage which could be perceived as affecting the terms and-or conditions of employment of fire service personnel, these will be dealt with through appropriate established industrial relations channels with recognised staff representative organisations at either national or local level as appropriate.

**Deputy Eamonn Maloney:** I appreciate the positive tone at the end of the Minister of State's contribution. I hope, given that two parties are involved in this, namely, the local authorities and the firefighters represented by SIPTU, that there will be a positive outcome. I also appreciate what the Minister of State said at the beginning of his contribution, that the negotiations are not between SIPTU and the Department but between SIPTU and the local authorities. On the basis of the tone of the conclusion of the Minister of State's response I hope there will be further engagement on the issue. Part-time firefighters, or retained staff, make up the bulk of the firefighters we have in the jurisdiction. As I stated at the beginning, it should not reach a stage where members are balloted and we are looking at the threat of industrial action. Tallaght fire station, in my constituency, is one of the busiest in the entire country. It covers not only a wide area of south Dublin, including parts of the city, but also Wicklow and parts of Kildare. At long last, there have been improvements to the station after many broken promises. I am conscious that a group of firefighters like that do an excellent job. It is to be hoped that it will not get to the stage where such people would have to withdraw their labour.

**Deputy Fergus O'Dowd:** I will bring Deputy Maloney's comments to the attention of the Minister, Deputy Hogan. A lot of progress is being made in responding to fires. The number of fire incidents is being driven down consistently year on year. While every death is obviously one too many, the provisional death toll for 2012 is 28, which is the lowest annual figure for fire related deaths for four decades.

I must give full credit to communities themselves, as well as everybody involved in fire safety and fire services, for the work and changes that have brought about this consistent reduction in Ireland's fire death rate to a figure of approximately six fire fatalities per million of population. Achieving this level of community safety places Ireland in the top international league for fire safety. The challenge for all involved now is to sustain this high level of safety.

I repeat that I will bring the Deputy's views to the attention of the Minister concerned.

20 February 2013

## Message from Seanad

**Acting Chairman (Deputy Catherine Byrne):** Seanad Éireann has passed the Houses of the Oireachtas Commission (Amendment) Bill 2012, without amendment.

### Finance Bill 2013: Second Stage (Resumed)

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

**Acting Chairman (Deputy Catherine Byrne):** Deputy Catherine Murphy was in possession. I understand she is sharing time.

**Deputy Catherine Murphy:** Yes, I wish to share time with Deputy Finian McGrath and Deputy Shane Ross.

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

**Deputy Catherine Murphy:** The Bill also makes provision to abolish the job assist scheme, but I wonder why. Will the JobBridge scheme replace it? I hope not. Long-term unemployed people were taken on to the job assist scheme. In recent weeks, a landmark case in the United Kingdom deemed something very similar to the JobBridge scheme to be unlawful. These kinds of incentives are really important.

Before the debate was adjourned, I was trying to draw attention to the fact that there is no strategic focus. We are being told that there is a two thirds to one third approach to cuts and revenue, which was supposed to foster economic growth. However, unemployment has not budged. In fact, it has remained stubbornly high, so that approach is not working.

The lack of any sort of cohesive strategy is also evident in the current handling of public sector reductions. We are hearing about cuts in numbers and wages, but there is no real public debate, engagement or involvement by citizens about the type of services we want or how we would go about paying for them. That is a wasted opportunity.

A recent paper from the Nevin Economic Research Institute states that while we may well recover our banking system and international reputation, we will be left with a number of serious socioeconomic scars from the recession. The chief one of these would be the unemployment crisis.

The scope for investment is limited but there are things that can be leveraged. I would like to have seen them in the Bill. Some things can be targeted, such as broadband, repairing leaky water pipes and retrofitting houses, all of which would draw people in. The issue of carbon tax arises in the Bill, but because we do not ring-fence the take from carbon tax, people see it as being just another general tax. If that tax was ring-fenced, people would accept that, while fuel and heating costs were increasing, they would have the possibility of reducing such costs by insulating their homes. That is a missed opportunity.

SIPTU has argued that there should be a tax exemption on the pension fund levy, given that private pension funds would increase the level of their investment in Ireland by 6%. The

union's rough calculation comes to an investment prospect of €4.5 billion, so it is not without the decent prospect of a return. I am not talking about throwing money at anything, but if the National Pensions Reserve Fund was targeted towards job-rich growth, it would be the right way to go.

As regards the take from corporation tax, some of the companies that get the benefit of our human capital - the likes of Google - pay minuscule amounts of tax. Some of the reasons for that are not necessarily about research and development. They should be re-examined so that they can make a contribution to the education system that will return additional people.

A speaker on the Government benches referred to great optimism and the fact that Moody's and Standard & Poor's were complimentary about us at the moment. I would remind the House that those ratings agencies were the very people who once told us we had a great economy and that our banks were triple-A rated. I would be careful about using those kinds of sources as being reliable, given that they got it so wrong in the past.

**Deputy Finian McGrath:** I am glad of the opportunity to speak about this Bill. At a critical time in our economic history, it is important to have a comprehensive and inclusive debate on all economic matters affecting this country and our citizens. At all times, we must take a measured view and get the finances right for the greater good of society. Sadly, however, this concept has been lost in the current debate, as citizens have been largely forgotten at the expense of economic and fiscal matters.

The Bill before us deals with important issues, such as the income levy, the universal social charge, income tax, corporation tax and capital gains tax. These are major issues concerning the running of this country, particularly at this time. They are covered in section 1.

As regards tax issues, we must deal with the financial deficit while at the same time bringing some common-sense politics into our taxation system as it relates to citizens. Currently, there is a major sense of injustice among people who are crying out for fairness. For example, on Monday I met the family of a severely disabled young man who have paid their taxes and levies all their lives, yet they were told that their son's five day care service has been cut back to three days per week. I raised this matter with the Taoiseach earlier today. In the context of this debate, where is the tax justice and equity for this family? If a family is tax compliant, why should they not receive a decent service for their son? That is all that families of people with disabilities ask. They are taxpaying citizens who have rights and they deserve equality. Surely this is also a clear breach of the disability legislation. It is not fair for families who pay their taxes and that is why I am raising the issue again in this debate.

Looking further into the legislation, we can see that full-time workers on or above the minimum wage have had their pay reduced due to the abolition of the PRSI disregard of €127 per week. Those on huge incomes of €500,000 per year, for example, will suffer an identical reduction, but is that tax justice?

We also see that the household charge - or the home tax, as I call it - is now being introduced. Does that represent tax justice for families who are in the current mortgage crisis? The budget also attacked children, families, those with disabilities, senior citizens, PAYE workers and social welfare recipients. Child benefit was cut by €10 per month, which represents another broken promise. In addition, the respite care grant was reduced by €325. The prescription charge for medical card holders is up from 50 cent to €1.50 per item, with a monthly cap for a

family rising from €10 to €19.50. Is that tax justice? Meanwhile, the drugs payment scheme threshold is being increased from €132 to €144, which is a cut of up to €10 million. Is that tax justice? Approximately €3 million is being spent on special Government advisers, including family members, many of whom are paid in excess of promised limits and this equates to 300,000 home help hours. In my constituency, Craobh Chiaráin GAA club, for example, got nothing, while €195,000 went to the constituency of the Minister, Deputy Reilly. Is this tax justice? A proposed €250,000 cut to the service for the blind and disabled children on Grace Park Road, Drumcondra, is now on the table. Is that tax justice for those families?

**Acting Chairman (Deputy Catherine Byrne):** Two minutes remain to the Deputy.

**Deputy Finian McGrath:** Can one's household afford to employ a tax consultant to reduce its tax bill? A total of 40,000 senior citizens are about to lose their medical cards. I ask these questions in this debate because the tax issue is a very important part of this legislation. The top 10,000 taxpayers each have an average income of €595,900. This information was contained in a reply given by the Minister, Deputy Noonan, to a parliamentary question. Not a penny in wealth tax has been imposed and these top earners will suffer the same reduction of €260 per annum as a person in receipt of the minimum wage. These all are the real issues and this is the reason there is much anger abroad in respect of the Finance Bill. In Tallaght the other night, public sector staff were at boiling point because once again, they were being punished for the actions of others. Moreover, they are right. Why should a nurse, a teacher, a firefighter or a young garda suffer because of reckless bankers, regulators, some politicians and some developers? This is the reason there is so much anger and many Members believe that respect has gone out the window on this issue.

There has been debate this week on the Croke Park agreement. I am very worried about it because there is much misinformation abroad. For example, many German public servants earn more than do Irish public servants. The Committee of Public Accounts has found that many allowances comprise core pay. The Croke Park agreement savings are not overestimated and the Central Statistics Office has found a narrowing gap between the private and public sectors. As for public sector pay, while it is broadly in line with comparable European Union countries, many media reports give the opposite impression. In this debate, no divide and conquer approach should emanate from different people, politicians and Ministers. I am extremely concerned about the issues I have raised.

Finally, on excise duties, section 47 confirms the increase in the rates of tax on tobacco products announced in the budget. I am concerned that this is at a time when major illegal smuggling of cigarettes is taking place. In addition, small businesses again are being hammered as designated smoking areas are being closed down, which costs jobs and people's livelihoods.

**Acting Chairman (Deputy Catherine Byrne):** I thank the Deputy and call Deputy Ross.

**Deputy Finian McGrath:** Finally I welcome the opportunity to put this on the record of the Dáil. It is important to have an inclusive debate in which these issues are dealt with in a sensible manner.

**Deputy Shane Ross:** I am grateful for the opportunity to speak on this Bill, which I find to be a deeply depressing reflection of the thinking, not so much of the Government but of the Department of Finance and those who dictate their thought to them from elsewhere. It is a sort of monument to financial orthodoxy and it possibly is the most conservative Finance Bill of the

past 30 or 40 years. It is completely lacking in imagination or vision and certainly reflects a conservative way of thinking that does not reflect the sense of urgency or vision that might be included in such a measure.

My problem with it is it simply comes back to all the same sources for income and revenue and looks little further than that. There was an opportunity in the budget and this Finance Bill to embark upon a new model. There was an opportunity to tell the troika the Government acknowledges it must reduce a certain amount of revenue to bridge the budget deficit and that there is a problem in this regard. At the same time, however, the Government could seek to be allowed to do what it likes within those parameters and available projections. Anyone who has met representatives of the troika, as virtually every Member of this House now appears to have done, seems to get a different interpretation from what they say and what the Government says. When it is politically convenient, the Government blames the troika for the thinking and measures behind the budget. However, the troika states the Government can do what it likes, as long as the figures at the end pretty roughly measure up. Moreover, they do pretty roughly measure up and I do not dispute that. However, the measures are those of financial orthodoxy.

I have been listening for a long time to my colleagues on this side of the House from the left and while I do not agree with much of what they say, I find it far more challenging and in some cases more convincing to listen to Deputies Higgins and Boyd Barrett than I do to listen to Mr. John Moran of the Department of Finance. I think the aforementioned Deputies are wrong about their sums but at least they are trying to portray a new model and a new way of doing things, not within those same parameters. I listen to Deputy Boyd Barrett from time to time when he talks about multinationals and advocates something I do not believe makes financial sense in the long run. He suggests there is a great pot of gold out there among the multinationals because they are not paying tax at the right rates. He believes one will get billions more for the Exchequer if one taxes them that much more, which will gradually bridge the gap. While I do not agree with him, he has put his finger on a quite interesting point, which is there is great potential in these multinationals which, after all, are a kind of political grey area here because people treat them rather tenderly. They encourage them in some ways and then go and batter them on the head in others. My contention is they should be nurtured and encouraged. I do not know whether anyone in the Chamber remembers the budget introduced some years ago by a Fianna Fáil Government in which it actually reduced capital gains tax with the result that revenue rocketed. I suggest the Government should think a little outside the box and, to reiterate a point I have made previously, it should consider reducing the rate of corporation tax because personally, I believe it would bring in more of the big-ticket items we so badly need. Whatever people feel ideologically about multinationals, they do certain things here. The Americans on their own have brought in more than 100,000 jobs and on top of that, they bring in enormous spin-off activity in the economy. I do not care as much as others obviously do whether they are paying 0%, 12.5% or 33%. At present, the more of them the better because they will produce more jobs and will produce activity in the community, which is so important and is what is needed. However, the Government appears to have absolutely no jobs policy whatsoever. One cannot really have a jobs policy if one is doing what the mandarins and the troika tell one to do.

**Acting Chairman (Deputy Catherine Byrne):** I thank the Deputy.

**Deputy Shane Ross:** The only jobs policy I have seen from the Government is to crucify the pensioners by placing a 0.6% levy on them and putting the proceeds into some sort of mythical bucket elsewhere, which will produce jobs. The Government's second jobs policy is emigration. It is a kind of unsung Government hero because emigration sorts out unemploy-

ment in a highly negative and miserable way. It is not acceptable that this should be the safety valve for a Government which preaches that jobs and unemployment are one of the great problems of the economy.

**Acting Chairman (Deputy Catherine Byrne):** The next Members to speak will be Deputies Donohoe, Fitzpatrick, McLoughlin and Kyne, all of whom have five minutes each.

**Deputy Paschal Donohoe:** I thank the Acting Chairman. Just before addressing a core point on the Finance Bill, I will respond to a point made by my colleague, Deputy Ross. As someone who worked in a multinational company myself, I acknowledge Deputy Ross is well aware of the sector's importance. Yesterday, Facebook announced it would create another 100 jobs in the country. I also remind the Deputy that our balance of payments surplus is one of the best in Europe, despite the fact we are in such difficulty. Our share of multinational business is two to three times what it should be relative to our size and we attract more multinational investment than some of the largest European countries. An analysis that says we are not attracting enough such investment flies in the face of the fact that many of the world's largest companies are investing a significant amount in our economy. I understand the American Chamber of Commerce Ireland published a video yesterday entitled, "13 Reasons Why? FDI". Our country is doing exceptionally well from a foreign direct investment point of view and we want to do better.

I would like to return to the central theme of the budget debate, which is only touched on in the Bill. This is the introduction of the new property tax system and I refer to an issue close to my heart and that of the Acting Chairman's, which is flooding and the impact it has on the value of people's homes. A flooded home is a calamity. I have witnessed home owners waist high in water and I have witnessed how upset they were and the damage caused to their homes. Communities in my constituency that have been affected by flooding include Ballybough, Cabra, East Wall, North Strand and Drumcondra. People have been devastated by repeated flooding but, unfortunately for them, that is the only the start of a difficult experience because they then face being unable to insure their homes. This means that when they are flooded again, they are still trying to deal with the previous repairs let alone the current repairs. The second issue they face is they cannot sell their homes because of the flood risk.

I was in a home in the North Strand recently that had been flooded and I could see the damage to the property from the previous time it had been flooded. However, the home owners were not insured on this occasion because they were unable to get insurance due to the previous flooding. This is an essential issue the new property tax system must recognise. We cannot tax flooded properties or homes that could potentially be flooded at the value of unflooded homes. It would not be fair. If a house has been flooded and it faces the risk of future flooding, it is worth less than a home that has not been flooded and is unlikely to be flooded in the future. The property tax valuation model must make this distinction. If a property owner cannot obtain home insurance, then the market value of the house is massively reduced and the new system must recognise this. It is a market valuation system and, therefore, it should be coherent and consistent. If it should recognise that factors beyond the influence of the home owner mean the market value of his or her home is massively reduced, then that is the value on which he or she should be taxed.

I have raised this issue with the Department of Finance but I am raising it in the House now because it is vital that it be recognised. I would like the Government to give specific guidance to residents who cannot get home insurance and who face a flooding risk. They must know,

first, that they will not be taxed on a value their home does not hold and, second, this must be recognised by the Revenue Commissioners. Residents represented by the Acting Chairman and I were not flooded through any fault of their own and we must not add to their plight through this system.

**Deputy Peter Fitzpatrick:** The Bill implements the taxation measures announced in budget 2013. In addition to introducing the tax increases announced on budget day, the Bill builds on the SME supports introduced in the budget and includes a number of new measures to support them. The SME sector will be the driver of the economic recovery across the country and the Government is committed to supporting this key sector. This is why the primary focus of budget 2013 and this legislation is on jobs and, specifically, why the Government prioritised the introduction of measures that will support the sector. SMEs are the key providers of jobs throughout the State and with the loss of 250,000 private sector jobs between 2008 and 2011, the sector will lead the recovery in the domestic economy and create the jobs to make serious inroads into our all too high unemployment level. Each of the measures in the Bill is designed to help this critical sector to trade, invest in new products, enter new markets, sustain existing jobs and create new ones. These initiatives will build on the supports available through Departments and agencies and the measures introduced to support credit flow into the sector.

The ten-point tax reform plan was announced in the Budget Statement. This plan includes measures that will make a difference for the SME sector such as reforming the three-year corporation tax relief for start-up companies, increasing the tax receipts basis threshold for VAT, amending the close company surcharge to improve the cash flow of SMEs and extending the foreign earnings deduction for work-related travel to certain additional countries.

The Bill gives effect to auto diesel excise duty relief for licensed and compliant hauliers. Following consideration, the relief will be extended to the licensed passenger transport sector. The relief will take effect from 1 July 2013 and the amount of relief will be linked to the price of auto diesel with the maximum amount of relief being 7.5 cent per litre.

As well as being extended for a further seven years from 2014 to 2020, the employment and investment incentive will be amended to allow the operators or managers of hotels, guest houses and other self-catering accommodation to qualify subject to review after two years. The hotel sector currently employs approximately 51,000 individuals and the extension of the incentive to cover investment in the sector will help to sustain these jobs and potentially create additional employment.

The Bill also provides for measures announced in the Budget Statement to enable farm restructuring. Capital gains tax relief will be available where proceeds of a sale of a farm are reinvested for restructuring purposes. The relief will also apply to farm land swaps subject to certification by Teagasc for all transactions seeking relief. The commencement of the relief is subject to receipt of EU state aid approval.

The Bill also provides that individuals will be allowed a once-off option to withdraw up to 30% of the value of AVCs made to supplement retirement benefits. Withdrawal will be liable to tax at the marginal rate and the option to withdraw will be available for three years following the passage of the Bill.

The legislation also provides for changes to the USC. Standard USC rates will apply to those aged 70 and over and to medical card holders - both PAYE and self-employed income

earners - who have income in excess of €60,000 per annum. The current lower rate of USC, which applies until the end of 2013, will continue in place for all other relevant income tax earners. The Bill also contains an additional measure to improve the access of SMEs to the “key employee” provision of the research and development tax credit regime. Under current legislation, to qualify for the credit an employee must spend at least 75% of his time working in research and development and this threshold is being reduced to 50% to assist SMEs to avail of this provision.

On a daily basis in my constituency office in Dundalk, people are saying Ireland is on the road to recovery from the biggest downturn in the history of the State. I commend the Bill to the House.

*5 o'clock* **Deputy Tony McLoughlin:** In the short time available to me I propose to comment on a number of significant proposals in the Finance Bill, as set out by the Minister for Finance, Deputy Noonan. These measures will create opportunities, particularly in the tourism sector. The inclusion of hotels, guesthouses and self-catering accommodation under the employment and investment incentive scheme is one such example. The Bill provides for an extension of the scheme until the end of 2020 and as part of this extension, hotels, guesthouses and self-catering accommodation will be allowed to qualify on a temporary basis where they meet the conditions of the incentive. This will cover investments in this sector, help sustain current jobs and potentially create additional employment.

Recent budgets have introduced sharp increases in the overall tax burden. It is vital that we maintain a tax system which encourages investment. Targeted measures which support construction are welcome and provide, in a small way, a stimulus for the domestic economy. The higher VAT threshold, which will increase from €1 million to €1.25 million, will give companies with a small turnover more time to pay VAT bills. This measure will improve cashflow for many smaller businesses.

Like many of my colleagues, I warmly welcome the return of a fuel excise rebate. This is a welcome measure for hauliers and bus and coach operators, all of whom have been badly hit by the high cost of diesel. It will also support job creation and growth by reducing the cost of moving goods and give a further stimulus to tourism in the year of The Gathering. I am pleased to note the rebate of 7.5 cent will only be available to properly licensed and tax compliant operators. This requirement will help to prevent legitimate operators from being undercut by non-compliant operators. Currently, bus and coach operators cannot reclaim VAT on fuel, which creates major difficulties for them and impacts on their profitability.

While the Minister had few options available to him in framing the Bill given the current budgetary position, he has introduced some welcome initiatives with regard to small and medium sized businesses and certain property tax incentives.

I urge the Minister to examine options to encourage greater investment in the economy in the Finance Bill 2014 through tax reliefs that will direct investment towards areas where it is needed. We must avoid the previous approach where tax incentives drove a false economy and contributed to the boom and bust disaster in the property sector. As with incentives introduced in the mid-1990s and driven by the rainbow Government, any new initiatives must have advantages for taxpayers and investors and act as a stimulus in sectors that require a stimulus. I look forward to some imaginative proposals in the 2014 budget when the budgetary position will, I hope, be better.

**Deputy Seán Kyne:** The main objective of this year's Finance Bill is to continue the vital task of stabilising the State's finances, which continue to be in a precarious position unfortunately. Balancing the books and returning the nation to a sustainable footing is of paramount importance. As can be seen in this and previous Finance Bills, performing this task is easier said than done. Widening our tax base in order that we reduce borrowing is vital and unavoidable. It should not be difficult for any Member to appreciate the substantial gap between income and expenditure, which currently requires the State to borrow €1.2 billion per month. The troika has also stated that Ireland must broaden its tax base.

Balancing the books is not sufficient, however. For example, substantial increases in expenditure in the health sector in recent decades have not, on their own, resulted in better outcomes. Smarter, more effective and targeted ways of working and achieving results are essential.

While the Finance Bill contains measures to widen the tax base - increased taxes are never popular - it also has a clear focus and purpose. Revenue raising measures are accompanied by a new vigour and an emphasis on positive actions in areas which will speed up our return to sustainability. For example, the ten point plan for medium and small sized businesses will collectively support job creation initiatives that will, in turn, reduce pressure on the social protection budget. The plan will help small and medium sized companies reduce administration costs, protect and enhance cashflow and extend the foreign earnings deduction for work related travel, which is essential for building export links.

Section 20, which extends the tax relief programme for the film industry, is another welcome initiative. I appeal to the Minister to consider extending this relief to other creative industries such as gaming. Cities such as Galway and Dublin are fast becoming locations of choice for this rapidly growing industry. We can and should encourage Irish entrepreneurs by supporting the development of an indigenous industry alongside the multinational companies, all of which are very welcome.

On the issue of multinational companies, section 31 is relevant as it concerns the agreement between Ireland and the United States regarding the system to improve our international tax compliance. The agreement also facilitates recognition of US accounting standards, a matter referred to in last year's Companies (Amendment) Act. Such innovation ensures that we will reduce and minimise red tape and bureaucracy while prioritising job creation.

I am also heartened to note the inclusion in the Bill of a provision addressing another issue that I and many others have raised with the Minister. I refer to the provision in section 16 allowing citizens to make a once-off withdrawal of up to 30% of the value of a pension created through additional voluntary contributions, AVCs. This issue has been raised a number of times in the Joint Committee on Jobs, Enterprise and Innovation, of which I am a member. The measure clearly required careful consideration as a balance needed to be struck between assisting citizens who are experiencing financial difficulties and protecting the provision they are making for retirement. I hope the measure will boost consumer spending and allow people to withdraw from an AVC pension to help out family members if they so desire.

On farming, of which I have significant knowledge, I welcome the Minister's initiative on stock relief. That more farmers are aged over 80 years than under 35 years is a major problem in agriculture and for this reason I welcome the initiative.

Budgets must be framed in a fair and transparent manner and the Finance Bill builds on the

verified fact that the Irish taxation system is one of the most progressive in Europe, as has been confirmed by the OECD, Economic and Social Research Institute and European Commission. While the Bill, by necessity, widens the tax base, it also contains further measures to ensure that those who are most able to contribute to restoring the nation's finances do so. These include such initiatives as the requirement that older citizens with income in excess of €60,000 per annum pay the standard rate of the universal social charge, the abolition of top-slicing relief for lump sum payments of more than €200,000 and the 3% increase in deposit interest retention tax and capital gains tax, which brings CGT up to 33%. These and other measures ensure we can protect and maintain social welfare payments, while holding to the commitment not to increase tax bands or rates.

A sense of fairness is also evident in section 97. The section includes the necessary legislative changes to facilitate the Personal Insolvency Act, which is essential to alleviating the serious problem of mortgage arrears, an issue being debated in Private Members' time this week. I also welcome initiatives for hauliers and passenger transport companies, which will allow them to remain competitive and protect and expand their businesses. Deputies were subject to considerable lobbying to ensure the budget was at least cost neutral for hauliers.

The Finance Bill gives effect to a pro-jobs budget and sets in train a process that will ensure we broaden our tax base and secure sustainable funding sources for local authorities. The latter is important as Deputies, most of whom are former members of local authorities, know too well. The Bill is the latest in a series of Finance Bills planned by the Government to restore economic sovereignty and I welcome its many initiatives.

**Deputy John McGuinness:** To reflect the comments of previous speakers, I acknowledge that the Finance Bill and budget contain measures which will positively impact on small business. I also acknowledge the change in respect of diesel rebates introduced in the Bill. As someone with a background in haulage and transport, I appreciate the necessity for a diesel rebate. It will impact down the line in terms of the cost of delivering services to customers across the country. I welcome the diesel rebate's extension to bus and tour operators, those who are central to transport operations. Undoubtedly, they will feel the benefit.

Consider what occurred in the lead up to the budget and what is occurring now. In a debate on the Finance Bill, one cannot but help highlight the fact that finance through the banks is not being made available. As I have stated time and again - the Minister of State, Deputy Perry, was present in the Chamber one such time - small businesses are not receiving the type of support one would expect from the banks, particularly given that the latter have been allocated so much money year on year to support the SME sector. To date what is happening in the banks is nothing short of restructuring. They are restructuring term loans and overdrafts and in some instances are withdrawing overdraft facilities.

There are conflicting views on this, but if it was not the case we would not need the Credit Review Office, CRO. The banks would be functioning and everything would be grand. The business person, the young entrepreneur, would be getting the money he or she requires. However, that is not the case.

The Government must tell the banks to do much more for enterprises and to focus on family businesses and small employers in every parish, which is currently not the case. We are giving banks taxpayers' money, but it is going directly to their bottom lines to correct their balance sheets. They are not interested in helping enterprises to correct their own balance sheets despite

this being what they are meant to do. It is disgraceful that they ignore the representative bodies of businesses as well as the Government while reconstructing themselves so they can step out from under the Government's control at some stage in the game. For one or two banks, this will not be for a long time yet, but it will be business as usual once they are out of Government control. They must meet businesses' needs.

I ask the Government to listen carefully to the SME sector. Consider what it is doing. We have listed the benefits to haulage and transport operators. If one tries to renew a haulage licence or to have another truck added to it because of a new job or contract or an improvement in business, it will not be done overnight. It will be put into a pile that will be dealt with, to cite departmental officials, in due course. Will the Minister of State find out from them what they mean by this? Have they no respect for the fact that, in due course, that contract may no longer be available to the haulier and the renewal or addition - perhaps a new job or two - might no longer be required? Perhaps "in due course" could be granted a different urgency and officials should be told to review such applications urgently. Jobs depend on it, but they are ignoring the pleas of enterprises to deal with applications expeditiously. Will the Minister of State take note of this fact? Perhaps someone in the Department will bring about a change in how it handles applications.

For the Government, its commitment on upward-only rent reviews was a major issue. I am a landlord and I understand how difficult it is to legislate in this regard, but there is not a single landlord in the country who has not been approached by tenants on long or medium-term leases about reducing their rents. The collapse began in 2006. Anyone who examined his or her costs, including rent obligations under leases, would have appealed to his or her landlord. Most sensible landlords set aside their upward-only rent review clauses and reduced their rents.

Many significant companies are locked into upward-only rent reviews and have failed to get their landlords to see common sense. I appeal to the Department to establish a means, where necessary, of forcing landlords into reviews of their upward-only clauses.

I ask the Government to lead by example. I have been told that Shannon Development holds 43 leases with upward-only rent review clauses; the IDA holds 74 leases, of which 63 have upward-only rent review clauses; the Department of Agriculture, Food and the Marine has 70 leases, 90% of which have upward-only rent review clauses; and Údarás na Gaeltachta has hundreds of leases, a significant number of which surely have upward-only rent review clauses.

I draw the Minister's attention to an individual in Donegal who sent the keys to his premises back to the Minister for Agriculture, Food and the Marine, Deputy Coveney, in an envelope because he could not negotiate new terms that reflected the true value of rents in the marketplace. The man wrote to the Taoiseach asking him to intervene because jobs, a mortgage and a business were at stake. Since then, the man has closed his business and he has gone on the dole. A young entrepreneur, he was finished by the Government and its attitude to its own properties and upward-only rent reviews.

There is a case to be answered. It is not pie in the sky. I am reading from a letter to the Taoiseach, citing the example of a small, true businessman who was trying to make ends meet. He is one example of many. Many of the units in most of the ports controlled by the Minister for Agriculture, Food and the Marine have been closed, some for up to ten years. Will the State get off its behind and try to solve these problems for enterprises so that people can stay in employment? They are willing to pay rents, but not the daft rents of many years ago. The old levels

need to be reviewed. The State should lead the way.

I will cite a further example of how the SME sector is treated. Highbank Organic Orchards in Kilkenny is a craft cider maker. The budget increased excise duty from 47 cent to 57 cent, representing a 22% increase. In 2002, the last time there was a substantial increase in excise duty, the sale of cider fell by 11.3%. Why can we not redefine what this business is so that it equates to the definition of a micro-brewery? This would provide the business with reliefs similar to those seen in that industry. It employs 30 people. All of the apples are grown in Ireland, supporting a further 200 jobs. Surely we must consider these people and understand that other concessions, tax reliefs and so on sometimes only apply to exporting companies or niche markets, such as research and development. We completely forget the indigenous sector that is creating and sustaining jobs in this country at huge effort to family-run businesses that are run on an individual basis that create sustainable jobs. The Government thinks that without a whisper one can increase such a person's problem by 22%. It is a disgrace. It should have been challenged in the Finance Bill. The Bill should contain a provision to give such a person and the industry some relief. After all, they are Irish businesses creating Irish jobs and they export if possible. It is not too late for the Government to introduce an amendment. Regardless of what kind of circuits we go through in this House or in the committees, the Government has a substantial majority and it can if it wants introduce the appropriate amendment to deal with what is a simple issue. The Government should do so. It affects small jobs in this country and we must indicate our absolute support for them.

Vintners are another group that exists in every single parish in the country. They made representations to Deputies and Senators across all political parties because their business is dying on its feet. The Minister of State, Deputy Perry, is aware of that. If one calls to any establishment in the country one will find that they are not doing the same turnover as previously. They are paying for water at the rate of €3 per cu. m. They contribute substantially to the local economy. They made recommendations because their trade is affected by off-licences. One suggestion is to introduce a system whereby one's turnover for off-licence activity would form the basis of one's tax liability and licence renewal fee. The vintners made simple, sound suggestions. I do not back up any single industry; it just happens that they are small businesses that are good examples of how Government policy can affect business in a negative way. Each and every one of them pays rates to local authorities. Rates are another Government-imposed tax that could have been addressed in the context of the budget. Why does the Government not introduce a Bill that would allow each and every one of those businesses to have a self-assessment system whereby following an assessment their rates might come down. The rateable valuation system will not affect any such businesses for another five or six years. Vintners do not have that much time yet the cost imposed on them by local authorities continues at a level that is unbearable for small enterprises around the country. Why does the Government not do something for them? Why does it not introduce the simple system I suggested with appropriate guidelines and penalties if someone decides to take advantage of it? The Government must ensure rates for vintners are revalued and that the contribution continues but at a lower level. That could be done without a problem yet there is no response from the Government on it.

I wish to refer to PRSI contributions that will be taken from rental income in the future. All of the tax initiatives have now been withdrawn and those who were involved in developing properties from a pension perspective rather than for the sake of development are the ones who are being penalised. Now they will be taxed further through a new initiative from the Government. They will pay their property tax and rates where they apply instead of property

tax. Anyone who is making an effort and attempting to do business is being penalised left, right and centre. The Government boasts about its support for the SME sector. I do not know many SMEs that have felt the benefit of any measures introduced by the Government in the budget or through the Finance Bill. They have not benefited. Even the concession on cashing in one's pension will not apply to the self-employed yet they are the very people the Government is expecting to grow the economy. Speaker after speaker has said we rely on the SME sector. In its day the sector created up to 900,000 jobs. In the United States one hears talk about the single entrepreneur as the person who will lead the way out of its economic difficulties. We are exactly the same in a much smaller way. We heap praise on them every single day yet we do nothing to help them. I acknowledged previously the business initiatives the Government took in the budget but when one comes down to the level of families working in their petrol station, pub, off-licence, haulage company, cleaning service or other small business that is supportive of jobs within a local area, they will not feel one single benefit from the Bill except that the Government will take more money from their employees and from them as employers.

The Minister of State, Deputy Perry, is familiar with business. I appeal to him to reconsider some aspects of the Finance Bill and to give people such as those to whom I have referred a break. It is necessary to understand what is happening in the wider economy. What seems to happen in this House is that when we arrive on Tuesdays, Wednesdays and Thursdays we are in a bubble and we forget the real dilemma in which people find themselves. People face problems such as mortgage arrears, mortgage debt, personal debt, negative equity. One hears about it every single week at one's clinic. One hears businesses complain every single week at one's clinic. They are not feeling any relief from the budget. The introduction of the property tax is another example of the disconnect that exists between the Oireachtas and the people we represent.

One could argue about whether Fianna Fáil had an agreement with the troika and that the Government is left to implement it. That is a political argument. Let us look at the reality. People cannot afford to pay the septic tank charge and they cannot afford the household charge yet the Government intends introducing a property tax which Revenue will require another 100 staff to administer. It is the wrong tax at the wrong time. People do not have the money to pay it. The imposition of a tax at this rate is a further nail in the coffin of some people in terms of their finances. There is still time to review the Bill in terms of the supports that are necessary for the SME sector. There is still time to address the issues I have raised based on the examples I outlined.

I urge the Minister of State, Deputy Perry, to ask the Taoiseach to look at the letter from the man in Donegal. It is a complaint and a suggestion but it is a true story similar to the experience of those involved in cider manufacturing or the haulage sector. For the past 20 years the Government has said it has reduced the burden of bureaucracy and red tape, in addition to the cost of business. If one asks anyone in business he or she would say that it costs a considerable amount for administration to keep the show on the road. The smaller the business, the more difficult it is. In the case of each small business one will find a family member is working double the normal hours every week in order to provide employment in a local area.

**Acting Chairman (Deputy Catherine Byrne):** The next speaker is the Minister of State, Deputy John Perry. He is sharing time with Deputy Noel Harrington. They have ten minutes each. Is that agreed? Agreed.

**Minister of State at the Department of Jobs, Enterprise and Innovation (Deputy John**

**Perry):** Before I read my prepared script I wish to respond to Deputy McGuinness's point about the confidence in credit. One must remember the legacy we inherited. Miracles take a while longer.

**Deputy John McGuinness:** We heard all of that rubbish before.

**Deputy John Perry:** It is not rubbish.

**Deputy John McGuinness:** There is no need to go into that now.

**Deputy John Perry:** That is the point.

**Deputy John McGuinness:** The Government has been in office for two years. It would want to start accounting for itself now.

**Deputy John Perry:** If the Deputy wants a reply, a review of licensing is ongoing with which I am dealing. That is a fact. We are now reviewing 50 licences in the retail trade involving 15 different authorities. We are hoping to have one authority by the end of the year. Members can call for rent reviews but the Deputy must remember that it was the previous Government that signed up all the soft leases. I checked the leases and I noted the generosity of the last Administration on leases and the clauses in them.

**Deputy John McGuinness:** I am talking about private businesses.

**Deputy John Perry:** This is about private businesses.

**Deputy John McGuinness:** There is no point in talking about that. The Minister of State should read the letter.

**Deputy John Perry:** It is easy for the Deputy to come with all the solutions and all the answers. His party was long enough in government and it did nothing about these matters. We have an understanding, concern and respect for business and we are in touch. We know only too well that the issue is about getting the banks to lend. It is not that simple to get money to small business because there is also the issue of their viability. It is an issue of confidence and raising the confidence of the public. When the Deputy and his colleagues come into the House and are pessimistic every day of the week, it does not build confidence among people. Irish exports are at an unprecedented level. I meet business people all the time. They are not as pessimistic as the Deputy makes out that they are. He must remember that during the boom in the economy we had 13,000 sq. ft. of retail area per head of population compared with 1,000 sq. ft. per head of population in the UK. That is the backdrop from which we are coming in terms of the leases. It would be no harm for us have some straight talk.

On that point, before Deputy Ross came into this House, he talked about monetary policy and fiscal policy. He was the man who said that Seánie FitzPatrick was the best man who ever came into town. That was monetary policy. The Government is doing its best to deal with fiscal policy.

I can assure the Deputy that Mr. John Moran, the Secretary General of the Department, and the Minister for Finance have put together a very comprehensive package in the Bill for SMEs. This Government has an understanding and respect for business and is providing a service for SMEs. In the previous Administration it was all about the big cats. We are dealing with the small SMEs who employ one or two people.

**Deputy John McGuinness:** That is not in the Bill.

**Deputy John Perry:** This is a budget to provide for SMEs and the focus is on creating jobs in the real economy. The Taoiseach is very much aware of small companies. The Forfás report reviewed 159 licences required to do business. We are reducing them and will get rid of every one of them if we can. That is the legacy we inherited. The Minister, Deputy Noonan, has put together a comprehensive package. I read an appalling article the subject of which was a major attack on Enterprise Ireland by Deputy Ross. He is the business editor of a leading newspaper. If he was meeting the SMEs he would know only too well the role being played by Enterprise Ireland and what it and the IDA are doing for SMEs in every region. It is easy to take an article from a national newspaper and make a major attack but the facts are that they are doing the job on the ground. The Minister, Deputy Noonan, is addressing the challenges facing SMEs. We are examining the issues of late payments and a review of licences. The Taoiseach is meeting the banks almost every day of the week on the issue of the availability of credit and also Mr. John Trethowan's office regarding people who have been refused credit.

The Deputy, being a businessman, will know only too well that even dropping rates by 10% will not make a fundamental difference-----

**Deputy John McGuinness:** It would matter to the people about whom I am talking.

**Deputy John Perry:** -----but the Minister, Deputy Hogan, is examining that.

**Deputy John McGuinness:** That is an outrageous statement. A drop in the commercial rate would affect people in terms of the viability of their businesses, and the sooner the Government does that, the better.

**An Leas-Cheann Comhairle:** Deputy, allow the Minister of State to continue.

**Deputy John Perry:** It is not a difference of profit and loss because on the basis of the rates of an average business of €3,000 per year, per euro it is 310%. No rates have gone up under this Administration. The Minister, Deputy Hogan, is dealing effectively with a major reform of local government.

As the Minister with responsibility for small business, I welcome the opportunity to speak on the Finance Bill. In budget 2013 the Minister for Finance put the SME sector at the centre of this Government's strategic plan for economic growth and job creation. The Government recognises that the operating environment for SMEs remains difficult, which is the factual position, and therefore we are committed to taking a range of actions to support this important sector.

Deputies will be aware that in the November medium-term fiscal statement, which is all about the fiscal management of Government, the Department of Finance published an economic assessment of the SME sector in Ireland. This paper highlighted that SMEs make up 99% of businesses in the enterprise economy in Ireland and account for almost 70% of people employed by them. These figures show how important SMEs are to Irish economic life. The numbers highlight the importance of sustaining and generating employment in Ireland and suggest that our recovery strategy must focus additional support on SMEs. The issue is about confidence and credit, buying to support the Irish economy, supporting small companies and getting the domestic economy up and running. If every politician is pessimistic about the economy, however, people will not buy products and will instead save their money. People are

not shopping or spending locally. Our job in government is to create an air of confidence.

To that end, I very much welcome the ten point tax reform plan announced in the budget. This plan includes measures that will make a real difference for the SME sector such as reforming the three year corporation tax relief for start-up companies, increasing the cash receipts basis threshold for VAT, amending the close company surcharge to improve cashflow for SMEs and extending the foreign earnings deduction for work related travel to certain additional countries.

The Deputy referred to the issue of vintners, and the Government is introducing major reform of the alcohol trade in terms of addressing below cost selling, the abuse of the alcohol trade and the unitary cost of alcohol. The Government will bring forward significant proposals to deal effectively with the issue of the home consumption of alcohol. The viability of the licensing trade is suffering as a result of the selling below cost of brand leaders and that issue will be dealt with by the Government.

I am also pleased that two additional SME measures are included in this Bill, namely, the amendment of the key employee provision of the research and development tax credit regime by reducing, from 75% to 50%, the proportion of time that such an employee must spend solely on research and development activities - which must be welcomed - in order to qualify for the credit, and the amendment to the employment incentive and investment scheme to permit operating or managing of hotels, guesthouses, self-catering accommodation or comparable establishments to qualify for this incentive. That must make a real difference. These initiatives will build upon the supports that are available through Departments and Government agencies and the measures introduced to support credit flow into the SME sector. The action plan for jobs will be announced very shortly and Members will see what the Government is doing to revitalise this economy in the SME sector.

The Government is focused on ensuring all businesses, including SMEs, are supported in every way to develop their business, increase exports, create jobs and rebuild the economy. By far the most talked about problem in recent times facing the Irish SME sector is the non-availability of adequate credit facilities, and we all agree that is a problem, but banks will not give money to businesses that are not viable. The Deputy knows that only too well, regardless of the situation.

**Deputy John McGuinness:** That will not give money to anyone.

**Deputy John Perry:** They will not give money to non-viable businesses. Access to finance is a key issue for SMEs and is critical to long-term economic success. We have brought in the microfinance fund, the partial loan guarantee fund and there are private investors and other investors, but it is all about investing for a return.

Increasing access to credit is a priority that the Government is addressing in a comprehensive and co-ordinated manner. The initiatives taken by the Government to restructure and recapitalise the banking system are the principal response to make credit available as banks will continue to be the primary and dominant supplier of credit for SMEs. There are 23 million SMEs in Europe. I attended the competitiveness Council meeting during the past two days and the availability of credit is an issue in the UK and throughout Europe. Unfortunately, that is the legacy of the financial fallout.

The action plan for jobs also highlights the importance of access to finance for enterprise in Ireland. In particular, it advocates a proactive approach to the SME sector, which is fundamen-

tal to the future of Irish business, banking and the economy as a whole.

A range of national initiatives have been developed to support the flow of credit to enterprises. In addition to initiatives to recapitalise and restructure the banking sector, which taxpayers have done, we are examining a code of conduct for business lending to SMEs, which has been done, and we also established a simplified application for banking.

My Department has also taken action to address some specific market failures which will add value to the actions the Minister for Finance has taken. In particular, I refer to the two targeted schemes, the microfinance fund and partial loan guarantee scheme. In addition to these initiatives, the seed and venture capital scheme, Innovation Fund Ireland and the development capital scheme are also helping Irish companies. The other side of credit revolves around prompt payment and we have put in place a measure to address that, which is critical. The late payment legislation is a welcome mechanism.

It is important to ensure Ireland becomes a thriving innovative economy which is the best small country in which to do business, which is not easy. The Deputy knows that. He was in the job I was in. The recognition of the importance of and support for small business is vital to kick-start this economy. The Government is determined that we will restore confidence and the issue is about confidence, access to credit and getting people to believe in job creation. I travel from Donegal to Cork and meet people in enterprises every day of the week. All they want is to see a sense of confidence, and those people are extraordinarily confident. I attended the crafts fair in the RDS and the people I met there were not talking about doom and gloom. They were all getting on with their job, finding new markets, adopting new technologies and finding other mechanisms to get funding into their business.

I compliment the Government on its recognition of the role played by small business. Turning the ship around takes some time, unfortunately, but this Government is determined to support the critical role of SMEs in this economy. The Taoiseach has the personal motivation and interest in ensuring that we recognise every business person as a real job creator. We do not create the jobs in this House. It is business people who create the jobs and we must create the environment that will encourage them to create jobs.

**Deputy Noel Harrington:** I am grateful for the opportunity to speak on the Finance Bill 2013. It is obviously not a pleasant experience to introduce property taxes and so forth but we must concentrate on the positive measures in the Bill. The SME sector has been spoken about a lot in this Chamber today and it will benefit from the Bill.

We must take corrective measures because this Government inherited a country that was practically bankrupt. The behaviour of the previous Government was reckless. The ship of State was adrift and the officers were in the mess rather than the wheelhouse. They were not in the bridge and we had a problem. I do not know of any Deputy who likes imposing these cutbacks or who does so lightly but we do not have an option. According to the estimates for 2012, we spent approximately €55 billion but only took in €38 billion. We are overspending by almost €4,000 for every person, which is an extraordinary figure that must be addressed. When my party leader became Taoiseach there were many issues to be addressed but because of the totally dysfunctional state of the country and the economy, it was almost impossible to do so.

This Bill contains many incentives to encourage job creation and economic growth, particularly in the SME sector. I also welcome the support for the agricultural sector, particularly

20 February 2013

the capital gains tax reliefs to encourage farm restructuring. The capital gains tax restructuring relief and young farmer's stamp duty relief until 2015 have been described by the ICMSA as "pragmatic". The ICMSA recognises the benefits of this Bill and welcomes it.

I also welcome the sections of the Bill relating to real estate investment trusts. It is quite extraordinary that in the time of the greatest building boom this country has ever known, the setting up of companies to develop was discouraged. It was necessary to set up syndicates, conglomerates or associations and the sector was out of control. In the United States, where similar provisions were introduced in the 1960s, there was a measured, structured approach to construction. It may not be popular to say this but we need a thriving construction sector in this country. However, we need it to be carefully regulated and sustainable. We need a construction industry that will provide employment for those men and women who do not have the skills to seek employment elsewhere. The construction industry needs nurturing, as does the retail industry and this Finance Bill will go some way towards encouraging those sectors.

I have heard it suggested that Government Deputies live in a bubble and are out of touch but I know plenty of Deputies and Senators - I am one of them - who run small businesses. I employ four staff and I know that the SMEs in this country, generally speaking, want to be left alone. They want to develop their own businesses, have access to credit and when they have an idea for expansion, they want to be able to do it without any outside interference. They want to deal with the financial institutions fairly and they want a chance to pay back any loans they get. They do not want red tape and the Government is doing a lot to remove it.

Many references have been made to rates. I pay business rates and I know that a 5% or 10% reduction would not make or break my business. However, it would be a significant torpedo to the local authorities in terms of their finances and a bonanza for the larger multinational companies who pay between €100,000 to €1 million in rates. They would be absolutely thrilled to get a reduction in rates that they have never sought. The businesses who are screaming about an increase in rates closing them down would find a drop in rates would result in an insignificant reduction in their overall bills. Rates never closed a business. It is always a combination of issues that closes a business. Regrettably, we see such closures every day. Indeed, I saw one such closure in Skibbereen at the weekend and I have also seen another in Bantry recently. Those business people need to be encouraged to get back into the market, to get back into an entrepreneurial spirit and they need credit. They know what they are about. They have employed staff and know what their markets are, and they want to be left alone to carry on their work.

Rates and the property tax have been referred to on numerous occasions today. The decision taken by the Fianna Fáil Government in 1977 to abolish rates has critically damaged local government for the past 30 years. The introduction of a new property tax has been described as punitive and grossly unfair. While it is not a pleasant measure to have to introduce, it is a sustainable charge that must be introduced to support local government. It is worth noting that in 1977 when rate collectors were calling to every household in the country, the rate at the time was around 55 old Irish pounds. It was the equivalent of a month's income. It was the greatest and toughest bill for any household to pay. Many people could only pay in instalments and the rate collectors had to keep calling back to get the money. Very few people were able to pay it all in one go in the first month of the year. That puts the new property tax in context. For many people, the new property tax will amount to €90 per year and the majority of people in my county will be paying somewhere in the region of €220 per annum. Those payments will support local government and will take some of the burden off businesses like my own which have, for the last 20 years, funded local government to the tune of 30% to 40%. What do businesses

get for that? We must get real in this country about who pays for what services.

I also welcome the extension of the fuel rebate to bus and coach tour companies. The rebate will not only add to their bank balance but will also add to the confidence of those operators who are trying to formulate their business plans for 2013 and beyond. The tourism industry, while challenging, is growing and these companies want to tap into that. They need the assurance from Government that it will support them in their plans. That measure is very welcome.

I also welcome the changes announced recently to the property tax for those hard-pressed owners of pyrite-affected properties. They are in an awful situation and I am glad that the Government has acknowledged that. An exemption from the property tax will not solve their problems but it at least acknowledges the situation they are in. I also welcome the exemptions for properties owned by charities or occupied by those who are permanently incapacitated.

Between 1997 and 2007, money was spent by Government on countless mismanaged, wasted, white-elephant ego-trips. The waste and Government mismanagement at that time cost this State €10 million per annum per Deputy on that side of the House. It is an extraordinary figure. This Government has business as its focus. It is jobs oriented because that is how this country will get back on its feet - one job at a time, one SME at a time, one county at a time. That is how it will happen. The ship of State is still in treacherous waters. However, the officers are no longer in the mess but are in the bridge.

**Deputy Martin Ferris:** Is the tide going in or out?

**Deputy Noel Harrington:** Difficult decisions must be taken and Deputy Ferris knows exactly what I am talking about. I know that Deputy Ferris's compass is generally working but maybe once there was a slip-up along the line. He knows exactly what happened. We are doing the best we can. It is acknowledged that Ministers, Ministers of State and Deputies are working extremely hard to rebuild the country's reputation and bring back the confidence of the country. It will bring the economy back, one SME and one job at a time.

**Deputy Peadar Tóibín:** With the agreement of the House, I will share my time with Deputy Martin Ferris.

Any Deputy who tells the House we have no choices is telling a lie. Anyone who studied economics knows that the world of economics is replete with theories and mechanisms to manage an economy and with levers to pull to stimulate different parts of the economy. It is a lie to say to the Irish people that there are no choices. It is important to state those facts so baldly. There are different routes to achieving Irish economic regrowth. The Government has chosen an extremely regressive route of retraction which is based on Margaret Thatcher's economic theories. We are all aware of the context of the Bill. The domestic economy is hammered as a direct result of the calamitous mismanagement of Fianna Fáil, but in a democracy, by definition, there are always choices.

The Finance Bill 2013, as part of the budget process, is an example of the type of socio-economic choice the Government has made. There are a number of routes back to growth, balanced budgets and a sustainable debt-to-GDP ratio. The route to which Sinn Féin subscribes is one where commercial debt is dealt with on a commercial basis. It is not the perverse Fianna Fáil-Fine Gael-Labour policy that private debt is paid for by people with disabilities through cuts in respite grants, by poor families through cuts in child benefit, by pensioners through cuts in fuel allowances and by targeting maternity leave. They are all the choices the Deputies on

the Government side of the House have made.

The route to sustainability to which Sinn Féin subscribes is through fiscal responsibility, ensuring those who can pay do so and not through the fiscal irresponsibility of the Government which has re-nationalised the Fianna Fáil golden circle of debt. The route to growth to which Sinn Féin subscribes involves the reduction of cost to business through the reform of upward-only rents which the Minister refuses to acknowledge is the source of many job losses in the retail economy. It also involves reform of the rates system and the introduction of progressive rates. Growth through the refocusing of funds from the National Pensions Reserve Fund, the European Investment Bank and the private pension industry would build badly needed infrastructure now, put people back to work now and create efficiencies and competitiveness the country could enjoy into the future.

These are the choices Sinn Féin would make. They are not unique to Sinn Féin. If Government Ministers would only open their eyes they would see that many governments throughout Europe and the rest of the world are currently carrying out these policies to great success. Such choices would, of course, demand strong leadership and, unfortunately, we have no leadership in the Government. We have a Government that bends to the vested interests of Europe and the various lobby groups in Irish society.

To date, the economic management choices of the Government have led to continuous high unemployment and a disgustingly high level of emigration. One of the major costs of the Government's economic plans is the shocking figure of 167,000 people who have left the State since it came to office. They face no chance of a job, collapsed living standards, higher and unfair taxes and increased costs. Many of those individuals left through no choice of their own. What is left behind is 350,000 out of work, 60% of whom are long-term unemployed.

These figures would have embarrassed the Governments of the 1980s. In some way, the Government tries to spin them as progress. We are told the programme for Government is being implemented and we are meeting the criteria of the troika. These figures represent failure by any economic measurement. When Sinn Féin met the troika I asked if the policies they were espousing - unemployment, reduced living standards and emigration - were not economic failures. They acknowledged that while the debt collector was being paid, they could not stand over these economic indicators as in any way positive. We have seen major increases in poverty levels, child poverty levels and mortgage distress. The domestic economy continues to shrink, creating a cycle of economic retraction.

While the export sector is performing better, there are a number of structural problems in this area. Pharmaceutical patents are running out, exports to the United States fell in the last year and our major export markets, Britain and the rest of the EU, are falling in and out of recession.

From the point of view of jobs, enterprise and innovation, I welcome a number of the initiatives in the Finance Bill. Qualifying group expenditure on research and development will increase from €100,000 to €200,000. Investment in research and development is investment in jobs and innovation. The Bill contains other job creation initiatives. When our party was briefed by the Department of Finance, however, I was surprised by how little evidence these policies are based on. It seems that unseen lobbyists are having policies introduced that are not evidence based.

Tax credits for key employees engaged in research and development will be reduced from 75% of the time engaged in research to 50%. We asked why this was the case and what were the projected improvements to the system, the projected costs to the State and the likelihood of increased investment in research and development. The Department of Finance did not know the answers to any of those questions. The same is true of section 9, which seeks to include additional countries in lists for which companies can claim tax deductions on employee pay. Again, the staff of the Department of Finance could not give us figures for how this was already working for the countries that are included and had no projections based on fact for what was expected to be achieved from the other countries that were included in the lists.

These may be good initiatives. It may that, through luck, they will offer improvements and growth within the market, but this is not evidence-based policy. The least that could be expected from the Minister is that there would be cost-benefit analysis of schemes that are focused on job creation and measurement of jobs created, jobs retained and jobs displaced. That is not the foundation on which these initiatives were created. A number of other tax concessions are clearly lobby based rather than evidence based. From now on the Minister should provide full assessments of the cost of schemes. The airplane leasing industry enjoys considerable tax breaks. We have not been able to find out the cost-benefit of these to the economy. The incentive to Georgian homes in the Minister's constituency of Limerick seems like stroke politics. I respect the need to maintain inner city streetscapes, but when one gives money to the owner of a Georgian house in a city, one takes it away from someone else. There is an opportunity cost there, and we need to know the opportunity cost of that initiative.

The initiatives in the Bill cannot mask the fact that the medicine, Government policies, is killing the patient. The Bill will place further pressure on those on benefit and the working poor. It disproportionately hurts lower and middle income households. Excluded from the Bill is a wealth tax. The Minister for Finance said a wealth tax would likely bring in €500 million. In direct contrast to the wealth tax, the Government has introduced a family home tax with no regard for stamp duty, negative equity, unemployment or ability to pay.

*6 o'clock* Instead of reform of upward only rents, we have incentives for landlords. A number of weeks ago, *The Sunday Business Post* reported that landlords lobbied Fine Gael to stop it from reforming the upward only rent system. Once again, the budget provided more goodies for landlords, goodies that could re-inflate the property bubble.

This budget will suck money from the economy; it will remove €3.5 billion. It is a retracting budget by its very nature. The Minister will claim to have limited room to manoeuvre, which is often the response from Fine Gael or Labour Party Deputies, but they say this simply to close down debate because there are other ways economically and democratically.

The Government has chosen to tax families rather than tax the most wealthy. It has chosen to cut benefits while giving tax breaks for Georgian home owners. It has incentivised property developers and failed to act for tenants with upward only rents. It has failed to burn the bondholder and has instead burned the Irish citizen. This budget fails the test of fairness and it fails the test of promoting economic growth and jobs.

**Deputy Martin Ferris:** The Finance Bill as it deals with farm-related revenue issues has some positive aspects. Capital gains tax relief will assist in farm restructuring. The extension of the 50% stock relief has also been welcomed. On the other side, however, the increase in capital taxes and the 10% reduction in capital acquisitions tax threshold as applied to farms will

have a negative impact. Most capital taxes applied to farms are on intergenerational transfer and do not represent an actual tax on a capital gain. That will further impede the necessary transfer of land to younger farmers on top of previous cuts to installation and other schemes designed to encourage farm transfers in a situation where a significant proportion of Irish farmers are over 65 and would like to pass their land on if the proper structures were in place. One of the most negative measures was the ending of the early retirement scheme in conjunction with the end of installation aid.

Small to medium farmers, particularly in the western counties, also suffered from other budgetary measures. Among these were the changes to the disadvantaged area scheme and a €5 million cut to the suckler welfare scheme. Many struggling farm families will also be severely impacted by the cuts in the farm assist programme administered by the Department of Social Protection. That has played a significant role since its introduction in providing some relief for low income farm households, many of which depend on farm assist to supplement income levels well below the national average. I doubt there is a Deputy in the House who has not had representations from small family farmers who are practically destitute and completely dependent on the farm assist scheme to put food on the table. The cut was one of the most retrograde and disgraceful aspects of any budget.

The cuts are actually far more severe than other social protection programmes and entail a significant cut in farm income for many farm families. Between the cuts made in last two budgets, a family with three children would have seen farm assist cut by 50%, from just over €200 per week to a little over €100 per week. There are currently 11,000 farm families who are part of the farm assist scheme but the majority of those families are in the western part of the country, with the Taoiseach's own County Mayo alone having over 1,800 families who rely on the scheme

Another issue that threatens farming families is the proposal to base third level grants on the market value of the land and other assets rather on the actual household income. Many farmers who have what would appear to be above average holdings earn well below the average industrial wage and it is unfair to effectively deny children the opportunity to attend third level based on an arbitrary change in the criteria for the awarding of grants.

Farm families, and rural families in general, have been impacted along with the rest of the population by other negative measures introduced as part of the austerity programme. Among them is the property tax, which has generated considerable opposition with reports of large crowds turning out at meetings around the country. It is also clear, as we can see from the meeting of front-line public sector workers in Tallaght on Monday, that despite the euphoria that was being talked up regarding the Government's deal on the bank debt, people do not perceive there will be any benefit to them, in spite of the claim that the burden will be significantly reduced. Indeed, the longer austerity continues and the more people realise the negative impact it will continue to have on all aspects of their lives, the more it will dawn on them that the extension of the debt repayment schedule, with no relief for Irish people themselves, is a bad deal.

The indications from the IMF and elsewhere seem to signal clearly that it would not be in the least bit happy if the Government or its successor were to use the potential easing of the debt burden to reduce the level of cuts or perhaps even to inject some badly needed capital into a stalled economy. One must suspect, however, that this idea finds a willing reception among members of the Government who, apart from the bank debt and the fiscal crisis engendered by it, are in any event ideologically committed to cutting public provision and attacking the public

sector by undermining wages and conditions, and by selling off lucrative parts of State companies and State assets. It is clear that we need a stimulus programme but the commitment is to go in the opposite direction, including the short-sighted sale of State assets which could be utilised as part of encouraging economic growth.

In a reply to a question I put last week regarding NewERA, the Minister for Agriculture, Food and the Marine stated that the Government still intended to use it to supervise the investment strategies of State companies that could work together in certain areas, specifically in the general area of energy, which would involve the ESB, Bord Gáis, Bord na Móna and Coillte. Unfortunately, the clear intent as signalled by the McCarthy report on State assets, and the Government decision to follow its recommendations, is in the opposite direction, and will involve not the positive utilisation of public companies and their assets, but their sale or lease to the detriment of any longer term plan of public investment. Indeed, one doubts whether the initial concept of NewERA, which involved a specific investment sum, would be tolerated by the troika, which is clearly opposed to any public investment of this type to help stimulate growth.

The lack of such stimulus and the commitment to austerity is why we have this Finance Bill with the measures that flow from the last austerity budget in December. Contrary to what democratic economies and societies learned from the 1930s on, some people have still not learned that we cannot cut our way out of a recession. If there is leeway in repayments on the debt, that should be regarded as a potential opportunity to inject some stimulus into the economy. The evidence from around the country is crystal clear. Just as every euro invested in growth and job creation has a positive multiplier effect, so every euro taken out of the economy has an opposite and negative impact. This Finance Bill is part of the mechanisms of austerity by which it is being implemented and that is why my party will be opposing it, just as we opposed the budget on which it is based in December.

I mentioned many aspects of the budget in my remarks this evening. As a Deputy from rural Ireland, I know the significance of each small contribution to survival on the family farm, such as farm assist. I cannot understand how rural Deputies who know the crisis faced by small farmers could come in here and vote in support of the disgraceful cut by the Government to that lifeline. Not alone is the Government voting away that lifeline, it is penalising ordinary innocent decent people who kept the struggle going in a way of life, and the previous Government, and now this Government, have carried out a policy of driving them off of their holdings. That is what is happening here. Farm assist could help some to get over the current impasse but, by reducing it and by also taking away the installation aid and early retirement from the farming sector, the Government has done untold damage to that community. I will leave it at that.

**An Leas-Cheann Comhairle:** There are 20 minutes in the next slot. Deputies O'Mahony and Dara Murphy are here. I call Deputy O'Mahony, whose name is the first I have here.

**Deputy John O'Mahony:** I welcome the opportunity to speak on the Finance Bill which puts into effect the measures of the recent budget. Whatever the criticisms, and we all have them, we must acknowledge that it was one of the most difficult budgets, probably in the history of the State, to put together, especially due to the fact that at the beginning it was stated that income tax would not increase because one cannot tax work and the main social welfare payments would not be reduced. Difficult decisions had to be made in this budget, as in the previous one, but I commend the Minister for including some protections and safety nets. Last year the Minister took 300,000 persons out of the universal social charge and this year there are also a number of protections. It is not enough and we all would like to see more, but we must

not forget the reason for some of these difficult decisions is because of the recklessness and bad decisions of previous Governments. We cannot merely take everything and not balance the books in some ways.

In that context, I compliment the Minister for Finance, Deputy Noonan, and his team for the promissory notes deal of two weeks ago. Everyone acknowledges it is only one, perhaps small, step but in many respects it is a major step in regain economic sovereignty. What I would hope would come about as a result is that it would give some flexibility in future budgets to allow more safety nets and protections, in particular, for low and middle-income families.

I have talked to many such families over the past couple of months. Deputy Martin Ferris referred to small farms and farm assist, but many of those families are also affected by other measures, such as the child benefit reduction and the lack of eligibility or having to wait for student grants. There are many difficulties here and we must acknowledge that there has been much pain taken by those families on low incomes who are just above the line.

I particularly refer to the matter of farm assist. There are 1,820 persons on farm assist in my constituency of Mayo. The scheme provides a safety net for farmers on very low income and due to the reductions in some of the farm payments, they got farm assist which helped them. Under the changes proposed here, a married couple with two children on an income of €15,000 a year, which is a very small income, will see their payment reduced from €131 per week to €83 per week. This does not apply to those on family income supplement. There is a discrimination against the small farmers here. One also must remember that it is only those on farm assist who qualify to get on the rural social scheme which means that their employment prospects are affected as well.

In addition, there are the child benefit changes that were announced in this budget and even the proposals of which we have heard in the past 24 hours. I intend to follow this. Child benefit is vital to many thousands of families around the country and whatever proposals are introduced in the coming budgets or finance Bills, there needs to be a restructuring where those on higher incomes suffer all of the reductions in child benefit and those on low and middle incomes do not suffer any further reductions in it.

**An Leas-Cheann Comhairle:** I take it Deputy O'Mahony is sharing time with Deputies Dara Murphy and Timmins. He has one minute remaining.

**Deputy John O'Mahony:** Yes. I want to bring some balance to this. I welcome the provisions in the Bill, for instance, the extension of the fuel rebate to the licensed transport hauliers. This protects thousands of jobs around the country and enables and supports the tourism sector and helps the growth for which we all yearn. I also support the changes in the SME sector and the farming sector in the transfer of lands and consolidation of farms. The latter will facilitate farmers. It will encourage the transfer of land to younger farmers to allow them consolidate their farms and be more efficient and productive.

I note two small provisions that may not bring in a great deal of revenue this year, the relief of universal social charge for those over 70 years on high earnings and the increase for those on over €100,000 on self-employed pensions. The way to go in future budgets and finance Bills must be that more of the pain is taken by the high-income earners.

**An Leas-Cheann Comhairle:** I call Deputy Dara Murphy who has six and a half minutes.

**Deputy Dara Murphy:** The Leas-Cheann Comhairle might tell me when I have two minutes remaining.

I also very much welcome the opportunity to speak on this year's Finance Bill. This continues a succession of measures over the past couple of years to restore the economic prospects of the country. On the deal on the promissory note - there was much discussion about whether it was sustainable debt - it is probably true to say it was unsustainable and now has moved to a far more sustainable level. Our foreign direct investment sector remains strong and we have a balance of payments level that would be the envy of most countries.

Mention was made by Members from Sinn Féin about stimulus and austerity. This year, we are injecting a huge stimulus by way of €15 billion, which will be reduced to €12 billion over time. That, by any measure, is a stimulus. It is a borrowed stimulus.

The rule that Sinn Féin seems to not wish ever to accept is a simple rule of economics, that over time income and expenditure must balance out. That is not the same as austerity. It is a simple rule that applies to every household, business and economy. It is a very difficult path because we were spending beyond our means, but there is no other option. There is no silver bullet.

While some of the sectors of the economy are showing signs of improvement and strengthening, the one area which gives rise to the most concern and which needs the most urgent address by the Government is the area of domestic demand, which remains very weak. There are measures, such as the increase in deposit interest retention tax, to stimulate spending but it is the challenge for all of us over the next couple of years to look at measures whereby we can increase domestic demand. There has never been such a level of domestic saving in the country. While many people are certainly in very difficult banking circumstances and have a large amount of debt, there has never been so much money held on deposit in our banks. We need to consider creative measures to incentivise people through the tax code or the VAT code to encourage them to take some of the money they have on deposit and spend it in the domestic economy. I believe this could be targeted particularly in areas such as construction that have high levels of employment and where the services are predominantly provided by indigenous and Irish owned companies. For example, Canada has schemes whereby an amount of value added tax can be reclaimed for spending within certain parameters and on a certain scale, and indeed when the businesses engaged in the provision of those services also qualify by virtue of tax clearance and employment levels.

Two further areas need to be addressed. In Dublin and in Cork and even in smaller cities like Limerick it is hard to believe there is the possibility of a shortage of large office space. While two or three years ago this would have seemed a ridiculous suggestion, we may need to consider introducing some tax incentives and using publicly owned land for the provision of large office space. In my city of Cork some very large office space has all been filled, thankfully, for which IDA Ireland, in particular, deserves great credit.

We need to consider how the valuations for property tax will apply to houses that have been affected by flooding. This is not just an issue in Cork, although in my constituency areas such as Blackpool, Ballyvolane, Glanmire and other areas are affected. It also affects Dublin and other parts of the country. A valuation for a house that has been flooded is different from the exact same house perhaps in the exact same suburb that is not subject to a flood risk. Owners of such houses cannot receive insurance. When deciding the valuation of a property, account

needs to be taken of it being subject to flood risk while flood remedial works may be due to take place in the future. If a house cannot get insurance as it is subject to flooding, its valuation cannot be deemed to be the same as a similar property perhaps in a very similar location. The matter was raised by Deputy Donohoe from Dublin Central earlier and while it will not affect a vast amount of properties, for the people involved it is a very serious issue.

**Deputy Dara Murphy:** *delete*

**Deputy Billy Timmins:** I wish to pick up on the point Deputy Dara Murphy made on property tax and house insurance. A large number of properties cannot receive insurance owing to flood risk. In my county, householders in Bray, Arklow, Baltinglass and several other towns approached me long before the concept of property tax was mentioned to say they could not get insurance owing to flood risk. We need to make provision to compensate or recognise the difficulties such people have.

I welcome the Finance Bill, which contains many progressive measures. I also welcome that since the publication of the budget the Minister has taken on board some suggestions to introduce progressive measures to help the economy back on its feet. I recently called on a friend who, like most businesspeople, has not been in the best of form in recent years. He outlined to me the various bodies he had to deal with, including the local authority, health and safety, health inspector relating to catering, health inspector for tobacco control, fire officer and IMRO. That was before he ever went to deal with traders, Revenue or his customers. I welcome that the Minister for Jobs, Enterprise and Innovation is making progress in trying to deal with the difficulties with bureaucracy that businesses are encountering.

The same individual recounted to me - I went to the film "Lincoln" recently so I hope these statistics are fairly accurate - that the Gettysburg address contains 272 words and yet EU directives on eggs contain approximately 10,000 words. That tells us something. My grasp of detail is not very good but I know that Deputy O'Dea has a considerable amount of spare time on his hands and will go away and research the matter, and come back to correct me or otherwise.

**An Leas-Cheann Comhairle:** The Deputy has five minutes remaining.

**Deputy Billy Timmins:** How many words have I spoken a Leas-Cheann Comhairle? I can say in five minutes what most people take 30 minutes to say.

**Deputy Fergus O'Dowd:** Two Gettysburg addresses.

**Deputy Billy Timmins:** I welcome the measures for small and medium-sized enterprises because the retail trade is dying on its feet throughout the country. Every night in most provincial towns is like Christmas night - bereft of cars and bereft of people. Notwithstanding that it is hard to stand in the way of people's changing purchasing habits, we need to bring in measures to facilitate them.

I want to address some measures in the Bill, starting with section 16. For some years I have raised with the Minister for Finance and his predecessor the concept of releasing money caught up in pension funds. I welcome that a person can now access up to 30% of accumulated additional voluntary contributions, AVCs. However, this should be extended to other categories of pensions. It is difficult to understand how somebody - an employer or whoever - might have invested and money is caught up in it. They cannot get access to money from the banks and yet we will not permit the release of this money. It is important to realise that if the money is

released, tax will be paid on it. I would like to see the Minister extend this measure.

I welcome the section 20 provisions on film relief, which is very important in my county. I would be a strong advocate of tax reliefs. While I accept it was populist to change the provisions on stud fees a number years ago, I disagreed with the removal of it. It helped the industry greatly at the time and we should not shy away from reliefs when we believe they are appropriate.

Section 21 extends the timeframe for the employment investment incentive, EII, scheme and its remit to include hotels, guesthouses and self-catering accommodation for a two year trial period. However, Dublin, Meath, Wicklow, Kildare, and Cork county and city, with the exception of the docklands in Cork, are excluded. Deputy Dara Murphy will be interested to note that a person seeking to invest in a small and medium-sized enterprise in Cork will not get the tax relief he or she might get across the border in Tipperary or somewhere. This is inequitable and unfair to the counties. There may have been a logical and pragmatic reason for introducing it in the boom time period from the point of view of having regional balance. However, there are parts of those counties, including in my county, where areas are definitely as impoverished as anywhere else in the country. I ask the Minister to go back to the EU and try to get this issue addressed so that there is a level playing pitch. It is difficult to understand how a hotel in Galway, Mayo or Kerry can avail of this tax relief and yet a hotel in parts of south-west Wicklow cannot. Actually we have very few, if any, hotels in that area because we do not have the tourist numbers.

Section 24 deals with the donation of heritage property. I am glad that has been extended to include certain accompanying buildings, outbuildings, yards and land. I note that the tax relief has been decreased from 80% of the value of the property to 50%. If I am reading this correctly, it is a retrograde step because the values of properties have decreased anyhow. We should be encouraging people who want to hand over property. Altamont Garden in Carlow is a classic example of a property handed over to the State and is of great benefit to the State. If Coolattin House on the golf club in south Wicklow were handed over to the State, it could be of great benefit to the country. When the Minister is wrapping up I ask him to outline why this measure has been taken, which seems retrograde and not progressive.

I wish to make a point about the economy in general. The only way we can come out of this difficulty is by making everything subject to measurement. We cannot afford to be wedded to outdated ideology. Whether an organisation is in private or public ownership is irrelevant to me if it works. If a hospital, school or local service operates better in private ownership, let it be. Equally, if they operate better in public ownership, let it be. We should be prepared to remove services from organisations that are not efficient. No one can stand over the inefficiency and complete mess made by SUSI of the third level grants system. It is totally unacceptable that families, six or seven months after their children started college, have not still received their grants. When grants had not been processed within three months we should have introduced emergency legislation to remove that function from SUSI and give it to another body. There are plenty of organisations that could do the job.

We must also address the issue of labour law. The hands of companies are tied, in terms of dealing with employees who are inefficient, owing to our labour law. Companies are afraid to address this issue owing to the raft of labour law in place. Equally, we must ensure there are in place measures such as education, retraining and upskilling for people who are unemployed. I am a great advocate of workfare rather than welfare. I welcome the moves being made in this

regard. People want to work and an opportunity to contribute. It improves their self esteem, the economy and society as a whole. Every cause has its merits. However, there is a limit to funding. The population of the European Union accounts for approximately 10% of the world population yet it spends in the region of 50% of its budget on welfare. We need to address the issues of good causes and value for money.

The Gettysburg Address contains 272 words and the EU directives on eggs contain 10,000 words. Somebody might confirm for me if the latter statistic is correct. The lesson in this regard is that we need more action and less words.

**Deputy Willie O’Dea:** It is always difficult to follow Deputy Timmins. I have had a look at section 24. The Deputy’s reading of it, that relief is reduced from 80% to 50%, is correct.

The purpose of the Finance Bill is to give legislative effect to the changes, in particular tax changes, announced in the budget. This Finance Bill, like others, provides for a number of changes, most of which are marginal and some of which I welcome in so far as they go.

The budget did little to tackle the main two ills confronting Ireland socially and economically, namely, the massive and growing unemployment crisis and the lack of credit which is causing much of the unemployment crisis. The official statistics, which do not always tell the full story, indicate that 14.6% of our population are unemployed. The figure in respect of people under 25 years of age is more than 30%. As I said, the official statistics do not, unfortunately, tell the full story. There are many schemes in place, including social employment and community employment schemes, all of which are worthwhile and many of which I support and accept the necessity for, which tend to mask the true rate of joblessness in this country. What also conceals the true unemployment statistics is the fact that many people are now hiding out in the education system. People are now remaining longer in the education system because there is no prospect of their getting employment.

What is worrying about the official statistics is that on each occasion the unemployment rate is announced, which is on a monthly basis, the proportion of people defined as long-term unemployed grows inexorably. We have reached the stage where more than 50% of the people in this country who are officially unemployed fall into the category of long-term unemployed. This is a social, personal and economic tragedy for the country. What more than anything else masks the true rate of unemployment or lack of job opportunities in this country is our startling levels of emigration. According to the Department’s figures, last year more than 70,000 people left our shores. No doubt there are some who would have us believe these people left voluntarily as they wanted to see the Seven Wonders of the World. In my experience - I am sure Deputies on the other side will share this experience - 99% of the people emigrating from this country are doing so because they cannot find a job here.

The figure of 70,000 is startling. It amounts to 1,400 per week and 200 per day. Many of the 200 people per day who are leaving are people who have been highly educated, which education was dearly paid for by the taxpayers of this country. They are the type of people who have the skills, expertise and education we badly need to lift this country out of the economic morass. That they have to leave the country and go overseas to get work is a real tragedy. My main point is that emigration tends to mask the true rate of unemployment here.

The other difficulty confronting business here is the lack of credit. This country is starved of credit. In the mid-1840s we experienced the great potato famine. For the past number of years

we have endured a great credit famine. The Minister for Finance has, by his own admission, stuffed the banks with capital, which is taxpayers' money. This was done not because we like the banks or because they are venerable institutions that need to be preserved but to enable them to extend credit to business. Credit is the lifeblood of business. It is needed if we are to get the economy and employment moving again. The banks have failed abysmally to give credit and nobody can dispute that. Nobody looking at this from the outside or objectively can deny that the banks have failed abysmally to do so. I will give an example.

The stated target in 2012 in terms of new lending by the pillar banks, as given to me by the Minister, Deputy Bruton and a number of other Ministers, including the Minister for Finance, Deputy Noonan, was €8 billion. The pillar banks did lend €8 billion in 2012 but only €2.5 billion of it was new lending. The remainder relates to the continuation of loans and facilities already in existence for another year. The amount taken in by the pillar banks in 2012 by way of repayments from SMEs was €4.5 billion. Taking the figures of €2.5 billion in new lending and €4.5 billion in repayments, the amount of credit available to SMEs from the pillar banks in 2012 contracted by €2 billion. That is a fact.

The banks are still engaged in an Orwellian exercise to get people to disbelieve the evidence before their eyes, pretending that everything is normal. The latest argument is the old chestnut resurrected that they are prepared to lend but people are not asking for credit. People in business are not asking for credit because, while the banks say they have money to lend, the conditions attached to that lending are so stringent there is no point in their putting themselves to the expense of applying for it. That is the reality. Two years on, the Government needs to apply direct pressure on the banks. I welcome the proposed moves in this regard. The Taoiseach seems to be acting like a latter day King Canute, suggesting to the banks that they might change their policy and advance credit, but this patently has not worked.

I welcome a number of measures in the Finance Bill, but somebody looking at the economic context in which we are debating the Bill would wonder to what extent are we detached from reality. The Bill contains various improvements, for example a provision that airport hangars will be treated as industrial buildings to attract accelerated capital allowances. Shannon Airport is in my neighbourhood and I welcome this measure, but one wonders what contribution it will make to the 440,000 people looking for jobs and the 200 people who emigrate per day.

As one of the many people who lobbied in favour of it, I welcome the extension of the fuel rebate to include coach and tour operators and hauliers. However, I remind the Minister of State that other businesses use their own fleets, such as catering businesses and concrete manufacturing businesses. From my reading of the legislation, if it is correct, the rebate does not extend to these and therefore they will be at a disadvantage *vis-à-vis* large operators. I would like the Minister to examine this.

Changes are being made with regard to research and development reliefs, including to the definition of a key employee. The point has been made that there is no accurate measurement of the potential impact of this on investment in research and development. In fairness to the Minister I do not think there could be; it is not possible to measure it. This is a step in the right direction and I welcome the steps, small and incremental though they are, to change the tax regime with regard to research and development. We are seriously in danger of falling behind. Other countries have latched onto this and made their research and development systems very attractive from a tax point of view. We urgently need to encourage more investment. I repeat that the Minister, Deputy Noonan, is moving in the right direction in this regard but he is mov-

ing far too slowly.

I am totally opposed to section 8 which for the first time in history will impose a tax on maternity benefit. This has to be taken in conjunction with the cuts in child benefit in the two most recent budgets and the cuts to the back to school clothing and footwear allowance. It is an attack on children and women. Niamh O'Ceallaigh, a spokesperson for a leading parent's group, stated when this was announced in the budget that it is as if the Government does not want women to have children. This provision will affect 46,000 people and will yield €40 million for the Government's coffers. This means that a woman who happens to get pregnant will be on average €833 worse off. What I equally object to is the spurious reason given in the budget speech for its introduction. We were told there is a lacuna in the law as this State benefit is not taxed. We lived with it for a long time and suddenly when the country is on its knees and people are literally struggling to get by from week to week we discover we have fallen in love with the idea of uniformity in the tax system.

I welcome the measure to provide groups for retail investments but I wonder how effective it will be in practice. I imagine there will be very few of them because the company must be quoted on the stock market and taking into account the expense of this I doubt we will see more than one or two in the country. However, it is a move in the direction of other countries and may attract some foreign capital into a sector that has run into the ground.

The Minister, Deputy Noonan, also announced that when he obtains permission from the European Union he will introduce a scheme to enable people to repair their houses and repair retail shops in certain city centre areas. The two cities chosen were Limerick and Waterford. I must be careful about what I say because I represent a Limerick constituency in conjunction with the Minister, Deputy Noonan. I welcome any concession coming to Limerick. The Minister, Deputy Noonan, explained this was not just a stroke and that he was not just giving money to his own constituency. He explained there was a very good scientific basis for this and I agree. He based it on the level of unemployment. Limerick is the unemployment blackspot of the country. Unemployment in Limerick city runs at 28.2%, which is almost double the national average, and youth unemployment runs at more than 50%. This is the constituency represented by me, the Minister for Finance and the Minister of State with responsibility for housing.

I know many people who live in the inner city area of Limerick, which will be subject to this tax relief. They live in pretty shabby rundown derelict houses and are in a very poor position to repair them. They could do with assistance from the taxpayer or whoever. I am very surprised the forthcoming assistance will be confined to people living in Georgian piles. I have represented the constituency for a long time and there are people living in Limerick city centre who are a hell of a lot poorer than people who happen to be living in Georgian houses in Limerick. Georgian houses look well and add to the tone of an area but the Minister, who knows the city pretty well, knows there are many others apart from those living in Georgian houses who could do with a bit of assistance and it certainly would improve the aspect of the city.

With regard to the other part of the concession, which is assistance for retailers to do up their shops, it will be difficult enough to operate it in Limerick because as far as I can see most retail units in the city centre have closed down. The place is a shambles. I was approached at the weekend by one or two people who were minded to take over derelict shops and do them up. They asked me to find out how the tax relief would operate and when it would come into effect. I made inquiries from the Department of Finance and spoke to some very courteous officials who told me that given the necessity to obtain European consent it would be at least 12 months

before it comes on stream and that there is little or no chance it will be retrospective. When I told my constituents this and gave them the bad news they said they would not go ahead but would wait. Instead of acting as an incentive to do something with the rundown retail shops in Limerick it is beginning to act as a deterrent, which I am sure is not the intention.

I welcome the provisions for early access to pensions, but I must say they are too restricted and are likely to make very little difference because they exclude the self-employed, who are the people who would be most likely to benefit from the measure and take down capital and put it into the economy. This will reduce the effectiveness of the schemes severely. The increase in the health insurance level comes at a time when the sector is being driven to the brink of collapse. I deplore the provision which scraps the €127 PRSI exemption for those earning more than €352 per week. It means that people earning just over €18,000 a year will be hit in the same way as people who earn a multiple of this. It is a blunt, unfair and regressive provision. I find it deeply ironic that a Government which includes the Labour Party could not bring itself to impose an extra 3% in the universal social charge on the share of income of people earning more than €100,000 per annum but could bring itself to impose an extra €5 a week, or €264 per annum, in tax on people earning €18,000.

I do not see any thing in the Finance Bill, and nor did I hear anything in the budget, about pensions payable to senior civil servants, senior bankers and senior politicians. The level of those pensions has scandalised the public, the people who are struggling from week to week. Is the Government aware of credit union surveys that show people who are supposed to be on respectable incomes, such as gardaí and nurses, have little or no disposable income once they have paid their bills? They are scandalised by the amount of pensions being paid to retired civil servants, bankers and politicians.

Fianna Fáil has definitive proposals in that regard and the Government could do much worse than take those in hand and implement them. It would demonstrate leadership and give an example to the people whom we are asking year in and year out to bear austerity.

The forthcoming insolvency legislation will not make any impact on the question of mortgage arrears, which represent a dam waiting to burst. Those arrears have the potential of an iceberg threatening the ship of State. Some 190,000 people, or one in five, are in mortgage arrears. Almost 30% of residential mortgages are either in arrears or have had their mortgages restructured. We are talking about 450,000 people who are experiencing difficulty in repaying their mortgages. That is a serious problem.

Some 50% of house owners with mortgages are in negative equity, yet those are the people on whom the Government is proposing to impose a property tax. I always thought the idea of a wealth or property tax was to tax an asset, but for over half of mortgage holders we will be taxing a debt. It is a new departure to impose tax on debt. Those in arrears, in negative equity and struggling to survive, are being forced to pay a property tax, while water charges area coming down the road. The Government must focus on these issues from now on.

The 2013 budget follows its predecessor of 2012 in being regressive. We have had about eight budgets since the advent of austerity. The 2012 budget was the first regressive one, which punished the poor more than the well off. The 2013 budget continues this trend.

The Government's own think-tank, the ESRI, has pointed out that in budget 2012 the poorest 40% of households saw a decrease in their income of 2.5%, while the income of the wealthy-

est 30% of households decreased by only 0.7%. In other words, the poor were hit four times harder than the rich and the budget of 2013 continued this process.

**Deputy Terence Flanagan:** I wish to share time with Deputy Michael Creed. There is a total of 20 minutes for the slot.

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

**Deputy Terence Flanagan:** I also welcome the opportunity to speak on the Bill. This Government has had three objectives since it was elected to office two years ago: first, to return the country back to stability and deal with the national finances; second, to repair the banking system and get Ireland's banks lending again, particularly to enterprises; and, third, to restore jobs and economic growth.

A lot has been achieved in stabilising the economy, rebuilding the country's reputation internationally and getting the banking system working. There is, however, a lot more work to be done in dealing with the unemployment situation which is totally unacceptable. The Government will be dealing with it as a matter of urgency over the coming years.

The promissory note has been replaced with a new long-term Government bond which is very welcome. It provides the necessary breathing space for other options which the Government can take in the forthcoming two budgets. Work is taking place in getting financial help from the European Stability Mechanism in relation to the other 50% of total banking debt that went into our banks.

This Bill contains many good initiatives, including some new things from the budget. Some of these ideas have already been mentioned by the Minister for Finance, Deputy Noonan, in his Budget Statement. The primary focus of the budget and the Finance Bill is to create jobs and get Ireland working again.

The introduction of the new Jobs Plus scheme later this year will provide grants to employers to encourage them to employ individuals who have been on the live register for longer than 12 months. That move is to be welcomed and I look forward to hearing more details about it.

In the Bill before the House, the Government has rightly decided to focus on a 12-point plan for small and medium enterprises, which are the key providers of jobs across the country. If the domestic economy is going to recover, it is crucial that we deal with the high unemployment problem by encouraging enterprise and creating jobs.

Over 250,000 private sector jobs were lost between 2008 and 2011. This is a challenging time for all sectors that have been hit by the recession. Job creation is the key in this regard. Each of the 12 points contained in the SME plan is designed to help this critical sector to trade, grow new products and markets, and ensure that existing jobs are retained and new jobs created. SMEs account for almost 70% of people employed in Ireland, hence the strong focus in the Bill on that sector.

I wish to put on record the great work that the Minister of State, Deputy John Perry, is doing in this area. He comes from a business background and is committed in this respect. He understands the issues involved and is working extremely hard for small and medium-sized enterprises. The measures in the Bill include a three-year corporation tax relief for start-up companies; extending foreign earnings' deduction for work-related travel to certain newly in-

cluded countries, such as those in Africa; increasing the VAT cash receipts basis threshold from €1 million to €1.25 million; and amending the close company surcharge to improve cash flow for SMEs.

The Bill proposes to amend the research and development tax credit by reducing it from 75% to 50%. This concerns the proportion of time an employee has to spend exclusively on research and development activities in order to qualify for the tax credit. That is an improvement on the previous onerous position.

In addition, the employment and investment incentive is being amended to include hotels, guest-houses and self-catering accommodation, which will greatly help existing and new employment in this industry. There is a glut of hotels around the country but this is an important sector, particular this year with The Gathering. The hotel sector currently employs approximately 51,000 people, so it is only right that it should be included under this incentive.

This Bill underpins decisions made in the budget to help farmers who are restructuring operations to benefit from capital gains tax relief when the proceeds of a sale of farm land are reinvested in the farm. Should individuals dispose of agricultural assets to their children, there is relief from stamp duties on transfers of agricultural lands up to December 2015. That is a concrete step for agriculture, which plays such an important economic role. We want to see a future for young farmers so they can continue working in this green industry.

Individuals will be allowed, on a once-off basis, to withdraw up to 30% of the value of their pension AVCs.

7 o'clock Members will be aware that such additional voluntary contributions, AVCs, are supplementary benefits on top of one's ordinary retirement benefits. This is bound to help ordinary people who find themselves with cash flow problems and who are unable to access - or who lack - other savings. Withdrawals will be taxed because individuals will have benefited from tax reliefs initially when taking out such AVCs but they will have an opportunity to use their money and hopefully will spend it within the country, because that is what is needed at present. As a previous speaker has noted, the aviation sector also is important and the Minister has dealt with the provision of accelerated capital allowances regarding the construction of hangars and in respect of the refurbishment of certain buildings or structures to deal with commercial aircraft. Very generous capital allowances and reliefs will be available in this regard. The cost of fuel has made things difficult for this industry, which provides a considerable number of jobs. Moreover, many aviation European headquarters are based in Ireland and, accordingly, it is quite appropriate to provide some help in this regard.

I greatly welcome the living city initiative that has been announced on a pilot basis. It pertains to regeneration and is similar to other urban renewal schemes that were provided in the past. While Waterford and Limerick are the two cities that have been selected on a pilot basis, as a Dublin Deputy I certainly hope Dublin also will be included over time. In particular, there are parts of the north and south inner cities in which there are Georgian buildings that could do with encouragement to their owners to live there and to refurbish such buildings. This is a very worthwhile initiative.

In respect of cigarettes, I note the Bill provides for an increase of 10 cent per packet of 20 cigarettes. Were Members to be serious about dealing with smoking, they should be considering a higher charge per cigarette packet. Obviously, I can make this point as a non-smoker

but I acknowledge that others may feel differently. Nevertheless, it is known that smoking-related illnesses account for many of the reasons people find themselves in hospitals. A new graphic photograph is being placed on cigarette packets to discourage younger people who may be starting to pick up the habit in an effort to put them off. I have been approached by the National Federation of Retail Newsagents in Ireland, as well as other retailers, regarding this issue. In particular, its president, Joe Sweeney, has informed me that the federation's members are greatly concerned about a new European tobacco products directive, which provides for the oversized graphic image. In addition, it proposes that from henceforth, the cigarettes will be in plain packaging. This is of major concern to the federation and is a blow to struggling retailers who are concerned that as a consequence, the issue of the black market, which already is massive-----

**Acting Chairman (Deputy Joanna Tuffy):** The Deputy's time is up.

**Deputy Terence Flanagan:** Very well. It already is a massive market and the retail sector requires protection. It is Ireland's biggest employer with more than 260,000 employees or 14% of the workforce. The introduction of this directive will reduce Government revenue and, consequently, there certainly is genuine concern about it. While I could go on, I will conclude by welcoming the Finance Bill.

**Deputy Michael Creed:** I welcome the opportunity to speak briefly on the Finance Bill 2013 and on the Finance (Local Property Tax) (Amendment) Bill 2013. Like most people, it is not so much that I welcome the Bills' contents but I acknowledge the rationale behind them. There is an old country saying in respect of people who come into an inheritance that has been carefully gathered together over many years, which is that after a gatherer comes a scatterer. However, in respect of Ireland's current position, it is a case of after a scatterer comes a gatherer. Regrettably, the country's inheritance is the consequence of many years of untargeted and poorly-focused scattergun approaches to public expenditure, which, allied with a banking crisis and collapse, as well as a collapse in the country's tax base, has left us in our current position. In so far as I welcome the opportunity to speak, it is because this Bill provides a clear line of sight for members of the public who, it must be acknowledged, are suffering from the consequences of the economic recession and the difficult times in which we live. I believe that, inasmuch as they yearn for financial relief from the predicament in which they find themselves, they also yearn for some degree of certainty. Consequently, while the contents of this Bill will not be widely welcomed, they provide certainty both in respect of the current financial year and with regard to the medium-term horizon, with the advent of a property tax, water charges and so on.

I also make this point in the context of the current ongoing talks on a successor to the Croke Park agreement. There is a perception, which perhaps is being perpetuated by many colleagues on the Opposition benches, that the current Administration for some reason would be hostile towards public servants. There is not a family in the country that does not have someone who works in the public service or which has no relations who work as gardaí, teachers, in 24/7 Frontline Services Alliance-type roles or any other aspect of the public service, be it on the front line, back line, middle line or wherever. I acknowledge the country would not function without these people. Members must try to provide a clear line of sight in order that people know where they are going and how we are going to get out of it. Regrettably, one thing that has eluded us in recent years is the growth needed in the economy, allied to the necessary retrenchment that has taken place. While growth has occurred at very low levels, Ireland's problem has been that its export markets have been in recession, which has stymied its recovery prospects. This legislation contains something that will provide such a line of sight. While it is hoped to get out

of the bailout agreement by the end of this year, so doing is not in any way a cause for jumping up and down or for celebrations because it merely is a case of moving from the intensive care unit to the critical care unit. Ireland still will be in an extremely difficult position, not so much because of the legacy debt and high levels of unemployment, which are the headline issues of its recession, but because there continues to be a highly significant gap between what the State raises from taxes each year and what is spent. This really is where the pain is for people on a daily basis. These remarks comprise a preliminary overview to a couple of observations I wish to make.

Much has been made about the requirement for a stimulus package and, certainly, in the context of employment and unemployment, this will be necessary. A mini-stimulus package was launched last year, which was very welcome and which addressed areas such as local authority expenditure on roads, school building programmes and so on. However, much more of this is required and in this context, I wish to encourage the Taoiseach, the Minister for Finance and their Government colleagues to acknowledge that the biggest crisis facing householders today is the mortgage crisis. If one takes it that more than 100,000 mortgages are in considerable difficulty and arrears, relief of approximately €100 per week for each of those mortgage households would result over a year in half a billion euro of additional expenditure being released into the economy. I acknowledge that while €100 goes nowhere near what is required, half a billion euro will go nowhere near to sinking the banks' recovery. The State has equipped the banking institutions, and the pillar banks in particular, with significant resources to deal with this issue. Moreover, the legislative framework now is in place to deal with insolvency and lesser levels of unaffordable debt. It really is unacceptable that to date, there has been no significant willingness by the individual banks to address this issue. In acknowledging what the Government has achieved in respect of the demise of Anglo Irish Bank and the promissory notes, I ask it to accept this is an issue of equal significance to ordinary householders. People may well ask what was the gain for them in respect of the promissory note deal and the truth is, relatively speaking, probably very little because it is not additional money available to the Government to spend but is less money it is obliged to borrow. However, this would be a significant issue for individual householders and would be a boon to the local economy. It would be a stimulus package by another name. That is something the Government needs to move urgently to the top of its priority list. There are no easy solutions and I understand why banks do not come out with headline figures for debt write-downs and say, "We will write off 40% of our loan book" and so on. This has to be dealt with on a case-by-case basis and moral hazard is an issue, given the "can pay, won't pay" issue. I urge the Government to roll up its sleeves on that issue.

On a related issue, we often celebrate in the House our success in targeting FDI. This is a mobile commodity and we are fortunate that we secure a significant element of such investment. More than 700 US companies are based in Ireland employing 115,000 people. That is not to be trifled with and we punch way above our weight in the context of competition on the global markets to attract such investment. I was inclined to tiptoe around one issue in this regard and I had been in contact with the IDA and the Minister for Jobs, Enterprise and Innovation but it will reach a crisis point soon. It is the availability of suitable accommodation for companies that may be willing to relocate to Ireland. I come from a provincial town in Cork and I acknowledge not all of the multinationals can be relocated to such towns but we need a critical mass of infrastructure to be made available to the IDA to market the country appropriately. It is regrettably the case that in Cork and many other provincial cities advance factories, as they used to be known, are not in place. We need to move on that and I hope NAMA will

play a role in financing and rezoning lands they control.

I welcome the fuel rebate and its extension to transport operators, which is an acknowledgement that the tourism sector, in particular, has a significant role to play. It has been one of our success stories and, as Deputy Flanagan said, in the context of The Gathering, it can be built on.

I hope the officials will bring the issue of the tax free status of income from forestry to the attention of the Minister for Finance. Some tax free shelters are being phased out but there is an issue with reducing this threshold to €80,000 because it will impact on the flow of forestry goods to the market, which, in turn, could impact on employment in timber processing, etc. Five-year averaging needs to be considered rather than adopting a single approach to that.

I am very dissatisfied with the public procurement issue in the OPW. It is displacement by another name, which is being dressed up well in the context of the savings it is hoped to generate but I am not satisfied at all that displacing a local employer on the basis of using a single supplier of, for example, books to schools or janitorial services to Garda stations and schools is necessarily good. We need more of a regional emphasis in this regard and a weighting needs to be provided for in the tendering process for companies that are committed to producing Irish or EU goods as opposed to imports from outside the Union, which could displace employers and throw their employees on the live register.

**Deputy Thomas Pringle:** I wish to share time with Deputy Higgins.

The Bill has to be viewed in the context of the overall budgetary adjustment under which €3.5 billion is being removed from the economy this year and the significant impact this will have on citizens daily lives. It also has to be viewed in the context of the changes to social welfare benefits under which farm assist payments have been reduced, which is having a severe impact on rural communities. Farm assist is being adjusted for recipients across the country and they are experiencing significant reductions in their weekly payments. The inclusion of Sunday working in the assessment of applications for jobseeker's benefit and jobseeker's allowance will also have a significant impact.

Fine Gael has constantly said that it will not increase income tax but, in the Budget Statement last December, the Minister announced the abolition of the PRSI threshold, which is for all intents and purposes an increase in tax because PRSI is part of the tax take out of people's weekly salaries. Fine Gael's claim that it is not increasing taxation is, therefore, a fallacy and it should be seen for what it is.

The Government parties budgetary strategy is wrong and it cannot deliver the return to growth they intend. No stimulus is included in any of the provisions. Previous speakers referred to SMEs providing 70% of the country's employment but I wonder how many are involved in research and development and how many have the capital to have a corporation tax liability that would allow them to benefit from the measures in the legislation. I imagine there are very few.

Section 8 provides for the taxing of maternity benefit. When this is considered in the context of the proposal by the Minister for Social Protection to remove the universal child benefit payment, it can be seen as an attack on women. The taxing of maternity benefit is a mean spirited provision and I oppose the section on that basis.

Section 5 provides for the threshold for the time key employees must be involved in research

and development to be reduced from 75% to 50%. That is lauded as one of the provisions that will help SMEs to increase employment but there is no provision to prevent large multinationals from availing of this tax break. This should be included to ensure the provision is directed at SMEs, which have a research and development aspect to their work. It should be pitched in a way that does not allow large companies to benefit from it and to piggyback the change.

The Labour Party has made much play on the increases in the DIRT and capital gains tax rates describing them as taxes on wealth. While wealthy people will be affected by the increases, many small savers and others who are not high net worth individuals will be affected. This could hardly be described as a wealth tax on their small savings. Where people get small inheritances, the capital gains tax increases will impact on them. This cannot be stated to be a wealth tax, as it is a general tax that targets everybody.

Section 97 provides that where property is held by a trustee on behalf of somebody subject to a personal insolvency arrangement, the tax on rental income will be levied on the person. The tax should be deducted from the rental income paid to the trustee and not levied on the person who is insolvent. If somebody is subject to a personal insolvency arrangement, the fact he or she does not have control over the property and is not benefiting from the rental income means he or she should be liable for tax on the rental income. If the section does not provide for this, it should be amended to ensure the tax will be collected on the rental income paid to the trustee who would be required to pay it on behalf of the person who is insolvent. One measure I welcome is the extension of the fuel rebate to coach and bus operators. This should provide a small benefit and an incentive to such companies to continue in business.

The Minister should have rebalanced excise duty on alcohol. Earlier today, a publican told me he pays approximately €160, including excise duty and VAT, for a keg of beer but can buy the equivalent quantity of beer in cans in a supermarket for €90. This does not make sense, particularly in light of the harm alcohol causes in communities. Alcohol abuse is predominately caused by off-sales. The position should be rebalanced by increasing taxation on off-sales and reducing it on the pub trade in order that people can drink in a safe environment. The Cabinet is due to sign off on an alcohol Bill in the coming days, if it has not done so already, and should use this legislation to address the issue I raise.

**Deputy Joe Higgins:** The Finance Bill 2013 merely carries on the failed austerity policies the Fine Gael and Labour Party in coalition have been implementing for two years. This does not prevent the Minister for Finance from trying to spin economic figures in favour of the Government. Introducing the Bill, he presented 0.8% growth in gross domestic product in the first three quarters of 2012 as if it were a success. I remind him that the Department of Finance, in December 2010 after the troika programme of salvaging the European speculators and bankers on the backs of Irish working people, forecast growth in 2012 of 3.2%, a decline in unemployment and an increase in the number of people at work. All these forecasts were nullified by the experience of the past two and a half years.

The austerity programme of cuts and tax increases is playing havoc with the domestic economy, yielding the disastrous unemployment situation, with approximately 444,000 people on the live register, emigration last year of approximately 80,000 people, mainly the young, and the general difficulty people are experiencing in surviving. Introducing the Bill, the Minister outlined growth in exports of 3.2% in the first three quarters of last year and indicated this was a major success. While every job in the export sector is welcome, the economic crisis and mass unemployment will not be resolved by export growth. Exports arise from areas of the economy

which are generally highly capital intensive and do not, unfortunately, significantly increase the numbers at work relative to the amount of capital invested. Moreover, they do not in any way make up for the damage or decimation done to the domestic economy by the cuts and tax increases of this Government following on the example of the Government of Fianna Fáil and the Green Party.

Increasing investment is fundamental to job creation. Private investment has, however, collapsed catastrophically in the past five years and there is a paralysis of private investment all over Europe. According to McKinsey global forecasting, the decline in Ireland over this period was 64%. Last year, the financial press indicated that major European corporations in the eurozone and Britain were sitting on €3 trillion of accumulated profits which they failed to invest, while 26 million people are unemployed in the European Union. The reason they have not invested is that they are not confident of securing sufficient profit if they were to do so. European capitalism is, therefore, on an investment strike and when one combines this with savage austerity and cuts in public investment in many countries of Europe, one gets a eurozone economy in serious crisis.

The puny measures in this budget are totally inadequate to meet the extent of this crisis in Ireland. Some of the measures introduced in the past year or two, for example, the so-called JobBridge scheme, are contemptible initiatives designed simply to massage the figures. In the case of JobBridge, it provides exploitative packages to take young people off the official lists, while doing nothing to resolve the essential and serious problem of providing jobs. Radical measures are needed, including major investment in public infrastructure. Public funding should be directed into this area, rather than to continuing to fund the disastrous bailout of bankers and the European financial markets.

The Minister and Government refused to tax the top 5% of earners, despite our pre-budget submission demonstrating that this group of earners could afford to pay another €2.5 billion this year alone without breaking their hearts. This is the type of funding that is required for major infrastructural projects which could take tens of thousands of skilled and unskilled workers off the dole, kick-start the economy and recreate economic growth. Instead, Fine Gael and the Labour Party bowed to the financial markets in carrying out their programme. What we need to do, on a European basis, is break the power of the financial markets, take the major banks and financial institutions into public ownership under democratic control of working class people and in that way use and direct them towards investment in infrastructure for the good of society, rather than the destructive profits of a tiny elite.

The property tax, if allowed to be implemented in 2013 and onwards, will be another major drain on individuals and families, which will further depress the domestic economy and give another twist to austerity. There will be consternation if letters are issued to every home next month demanding hundreds of euro, to be joined the following year, if Government plans are implemented, by a water tax that will come close to €1,000 per household. This will give rise to a massive campaign of opposition which should be fully supported, as citizens and ordinary taxpayers bring their power democratically to bear on a Government that is putting the interests of bondholders and bankers before those of the majority. Therefore, the boycott of that odious so-called property tax, a tax on the individual and the family home, should be supported and political pressure should be applied to force the Government to relent.

Debate adjourned.

## **Private Members' Business**

### **Mortgage Restructuring: Motion (Resumed)**

The following motion was moved by Deputy Dessie Ellis on Tuesday, 19 February 2013:

That Dáil Éireann:

recognises that:

— the two biggest issues in housing are mortgage distress and the lack of social housing; and

— the current Government has pursued a policy to pass responsibility for providing social housing onto the private sector and has continued to deplete the public housing stock;

notes that:

— one in four mortgage holders in the State is in distress, while tens of thousands more are at risk of distress;

— 115 mortgage holders are falling into distress every day;

— Fine Gael and the Labour Party have failed to fully implement the recommendations of the report by the Inter-Departmental Mortgage Arrears Working Group (the Keane Report) into the mortgage crisis;

— the Central Bank and the financial institutions are failing to be pro-active;

— the Personal Insolvency Act 2012 will do little for the vast majority of mortgage holders currently in distress;

— despite the fact that Sinn Féin and others have, since 2011, called for an independent statutory mortgage distress body to adjudicate and enforce agreements on mortgages between banks and mortgage holders, the Personal Insolvency Act 2012 establishes a Personal Insolvency Service but does not adequately deal specifically with the area of mortgage distress;

— this Government, since 2011, has cut spending on housing by 19 per cent to €585 million, leaving local authority housing desperately under-funded, resulting in 98,318 households on waiting lists for local authority housing in this State;

— there are 23,649 people housed as part of the rental accommodation scheme and 94,000 people in receipt of rent supplement, with recent cuts to rent supplement rates making securing affordable housing even more difficult and in some cases lead-

ing to families being made homeless; and

— the National Asset Management Agency, NAMA is mandated to provide a social dividend, yet only 179 units have so far been provided for housing;

calls on the Government to:

— remove the veto given to lenders over proposed insolvency agreements in the Personal Insolvency Act 2012 and prioritise the maintenance of the family home in any agreements dealing with residential mortgages;

— provide in the legislation for the independent adjudication and enforcement on mortgage distress cases, through a new category of agreement to be known as “independent agreement on mortgage distress” which will be adjudicated by a “mortgage restructuring panel” appointed by the Minister, who would have the statutory power to agree and impose agreements on lending institutions where the panel believes that such agreements would enable the mortgage holders to remain in the family home;

— include the possibility of write-downs on portions of the mortgage debt as well as other options such as debt for equity swaps, mortgage-to-rent and short selling in the options available when reaching “mortgage restructuring agreements”;

— take more direct action with the Central Bank to force lending institutions to adopt a more pro-active and lender-friendly approach to the mortgage crisis;

— ensure that NAMA contributes to “the social and economic development of the State” in providing any housing units in its portfolio suitable for social housing;

— develop a plan to commence the building of at least 5,000 housing units by the end of 2013, with a further 4,000 houses by the second half of 2014 for the public housing system, including the use of social housing bonds to fund these projects; and

— restore funding for Traveller accommodation to its 2010 level.

Debate resumed on amendment No. 1:

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

“acknowledges that this Government inherited a severe mortgage arrears crisis;

recognises that the Government has already taken a number of significant steps to address the mortgage arrears problem and also to stabilise the banking and wider economic situation; in particular, acknowledges that the present Government established the Inter-Departmental Mortgage Arrears Working Group and subsequently published the Group’s Report in October 2011;

notes that the Report indicated that the mortgage arrears problem is complex and that a range of measures, such as personal insolvency reform, the development of mortgage to rent, the provision of mortgage advice, direct engagement by banks and the development of sustainable options by banks for their customers who are experiencing mortgage difficulties, will need to be advanced to address the problem;

recognises that the Government has moved to implement the main recommenda-

tions of the Report and that a special Government committee, chaired by an Taoiseach, is overseeing the implementation of the measures across Government;

acknowledges that significant progress has now been made on this implementation agenda, including the fact that:

- the Personal Insolvency Bill 2012, which introduces new insolvency frameworks to allow for the resolution of unsustainable debt situations in a manner that is as fair as possible to debtors and creditors, has been enacted;
- the Central Bank has obtained mortgage arrears resolution strategies and implementation plans from regulated mortgage lenders;
- the Mortgage to Rent Scheme is now available across the country; and
- a mortgage advisory function is now in place;

encourages the Government and other authorities to continue this work; in particular to bring the new insolvency frameworks, as provided in the Personal Insolvency Act 2012, into operation as soon as possible and to enhance action by mortgage lenders to appropriately address unsustainable mortgage loans;

notes the statement by the Governor of the Central Bank of Ireland at a recent conference on distressed property markets that, having ensured that the banks are much better staffed and organised for dealing with arrears, the Central Bank will be setting out its quantitative expectations for their effectiveness in achieving lasting solutions;

notes the Government commitment to responding more quickly, and on a larger scale, to social housing support needs through a variety of mechanisms, including through increased provision of social housing and a restructuring of investment in social housing, to allow for the delivery of new social housing through more flexible funding models;

supports the Government in developing new funding mechanisms that will increase the supply of permanent new social housing, including options to purchase on lease agreements, build-to-lease and the sourcing of loan finance by approved housing bodies for construction and acquisition;

acknowledges that the National Asset Management Agency (NAMA) has identified in excess of 2,000 units that are suitable for social housing and are working with housing authorities to bring these into beneficial use for those in need;

supports the Government's overall housing policy statement; in particular, that a priority for Government action will be to meet the acute needs of households applying for social housing support, and in that context, notes and supports the Government's continued commitment to meet the accommodation needs of Travellers; and

notes that the Government's overall social housing programme is framed in a manner which both optimises the delivery of social housing and maximises the return from the scarce resources available for that purpose."

(Minister of State at the Department of Foreign Affairs and Trade, Deputy Joe Costello)

**Deputy Joan Collins:** I am sharing time with Deputies Catherine Murphy, Tom Fleming, Boyd Barrett and Finian McGrath.

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

**Deputy Joan Collins:** I support this motion in general. I have a Bill in the lottery of Bills that would offer a real solution for ordinary home owners with distressed mortgages. I hope it will be before the House soon.

I wish to address an important related issue that has serious effects for many people but is receiving little or no attention or publicity, namely, the shared ownership scheme. It was introduced during the property boom to help people who could not get mortgages in the private market. It was operated by the local authorities. While it might have been useful in the period of significant property price inflation, it has turned into a negative equity nightmare. It is a noose around the necks of many young people and couples who cannot get out of that trap.

In 2011, a Dublin City Council discussion paper identified five major issues. The council has approximately 2,900 loans under the shared ownership scheme. One issue was negative equity, in which a loan's value was far in excess of market value and borrowers could not repay their mortgages. A second issue is that of people whose accommodation needs have changed, for example, after having one, two or three children. A third issue is that of purchasers approaching the end of their mortgages being unable to discharge negative equity, a fourth relates to people who want to surrender their homes because of anti-social behaviour and the fifth is that of purchasers who want to rent out their properties.

No legislative framework is in place to allow the council to deal with this problem. It cannot write down those mortgages. As legislation is necessary, the Government must act. In Dublin City Council, a high proportion of these loans are in arrears. I am working with a campaign grouped around these issues that is seeking to have the Government write these mortgages down.

I hope that the Minister of State is listening.

**Deputy Michael Ring:** I am.

**Deputy Finian McGrath:** He is listening attentively.

**Deputy Michael Ring:** There is not a lot to listen to, but I am listening.

**Deputy Catherine Murphy:** I welcome this motion. I will focus on two aspects in the short time available to me. First, the so-called mortgage debt resolution. I will cite an example of a couple of people with whom I am dealing. They entered into the scheme with Ulster Bank in February 2012. They disclosed everything and were eventually offered an interest-only option for 12 months. Unfortunately, matters deteriorated from income and health points of view. Several months ago, they began trying to speak to the bank because the 12 months were just about finished. Despite their best efforts, however, they are being given the run around.

I made inquiries with the Central Bank, which advised that the people in question should make a formal complaint to Ulster Bank. The bank ignored them. I have advised them that they

can now complain to the Ombudsman. They are stressed.

Some banks are not acting genuinely in the process. They need to be called out on it. The process is not working.

Second, the issue of those on the housing waiting list. In County Kildare, more than 7,000 people are on the list. The country's six worst councils account for 43% of the national waiting list - the four Dublin local authorities, Cork City Council and Kildare County Council. The bottom six counties account for less than 5% of the national waiting list. A targeted approach to the problem is urgently required. There is no overhang and NAMA does not have properties in most of the areas in question.

Some 4,338 families are in receipt of rent assistance in Kildare, the third highest figure nationally after Dublin and Cork. The levels of rent assistance are so far below the market rents in Kildare, particularly in the towns of north Kildare, which have a Dublin focus, that people are in difficulty. An exception was made for some Wicklow towns, for example, Bray and Greystones, but none has been made for Kildare. As a result, practically everyone is topping up rent from welfare payments. People are going without food and are not paying their utility bills. If they did otherwise, they would face the streets and many would need to take their children out of school.

The Government needs to start taking these issues seriously and producing practical solutions, not spin.

**Deputy Tom Fleming:** Ms Fiona Muldoon, head of the Central Bank's banking supervision section, addressed a bankers' conference on 16 October 2012. She put her finger on the pulse when she bluntly asked them to address the mortgage mess that they created. She warned of a lack of leadership in the sector and revealed that 167,000 residential and buy-to-let loans, amounting to €135 million, were in arrears at the time.

One of the immediate actions required to rectify the banking economy is a realistic approach to the chronic arrears issue, with some debt written off, long-term solutions for others and an acceptance of the reality of arrears. The problems of negative equity and personal insolvency are having a devastating effect on consumer confidence. Spending, job creation and tax returns are spiralling downwards. Today's news that AIB is planning a new increase in variable rates will undoubtedly be followed by all lenders in the market in a short time.

The property tax is being introduced at the worst possible time for householders. There is an immediate need to put it on hold at a minimum. Those who bought between 2001 and 2008 should receive stamp duty rebates until normal lending levels have been restored to the market. This would minimise negative equity, repair households' balance sheets, minimise the risk of personal insolvency and get a sizable number of people spending again.

I will quote Ms Muldoon, who was dealing with the real situation:

Meanwhile the misery of personal indebtedness, that is unsustainable for so many people, must be meaningfully dealt with. This is the size of the task and the enormous difficulty of it. This is the needle to thread over the coming years.

And if this is what we all face then I also want to tell you what I have found since I came to Irish banking: my experience is not necessarily of an industry 'humbled' ... Success is

20 February 2013

about finding solutions. Why the need to still talk of 'being humbled' four years on? Does it strike anyone else as a bit of 'sack cloth and ashes'? A little penitential? Is it that we still require ... I am not sure. I am not sure. In any event, when I deal with the banks, I have not found humility. If the industry is grieving for the death of the economy, the mistakes of the past, I know which stage of grief it looks like to me!

**Deputy Finian McGrath:** I thank the Acting Chairman for the opportunity to contribute on this Private Members' motion on mortgages, the major distress for families, and the issue of housing. This time bomb is about to explode and we need to be ready for it. Following the promissory note deal, we also need to be on our guard concerning the issue of Article 123 of the Lisbon treaty and the concerns of the German central bank, the Bundesbank.

I hope that the Government is up early in the morning dealing with this significant potential crisis. If there is not real burden sharing and better debt resolution in the EU, the economy will be blown out of the water, with major consequences for our citizens, household arrears and debts. The Government can never claim that it was not warned. One in four mortgage holders is in distress while tens of thousands more are at risk of distress. Some 115 mortgage holders fall into distress everyday. The Government has failed to implement fully the recommendations of the report of the interdepartmental mortgage arrears working group, the Keane report, on the mortgage crisis. The Central Bank and the financial institutions are failing to be proactive. The personal insolvency legislation will do little for the majority of mortgage holders. We need to face up to these facts and support families in need, not destroy family life in Ireland.

I urge Deputies to support this motion, as it offers solutions. We need to remove lenders' veto over proposed insolvency agreements in the Personal Insolvency Act 2012 and prioritise the maintenance of the family home in any agreement on residential mortgages. However, we also need to provide legislation for independent adjudication and enforcement in mortgage distress cases, take more direct action with the Central Bank to force lending institutions and ensure that NAMA contributes to the social and economic development of the State by providing the housing units in its portfolio that are suitable for social housing.

**Deputy Richard Boyd Barrett:** The crisis of mortgage distress is a disaster that will soon turn into a catastrophe. More than 160,000 families are suffocated with an unsustainable debt burden and the number is rising by approximately 800 every week. Nothing has been done. After two years in government there is no let up on the deepening of this crisis. The Government refuses - for reasons I cannot understand - to assert the control it has over the banks that we bailed out and where the Government is the major shareholder to simply tell them to sort this problem out by writing off unsustainable debt.

The economy is being utterly suffocated. It is not just the enormous distress and anxiety that the families directly affected are going through, but the entire economy is being suffocated because of the problem. If the Government is the major shareholder in the banks that we have bailed out why can it not simply tell them to write off the debt or restructure it in a sustainable way? It is inexplicable.

I accompanied a family with a distressed mortgage to AIB last week. The bank accepted that the mortgage was unsustainable and that something should be done but could not tell us what it would be. Someone muttered something about long-term forbearance. It was said, unbelievably, three times during the course of the meeting that the family might win the lotto in the next few years. Is our policy for dealing with mortgage distress or the effect it is having

on the economy to hope that the country will win the lotto or that all of the people in mortgage distress will win the lotto? They are not going to win the lotto; the Government must make the banks do the right thing and sort out the problem.

**Deputy Joan Collins:** On a point of clarification, could the Minister of State clarify that when I asked him whether he was listening that he replied there was not much to listen to?

**Acting Chairman (Deputy Peter Mathews):** I was not in the Chair at that stage. I do not know what transpired.

**Deputy Joan Collins:** I expect it will be on the record but I will pass it onto the shared ownership people who are in distress at the moment.

**Deputy Michael Ring:** Deputy Collins did enough talking herself when everyone else was speaking. She did not do much listening.

**Acting Chairman (Deputy Peter Mathews):** I am sorry, Minister.

**Deputy Joan Collins:** I will pass it on.

**Deputy Michael Ring:** Deputy Collins did not do much listening-----

**Deputy Joan Collins:** I will pass it on.

**Deputy Michael Ring:** -----so she can pass on what she likes.

**Acting Chairman (Deputy Peter Mathews):** I am sorry, Minister. We are moving on. I have just taken over the Chair.

**Deputy Michael Ring:** Deputy Collins did not have the manners to listen to her colleagues. She has been talking all the way through the debate.

**Acting Chairman (Deputy Peter Mathews):** Please, Minister. We are moving on.

**Deputy Catherine Byrne:** I am grateful for the opportunity to speak in the debate. One of the legacies of the previous Government is the mortgage arrears crisis. It led the charge with its many developer friends and the bankers in its circle. The crisis is crippling many young couples. We are all aware of family and friends who are in mortgage distress. We know how stressful it is for them on a daily basis. I am concerned in particular about young people who bought into their dream home and have been left with the property tied around their neck.

Another situation relates to people who bought properties when they were single and since then they fell in love and are living together. It is very stressful for many of them to deal with two mortgages. The Government is making strides. The Personal Insolvency Act is one step in the right direction that will give an opportunity to some if not all to have some pressure taken off them. That is a welcome opportunity for everyone. Being in mortgage debt and not being able to pay one's bills is stressful but it is a situation everyone in this country is dealing with at present. Times are hard for everyone. What we are trying to do is to make a better future for our children.

The impact on social housing is due to the many people who have had to give back their keys and put their names on a list in the city council offices. Driving through my constituency I fail to understand the number of vacant apartments. I welcome the initiative of the Minister

20 February 2013

of State, Deputy Jan O'Sullivan, who has identified 400 apartments and houses through NAMA that could be used for social housing. I have been a member of many regeneration board projects since 1999. Fatima Mansions, Bridge House and Bridgefoot Street are great projects that have added significantly to the inner city. Other developments lost out such as St. Michael's Estate, Dolphin House and St. Teresa's Gardens. We could blame public representatives for such projects not going ahead but communities must also take responsibility. I spent many years on such boards. Community organisations must take responsibility for PPPs not going ahead. In one case we were six weeks away from signing an agreement for a project to go ahead in the constituency but the plug was pulled by community organisations - not political parties or people living in the estates. They must bear some responsibility for some developments not proceeding. That is especially regrettable at a time when so many people need to go on the social housing list.

**Deputy Michelle Mulherin:** I am also pleased to speak in tonight's debate. One truth that must be told about debt is that there is no easy way to deal with it. It will never be easy when one is up to one's tonsils in debt or it is over one's head. We are tasked with finding mechanisms to deal with debt, bearing in mind all the legalities and complications of the person who owes and the person to whom money is owed and what that means in reality. We must be compassionate. One of the main tenets of the personal insolvency legislation is to say to people that they are worth more than their debt and that there is a way to deal with debt. It does not mean there is a magic wand because that does not exist for the problems we have in this country with which we have been dealing bit by bit and making progress.

It must be acknowledged that progress has been made, including the stabilisation of the dreaded banks. We need banks. The Personal Insolvency Act is also a sign of progress, as is the work the Central Bank has carried out towards obtaining mortgage arrears resolution processes between the banks and lenders. The banks are required to take a long, hard look at a situation where people are being put out of their house and are handing over their keys. In some cases they paid €200,000 for a house that is worth €40,000 and they are still paying the remainder of the debt. That is totally unsustainable. People will be crushed under such pressure. That is a wake-up call for banks. With colleagues I recently met with the CEO of AIB. I am impressed with its plans this year to deal with each and every loan that is in difficulty from the point of view of restructuring it in a sustainable way, for example, by extending loans for 40 years. We must do whatever it takes because we are in desperate times. People want solutions and we must be imaginative and innovative about it.

I can only speak for where I am from and the general region, but the idea that we would build more social housing is absolutely crazy. It should be remembered that people who are on local authority housing lists are currently in accommodation. The accommodation in question is required to be up to a certain standard. In some cases the State is paying landlords most of the rent and in other cases people are paying the rent themselves. If we build more houses and put people into them we will leave empty properties and landlords who have mortgages will not be able to pay them. People were encouraged to build and buy houses and to let them out. Building more houses is definitely not a solution. It would be a ridiculous proposal for the area I come from.

**Deputy Anthony Lawlor:** It is ironic that we are debating a motion from Sinn Féin which is seeking a truth and reconciliation board to be established in the North. I wish Sinn Féin Members would tell the truth when they come to the House. I speak in particular about Deputy Ferris who quoted a lot of figures yesterday. He said that when he added up all of the figures

that more than 200,000 people were awaiting accommodation in the State. The reality however is that unfortunately, there are 98,000 people on housing lists in various local authorities around the country. The number has mushroomed in recent years. It is strange that Sinn Féin comes to the House and preaches to us about how we should look after people's housing needs yet it is in power in the North and is on the housing authority there when in the Six Counties there are 36,000 people seeking houses. Proportionately, that is the same as the number of people looking for housing here. Why should Sinn Féin Members come into this House and lecture us as to what we should do with regard to social housing when they are not looking after the people in the North of Ireland where their party is in power?

A Deputy spoke about NAMA during the debate on the Bill yesterday. NAMA has approximately 4,000 houses available for social housing throughout the country. We must get our local authorities to actively engage with NAMA. In my county of Kildare 227 properties were made available to the local authorities there but to date only four have been delivered. Forty three are contracted to be completed with the local authority, and a further 48 properties are actively under negotiation. It is vitally important that we, as public representatives, encourage our local authorities to actively engage with NAMA because it is willing to make those properties available for social housing to allow us remove the 98,000 people on the list. It is ironic that Sinn Féin Members should come in here and lecture us on the way we should look after our social housing needs when their party is in power in the North of Ireland and they do not care about the people there.

**Deputy Ciarán Lynch:** I commend Sinn Féin on bringing forward this motion. It is an important issue. It is necessary that the House debates it and I acknowledge that Sinn Féin, in bringing this motion before the House, allows Members to address it.

However, three issues struck me regarding the Sinn Féin motion. The first is that there is no mention of homelessness, which is unfortunate considering the importance of the issue and that the Minister of State, Deputy O'Sullivan's Department has been robust in this area in protecting the homelessness budget to date. In my city sanction was given for the development of two new homeless units by the Simon Community and Fellowship House.

The two aspects in the Sinn Féin motion that I want to address is the bank veto and NAMA properties. If the banking veto did not exist in the insolvency legislation, would it be robust enough to stand up to a constitutional challenge because loans tied to secure debts have property rights attached, and if there was no veto would we be in a position where we would have been able to have passed that legislation? Another aspect of the veto that is not being acknowledged is that when the banks engage with a personal insolvency arrangement and do not use that veto it ties in all the unsecured lending of the borrower, namely, a credit card debt, a car debt, a credit union debt and other debts. What we are doing in the legislation is ensuring that when somebody gets a write-down on their mortgage, which may be done on a case by case basis, unsecured debt is also being reduced and regarded in the totality of the situation because it is ridiculous to deal with somebody's mortgage and not examine the other debt exposure they have.

The other aspect is the matter of NAMA on which the motion takes a simplistic approach. The difficulty with NAMA properties is that in many instances they are not located in areas where there is housing demand. What we need to see coming before the House, and which I have debated here with the Minister of State, Deputy O'Sullivan, is the proposal of NAMA looking at rent to buy programmes. If there are houses in estates throughout the country that are

purchasable, we should be targeting those houses towards home ownership because despite the housing crisis, Ireland will continue to be a home purchasing nation into the future. In fact, half the residential properties in the country are mortgage free if one considers the broader context.

There is a frustration on both sides of the House with regard to this problem. I reflect that frustration considering that when the previous Administration published the preliminary Cooney report and subsequently the full Cooney report on both occasions did not debate the issue in this House. It was only debated here because of a Labour Party Private Members' motion I tabled at the time, and during that period we had two to three wasted years where nothing of substance in terms of legislation was passed. We would be two years ahead of the game by now if the insolvency legislation had been designed and we had come into government with insolvency legislation in place. Regretfully, that did not happen and the new Government had the job of doing it and because of that there has been a delay. We would all share that frustration.

There is a message that the banks need to receive. Professor Honohan referred to this last week when spoke of the those in the Central Bank tearing their hair out at the lack of action. I am not too worried about the hair on Professor Honohan's head, I am more worried the roof people have over their heads. There are two messages that need to be sent to the banks and this is something about which Sinn Féin Members and other Members need to be mindful. The housing crisis is not a single category problem. There are three categories of people who are in that difficulty. There are people in short-term distress who need some level of forbearance, people in medium to long-term distress who need a more complicated type of forbearance and a third category where forbearance is compounding their difficulty and making matters worse. It is for that third category that the insolvency legislation was designed; it was not designed for the first two categories. It is disingenuous of Members to be confusing insolvency with forbearance. What is at the centre of this difficulty is that the banks are still in denial with regard to property values. I would be very much of the belief that current property values are realistic values. House properties at this time are not undervalued. However, the belief systems of the banks with regard to current values will determine how they will engage with mortgage to rent schemes, split mortgages and other resolution methods.

What we want in the broadest terms to resolve this problem is a normalised housing residential market, one in which people can afford to buy an home and one in which debt is dealt with at a meaningful level. Ultimately, we have introduced measures such as the house price property tax database and the Central Bank has brought in more prudent lending practices and both of those measures have led us towards having a more normalised housing market. This issue must be considered in terms of creating a normalised housing market.

**Deputy Eamonn Maloney:** Given the time constraint, I wish to focus on one aspect, which I consider to be an omission in the Private Members' Bill. Like the previous speaker, I welcome the legislation on this matter, regardless of whether it is was introduced by Sinn Féin or any other Member. It is good for the Opposition to continuously highlight this issue. The number of people who are in real trouble in terms of the severity of mortgage debt is relatively small and that is not diminish the issue. However, that must be said and we should be honest about that in the debate. People talk about the issue in general terms as if everyone who has a mortgage in this country is under seize but that is a lie. They are not. Some people are and it should be the duty of those of us, irrespective of to which side of the House we were, to do something in terms of legislation to make it easy for them. One aspect of the Private Members' amendment legislation with which I have an issue is the blanket assumption that everyone who has a mortgage is an ordinary home owner; they are not. At the peak of the boom in this housing

market in 2006 120,000 houses were built and half of them were built by landlords. I would be concerned if anyone was suggesting that this Parliament should commit to a scheme that would aid landlords. A breakdown of the figures of the number of people in mortgage debt shows that almost 20% of them are landlords and some of them are multilandlords. We have listened to a dish of it, I am not referring to the Sinn Féin Members on this occasion but to some of the earlier speakers who spoke about this. We had the spectacle last year of one of the members of the highly Technical Group who out in south Dublin sympathising with somebody who had been put out of their mansion who it transpired owned 21 houses. I did not come in here to support people who have 21 houses; I came in here to support people who have genuine difficulties with their mortgage.

*8 o'clock* **Deputy Tom Barry:** I wish to contribute on the issue of mortgage distress, something with which I have been involved for quite a while. Set into the Irish psyche is the need to own one's own home. This desire was probably ingrained from Famine times when the Tenant Right League began to demand the three Fs, namely fair rent, free sale and fixity of tenure. The rush of a new generation to buy a family home was all-consuming and unfortunately has trapped not only this generation of first-time buyers but also those who sold existing houses to move upwards and onwards. Each group bought according to their disposable income at the time and are now trapped in a financial nightmare.

Strangely enough, the solution which should have worked in 1847 with the three Fs might work here through split mortgages or parked percentages of mortgages. Fair rent equates to a fair payment, to what the mortgage payer can pay in terms of principal and interest. Fixity of tenure holds that as long as the person can actually pay what has been agreed, he or she will not be evicted. Free sale refers to an ability to sell a house with whatever tie-in it has on it. It is very important for us to remember that this issue must be pursued. The banks are doing that and I am dealing with them a lot in this regard but they are only getting through 1,500 cases per month. They must be given the resources to make sure that we can get through each individual case of mortgage distress because the fear of losing one's home is all-consuming. We must reach a point where each person is dealt with on the specifics of his or her own case.

This situation will not go away and not reaching a decision is simply kicking the can down the road. Debt write down may be necessary in some cases, while in others it may be possible to spread payments over a longer period of time to enable people to pay their debts. Either way, we must grasp the nettle and work on it. In fairness to the banks, they are engaging and the Irish pillar banks are doing a lot better than some of the foreign banks, which must be acknowledged. The skills for dealing with this crisis must be developed. I appreciate this issue being raised because it is one of the largest crises facing this country. Until we get this right, we will not be out of trouble. We will be judged as a Government on how we deal with people, fairly and equitably.

**Deputy Dan Neville:** I welcome the opportunity to contribute to this debate. I wish to highlight the link between serious difficulties with mortgage arrears and debt and mental health problems. A phenomenon known as debt depression has been identified and is of growing concern. It calls for special mental health training for the staff of banks and debt collection agencies. Some of the banks are making efforts to work on this but progress is very slow in terms of bank staff understanding the difficulties, pressure, hopelessness and despair of many people who have mortgage difficulties. We all know how distressing it is for people to lose a home or to be in fear of losing it. It creates extreme stress, especially if such people also have the stress of having lost their job, which can create difficulties with self esteem. Such stress

can give rise to problems within families because of changed circumstances. Families and relationships suffer and no matter how much parents try to protect their children, it can be impossible because the bad vibes, difficulties and stress are ever-present. This often leads to people in such situations taking solace in alcohol or drugs. Unfortunately, some go into even deeper depression and take their own lives. It was noted a year ago that 30 developers had taken their own lives because of the difficulties they experienced. One can be very flippant and can rightly criticise people but the level of serious mental distress and mental difficulty that people are experiencing because of debt cannot be underestimated.

It is important that staff of banks and debt collection agencies have a greater awareness and be trained to identify and deal with these situations and to respond appropriately. A person came to me who had very successful life in the recent past, with a very good job, a very nice house in a nice area and the only thing he wanted was a medical card. He could not pay his debts. His former lifestyle was gone. His wife was reduced to working a three-day week and he was claiming unemployment benefit. He had been a senior executive. We cannot judge people on the basis of their previous lifestyle. The depressive situation with regard to mortgages goes across all sections of society. We must recognise debt depression for what it is and be aware of how necessary it is for those who are dealing with people in crisis, whether because of mortgage or other debts, to be trained to understand, identify with and respond to what comes before them.

**Deputy Seán Kyne:** It goes without saying that unsustainable over-indebtedness is one of the most significant problems facing us today. One characteristic which has exacerbated this recession is the high level of personal debt of many people. One can observe the very human trait in many of us of ignoring a problem in the futile hope that it will go away, whether that be a health issue, a work-related issue, a relationship issue or, in this case, a financial issue. However, it is clear from experience that such problems rarely go away or sort themselves out. Instead, they grow, fester and worsen.

Unfortunately this approach was the one adopted by previous Governments with regard to the mortgage arrears crisis. Anyone who suggested that Ireland may have a problem with over-indebtedness was ignored or rebuked as a doom merchant. Anyone who raised concerns about an unsustainable property bubble was shouted down with false assurances of a soft landing ahead. This ignorance and indeed, arrogance, left the State in a much weaker position and ill-equipped to deal with the problem of over-indebtedness. When the recession's grip took hold it was not long before the realisation suddenly dawned that a Victorian-era personal debt system was of little use or benefit in 21st century Ireland.

Since my election to this House I have obviously come into much greater contact with the legislative system, the law-making process, Oireachtas Standing Orders, procedures and so forth, none of which has been designed for speedy solutions. In fact, the legislative process can be frustratingly slow and even more so for the citizens in need. One of the most demanding challenges can be that of trying to implement change while ensuring that a system keeps functioning. However, there is no excuse for the absence of any meaningful personal insolvency legislative reform over the last decade or more. The ideal time to reform systems, such as the social welfare system for example, or legislation, is when demand is low but I suspect there is little to be gained from dwelling on this oversight now. The Oireachtas must learn from this and I believe that the Government and the Minister for Justice and Equality, Deputy Shatter, are providing a lead by example with the radical new Personal Insolvency Bill. I also believe that this Bill, coupled with a new focused and fair approach by the financial institutions, all of

whom owe their existence to Irish citizens, represents a hugely important step in addressing the mortgage arrears problem. Specifically with regard to mortgage-related debt, the new personal insolvency arrangements will be of great benefit in tackling unsustainable debt outside the court system. It is a less judicially-focused system that will, I am certain, prove to be a more consensus-based alternative to bankruptcy.

When the Minister of State at the Department of the Environment, Community and Local Government, Deputy Jan O'Sullivan, appeared before an Oireachtas committee recently I referred to an easy-to-implement system of transferring NAMA stock in lieu of unpaid development levies to try to get a social dividend for local authorities. The Minister of State said at the time that she would examine that possibility and I ask her to elaborate on that if possible. It would enable local authorities to work through their housing lists much more quickly and avoid one of the worst social problems, that of homelessness, by providing a home for those who need it.

When NAMA came into existence I was a member of a local authority and thought there would be a bonus to local authorities in terms of land banks, unfinished estates and so forth being transferred to sort out the social housing problems that exist in so many areas. In my area, due to the cost of housing and the value of land, local authorities have been unable to access affordable building land to provide social housing for those in need.

I hoped at the time, and I still hope this suggestion can be considered. I ask the Minister of State to do that.

**Deputy Sandra McLellan:** The Swiss architect, Le Corbusier, famously once described a house as a machine for living in. The machine metaphor and the capitalist undertones embedded within it provide a clue to what can happen when the machine itself becomes the perceived source of financial power, speculation, and class status. When this happens, a clear disjuncture emerges between the house as a machine and the notion of the house as a place in which we engage in the art of living.

Since the foundation of the Irish State, successive Governments, through policies and financial inducements, have fostered, and supported private home ownership. That this would be the case was not however a foregone conclusion. The new State, in choosing the so-called free market as the dominant reference point for housing rejected the Sinn Féin Democratic Programme, which was the socially progressive blueprint of the independence project. Instead, the State's approach to housing is characterised in economic terms by austerity and fiscal rectitude and in ideological terms by a conservative nationalism that was both elitist and anti-urban. Thus from the 1930s on we see a series of Government policies and initiatives which give primacy to home ownership.

The State reaffirmed this commitment when, in Article 42 of the Constitution, it copper-fastened into law the special place of private property. In this sense the early work of building the nation is deeply entwined with the values associated with private ownership. Put another way, possession or ownership becomes equated with citizenship or at the very least in the State's eyes with the good or model citizen.

In this vision, the urban and rural working class are relegated to second class status and deliberately excluded through Government policy from the material benefits of the State, by the State. Thus, from the 1930s on we see a process whereby successive Governments subsidise

private builders with public money in order to make private housing affordable for the new middle classes. In this scenario private home ownership becomes synonymous with status, respectability and moral character.

Conversely, public housing is associated with social inferiority, low socioeconomic status and the working classes. In terms of employment, education, status and life chances, consignment to the local authority sector was the gateway out of society and not the passport in. Right across urban Ireland we see the spatial manifestation of this inferiority in the post-war public housing estates of Dublin, Limerick and Cork. The State's decision to sell off a significant portion of the public housing stock in the early 1970s has its origins in this State-centred middle class bias. As a direct result of this policy the public housing stock is seriously depleted and public housing is now seen as the cause of poor quality of life for its tenants, rather than as a guarantor of their security from it.

Thus, during the so-called boom years when a house became a commodity to be traded with the aim of making a profit, private housing wealth, housing poverty and affluence existed side by side and we had, to paraphrase John Kenneth Galbraith, the existence of public squalor amid private affluence.

Today, there are almost 100,000 people on housing waiting lists and another 94,000 who are in receipt in rent supplement at a cost to the State of almost €500 million. Thousands more are condemned to a life in hostels, shelters and B&Bs. To add to this, household financial stress is at unprecedented levels as seen in the extraordinary rate of arrears in owner occupied mortgages. These figures, taken together are shocking.

However, if we just cast our eyes in the doorways and laneways within minutes of this House we see the homeless women and men, most of them young, who are testament to the failed policies of this and previous Governments. A state that cannot house its own people is a failed state. Even worse, a state that refuses to recognise that housing is a social utility and not a commodity, that it is a fundamental part of the socialisation process, is also a failed state.

Unlike the parties of the right, however, Sinn Féin believes now, as we did back in the days of the Democratic Programme, that the State has a responsibility to house all of its people. We believe that all housing, be it public or private, is essentially social and that housing should never be viewed or used as a commodity for profit.

**Deputy Pádraig Mac Lochlainn:** It is ironic that you are chairing this session, Deputy Mathews, being one of the people who warned about the huge challenge of private mortgage debt in the State. You have evangelised about this issue for a long time.

**Acting Chairman (Deputy Peter Mathews):** I am glad to be in the Chair.

**Deputy Pádraig Mac Lochlainn:** The first section of the Sinn Féin motion refers to housing. A lay person looks at all of this in bewilderment. Not so long ago, turnkey housing developments were being sold at full market value throughout the State. Now, houses have halved in value. There is a simple economic rule of thumb that at a time of recession the government should intervene, first, because it creates jobs, second, because it gets the best possible deal for the taxpayer and third, because it prepares the economy for the turnaround. We should be buying houses now. We should purchase all those ghost estates for social housing because they are coming in at half the price of years gone by. We are not doing that.

Instead, we are opting for ten year leases, which is a crazy economic proposition for the taxpayer. This is because of the absence of an overall strategy. Sinn Féin has said repeatedly that we could look at the National Pensions Reserve Fund, twinned with the European Investment Bank potential and private pension funds. It is not only Sinn Féin which says this. It is also proposed by the Irish Congress of Trade Unions. Sinn Féin talks about a €13 billion stimulus package over four years. A key aspect of that would be the provision of social housing. There are solutions, if we are brave and imaginative enough to look at them.

There are 100,000 people on housing waiting lists at this stage. This is a real crisis, and it brings me to the next section of the motion. A previous speaker said mortgage distress affects only a small number of people. That is an incredible statement for a Deputy to make. One in four mortgage holders is in distress. That is approximately 168,000 households. If we took just one representative from each of those households we would fill Croke Park twice. That is the scale of the crisis. Any Deputy who has their finger on the pulse of their community and listens to their constituents knows this is a crisis. I could talk for the next two hours about conversations I have had with families in Donegal and about people who ring me late at night in total dismay and distress asking if they should hand back the keys of their house. They put impossible situations to me.

These people are just ordinary five eighths, like me. They were not experts on the economy a number of years ago. We believed the economists and our politicians at that time. We believed all the hype in the newspapers. One could not open a newspaper without seeing a property supplement. We read about soft landings. Prices could only go up. We should buy while prices were at that level. We would be crazy not to. That is what people bought into. They were betrayed and they remain betrayed because there is no solution.

This brings me to the final issue in the motion. I sat through 17 or 18 hours of debate on the various Stages of the Personal Insolvency Bill. On the final night, something symbolic happened. The so-called public interest director of Permanent TSB, Mr. Ray MacSharry, told my colleague, Deputy Pearse Doherty, there would be no write-downs. Later, Professor Patrick Honohan, Governor of the Central Bank, said he was tearing his hair out because the banks will not go after debt.

People at home must be totally bewildered. We have put tens of billions of euro into these banks. Today AIB has stated it will increase its variable mortgage interest rate but we own 100% of that bank. People are bewildered that there was a solution for the bondholders, for the extremely wealthy gamblers who were so reckless, but the people themselves have been betrayed. One in four mortgage holders is in difficulty. This crisis is fundamental and must be addressed in a focused, urgent and determined fashion. Our motion does not just identify the problem, it offers solutions, as Sinn Féin motions always do. At some point someone must listen and realise the emperor is wearing no clothes.

**Deputy Gerry Adams:** The Government is failing the tens of thousands of families in mortgage distress and on social housing waiting lists. In October, Fiona Muldoon, the head of banking regulation in the Irish Central Bank was scathing in her criticism of the bankers and their failure to address the issue of mortgage distress. This morning AIB indicated that it plans to increase its variable interest rate once more. That will directly impact on 70,000 customers. A 0.25% rise in interest rates adds €30 per month to the cost of repayments on every €200,000 borrowed. That is €30 many of these families do not have.

AIB is fully owned by the State and the Government is refusing to deal with this issue in the way it should. It seems to be fine to give €64 billion of taxpayers' money to the banks but it is not okay to help citizens in mortgage distress. Sinn Féin is of the view that the Government should intervene directly to tell AIB that its planned rate increase is not acceptable.

Fine Gael and the Labour Party came to power promising to prioritise those in mortgage distress. Instead it has abandoned them. By complete coincidence, on this very day two years ago, the Labour Party told people in mortgage distress that if it was in government, they could enjoy peace of mind. The Labour Party leader, Deputy Eamon Gilmore, said that the banks had already received thousands of millions in taxpayers money and there must be a *quid pro quo*, which was to give people in mortgage distress a breather. I did not make that up, it is what the current Tánaiste said. It is yet another broken promise. Today, there are more citizens than ever in mortgage distress. There are 180,000 households currently in trouble, with 115 additional homeowners falling into distress every day. I often wonder what exactly is the point of the Labour Party being part of this Government, with this Government's record?

The personal insolvency legislation will not fix this problem. It hands a veto over any personal insolvency arrangement to the banks. As long as the banks have a veto, why would they not exercise it? If the Government gives it to them, they will use it in their own self-interest.

I also want to deal briefly with the issue of social housing. The policy of the Government in depleting the social housing stock is exacerbating the crisis in housing and the numbers of citizens on waiting lists. My constituency office, like that of many other Deputies, is dealing with increasing numbers of people who have been forced to leave what was the family home. Sometimes this is because of relationship breakdown and in some cases it is due to domestic violence. These same citizens then have difficulty accessing supplementary welfare allowance or rent allowance because they are often not accepted onto local authority housing lists as they are deemed to have vested financial interests in family homes which they no longer occupy. In her long involvement in politics, I am sure the Minister of State has dealt with this herself.

There is a lack of clarity in this area and a disparity in procedures between local authorities. The Minister for the Environment, Community and Local Government must empower and resource local authorities to effectively assess such applicants. He must set out a clear policy to deal with such applicants and establish mechanisms to allow for compassionate and psychological factors to be part of the assessment process.

In a real republic citizens would have the right to a home. This is not a real republic, as we learn every day, it is, as was said by a historian many years ago, a dictionary republic. The Labour Party, with that name, should aspire to protect citizens, safeguard their rights and ensure that they have a home. This motion proposes measures that can significantly contribute to ending the current crisis in housing. I commend it to the Dáil.

**Deputy Seán Crowe:** There is general agreement across all the parties that there is a crisis in housing. The extent of the crisis might be a point of difference but every day in my constituency office, the majority of people are coming in about issues related to housing. Many of those issues relate to mortgage distress and the people who are coming in are looking for advice and solutions. The general consensus is that the current supports that are in place are not working. They come to us to plead for a way to save their homes. They are worried sick, unable to sleep at night.

The other problems we hear a lot about relate to social housing. In my area the list is getting longer. If the person loses his home, there is a waiting list to see the housing office to get on to the list and then there could be a wait of up to six years.

One of the most obscene things that happened as a result of the madness of the property boom is that there is empty accommodation across the State under NAMA when there are people sitting on the housing lists for years. There are no ghost estates in my area but there is empty accommodation. I do not know if it would be suitable for families but it would be suitable for students and young nurses working in the hospital. There are plenty of people who need accommodation who cannot get it at the moment. It is obscene, therefore, that accommodation is lying empty. People cannot understand that.

Some Members and journalists would rubbish the call for a housing programme where we would start building houses but there is a need for housing in this city. There is a need for local accommodation and a roll-out of social housing. We know that housing stock has shrunk so this problem exists across Dublin. We have put forward solutions, such as write-downs of a portion of mortgage debt among other options. There could be more direct action by the Central Bank to force lending institutions to adopt a more lender-friendly approach to the mortgage crisis. NAMA should have to contribute to the social and economic development of the State by providing more housing units from its portfolio that would be suitable for social housing. There must be a plan to commence the building of at least 5,000 units by the end of 2013, with a further 4,000 by the second half of 2014. That ticks all the boxes in that people get accommodation and jobs are created. It also fulfils the basic right to housing. Deputy Adams is right - surely a basic tenet of a republic should be that a person should have access to a roof over his head? We know to our cost the number of people who feel there is nowhere safe for them to go, with many of them ending up homeless as a result.

This is a genuine attempt to address a problem that faces us as a society. What we are doing now is crazy. People are critical of the actions of speculators but instead of giving people a home through a programme of social housing, we are putting more and more money into the pockets of private landlords. There is a lack of inspection of private accommodation and there are numerous difficulties that people face in the private rental market. Most of all they will never have a permanent home where they can settle and raise their families.

We need a great deal of support here. That is basically what we are saying. My party's motion speaks of supporting those who are in the middle of this crisis. It is a genuine attempt. No one should engage in partisan politics in this regard. If we are doing our job as political representatives, we should know there is a crisis out there.

**Deputy Peadar Tóibín:** Of those with domestic mortgages, 23.5% are in mortgage distress. Behind each number there are families or individuals who invested with hope and now are living in despair. Most of these homes are in negative equity and borrowers cannot escape from them. They are trapped in homes they cannot afford.

The Central Bank states that more needs to be done. Fiona Muldoon of the Central Bank asked what the banks are waiting for. The Governor of the Central Bank has stated that if the banks do not deal with it, the Minister will have to put extra capital into the banks. Under the Government's watch, the problem has doubled in the past two years. The Personal Insolvency Act 2012 will not fix the problem because, significantly, as Richie Boucher has said, there will be no write-downs. While the citizens slide into debt, there is typical Fine Gael-Labour Party

dysfunction - words but no action.

It is Sinn Féin's policy that if we fix the real economy, we will fix the debt problem. Sinn Féin's policy speaks of investing in the real economy and developing badly needed infrastructure that will create jobs but will also create competitiveness and efficiencies into the future. A recent study by the Central Bank showed that an investment of €2 billion would have the effect of reducing unemployment by 0.5%. It would have the effect of stabilising the housing market and, possibly, increasing house prices by 2%. This, in turn, would lower projected losses on the banks' mortgage books from 8% to 7.5%. Because of the decisions of this Government of dysfunction, this State is on the hook for the capital requirements of the banks, so a reduction in mortgage defaults would benefit the public finances.

It is also Sinn Féin's policy that an independent, statutory distressed mortgage resolution process needs to be legally binding and needs to work on a case-by-case basis. This would protect the family home through a variety of measures - most importantly, through write-downs, shared equity and transfer of tenure type to social renting. Even if some are oblivious to the human suffering that is going on, and even if their political ideology is based on the size of their wallets, this policy would be of significant benefit to the economy. If we can take the risk out of a mortgage, if we can make a mortgage manageable, we will reduce the level of funding that the State must put into the banks. If we do not do that, we will continue recapitalisation of the banks.

The policy in which the Government is involved has other economic side-effects. It takes a significant section of the population out of the spending economy, which further depresses an already collapsed domestic economy. A functional government would direct the banks to deal with the issue in a proactive manner. It would introduce legislation that gives the Central Bank Governor the power to ensure that banks pass on interest rate reductions from the ECB. It would ensure all budget-related decisions regarding mortgages were passed on immediately by banks and it would ensure that mortgage lenders and inter-bank commercial lenders shared a portion of the burden involved in the problem of mortgage distress.

Critically, the real economy is still limping along, because the Government refuses to deal with this issue. If the Government fixed the real economy, it would result in a positive outcome on the debt crisis and also on mortgage distress. I implore the Government to accept the proposals of Sinn Féin and support this motion.

**Acting Chairman (Deputy Peter Mathews):** I call Deputy Ó Snodaigh, who has three minutes.

**Deputy Aengus Ó Snodaigh:** Is it two minutes?

**Acting Chairman (Deputy Peter Mathews):** Deputy Ó Snodaigh's colleague saved one minute, so he has three.

**Deputy Aengus Ó Snodaigh:** I will take two minutes and Deputy Ross will have three minutes.

**Acting Chairman (Deputy Peter Mathews):** Yes.

**Deputy Aengus Ó Snodaigh:** Cuireann an leasú atá curtha faoinár mbráid ón Rialtas díomá orm, ach go háirithe an páirt i leith tithíochta sóisialta. An bhfuil an Rialtas dall ar an ghéar-

chéim thíthíochta atá ann? Ní dhéanfaidh an freagra atá ós ár gcomhair anocht ach cur leis an fhadhb atá againn.

On social housing, I laughed when I saw the Government amendment, especially since it speaks of permanent new social housing and then goes on to list how the State will further subsidise private landlords in this State with temporary leases. That is not a permanent solution. It is not a solution at all, given that 42% of private rented accommodation does not even meet minimum standards. The realistic solution is to provide direct funding to local authorities to build or purchase permanent social housing for the nearly 100,000 households on the housing list. As well as cutting the rent allowance and leasing bills, it would stimulate local economies, give a source of income to local authorities and regenerate the wastelands left by the previous Government which allowed the collapse of regeneration schemes in my area and others in the city and country.

Coupled with this, there is a need for a constitutional change to allow for a “use it or lose it” clause for derelict sites or derelict homes. The free transfer of empty apartments and houses held by NAMA to local authorities would also help address the social housing needs of struggling Irish families much more quickly and permanently than by subsidising the landlords and speculators, many of whom caused some of these problems in the first place.

In my area of Bluebell, there is an empty shell of an apartment block. Nearby, in Inchicore, there is the collapsed St Michael’s regeneration project, and a large, brand new apartment block next door to that is also empty. There is a collapsed regeneration project in Cherry Orchard, and several derelict sites which Dublin City Council earmarked in the constituency for senior citizen accommodation to replace the pokey bedsits many of them are in at present. Also in the area are stalled large-scale regeneration projects in St. Teresa’s Gardens and Dolphin House. Investment in any of those projects would create local jobs, stimulate the local economy, address dereliction and, most importantly, provide homes for the homeless and for those living in overcrowded or inappropriate accommodation.

**Deputy Shane Ross:** The recognition of this problem, which was identified by the motion from Sinn Féin this evening, has been a long time coming. It is staggering that the Government, as Deputy Tóibín stated, has allowed this problem to double in size since it took office, sitting fiddling while the mortgage fire burned.

It was not only Fiona Muldoon who warned about this in November last. As recently as two weeks ago, the Governor of the Central Bank stated he was tearing his hair out at the failure of the banks to tackle this problem. By implication, he was also tearing his hair out at the failure of the Government to tackle this problem, because the two of them are colluding in allowing the banks to keep on their balance sheets house values that are unrealistic and, thereby, under provision for bad debts. We saw this previously in the case of the developers. This is only history repeating itself in another form because the mortgage arrears problem is simply the second pillar of the Irish debt problem. The first pillar is being tackled - admittedly, in a fairly haphazard way - but the second one has not really been tackled at all. The reason it is being tackled now is not that there is any great political will or courage. It is because there are stress tests down the line this year. The stress tests, in October, are quite likely to come to the conclusion, because of the Government’s refusal to recognise the mortgage arrears problem, that the banks will need further recapitalising. If that happens, where is the money to come from? We see no answers other than piecemeal ones such as talk about split mortgages and the Personal Insolvency Act 2012, which does not have the capacity to sort out a problem of this size. That

is why it is so important that we get a serious reply and seriously constructive suggestions from the Government for tackling this problem, which is out of hand and will get worse. When the property tax invoices come through letter boxes of at the end of May and the payment date for the tax arrives in July, borrowers will begin to regard mortgages as an optional extra. I predict that borrowers will look at their property tax bills and say that they cannot pay it but, because the Government is confiscating it through the Revenue Commissioners, they will take the other option and stop paying their mortgages. The Government is not facing up to this problem and it must do so immediately. The result of its policy will be more recapitalisation and where the money is to come from will be an interesting question and one to which I would like to see an answer this evening.

**Minister of State at the Department of the Environment, Community and Local Government (Deputy Jan O’Sullivan):** This has been a very useful debate and I thank Sinn Féin for raising these issues. However, the Government is dealing with the consequences of the previous Government’s policies and belief system which were pro-cyclical, reckless lending and very poor regulation. Unfortunately the consequences have been very painful for many of our people. We are trying to deal sensitively with those experiencing severe mortgage arrears and to identify innovative ways to meet social housing demands at a time when the public funds available to that end have never been scarcer. I would love to have the kind of money to implement the various Sinn Féin suggestions, but we do not have that money at the moment and we have to deal with the problem as it faces us now. Deputy Ross is very good at describing the problem, but I have not heard too many solutions.

**Deputy Shane Ross:** It gave us more time.

**Deputy Jan O’Sullivan:** We have introduced solutions, including the Personal Insolvency Act and we are continuing to keep the pressure on the banks.

**Deputy Mattie McGrath:** They have a veto.

**Deputy Jan O’Sullivan:** That area is very much at the top of the Government’s agenda. We have fundamentally redirected policy in this area, for which I am responsible, in developing a sustainable housing policy, which, first and foremost, recognises the mistakes that were made in the past. Our housing policy statement published in June 2011 emphasises choice, equity across housing tenures and delivering quality outcomes for the resources invested. Equity across housing tenures includes the rented sector Deputy Ó Snodaigh mentioned and the various measures we have taken to ensure better quality.

The financial parameters in which we will be operating for the coming years rule out a return to very large capital-funded construction programmes by local authorities at least in the near future. As such, there is no single solution to increasing the level of social housing supply and flexible and diverse approaches are required. These approaches include a continued focus on the social housing leasing initiative and other flexible funding models that deliver social housing solutions in the here and now. While Opposition Members may not like leasing it means we can deliver now many more houses to people on housing lists than we could by any other method. It does not mean it has to be the method forever, but for the moment it is a method that delivers. The approaches also include further transfers of tenants from rent supplement to the rental accommodation scheme, which is important; working with a range of public, private, voluntary and co-operative housing bodies on innovative approaches to provision of social housing; gaining a dividend for social housing where possible from vacant and unfinished properties

and from the overhang in the property market; and obtaining a social dividend from NAMA - I accept that has been very slow but it will certainly speed up this year.

The Government is also committed to developing other funding mechanisms that will increase the supply of permanent new social housing. Such mechanisms will include options to purchase, build to lease, the sourcing of loan finance by approved housing bodies for construction and acquisition. I am open to any reasonable suggestions from both sides of the House.

Regeneration is by no means dead. While there are problems in some of the Dublin regeneration sites, regeneration is certainly continuing in certain parts of the country. I am also working on stimulus and a targeted programme to improve the energy efficiency of existing local authority housing stock could be a real win-win in terms of protecting the State's investment over decades and creating real employment activity as well as improving people's lives. We are working at refurbishing and retrofitting works which are labour-intensive and will improve the social housing stock.

In 2012 my Department invested approximately €150 million in improving the existing social-housing stock with €100 million invested in the physical and social regeneration of large estates and flat complexes in disadvantaged communities in seven cities and towns around the country. We have spent approximately €52 million over two years on enhancing the energy-efficiency standards of local authority housing. However, much more could be done and I am engaging with my Cabinet colleagues to put together a package of measures to extend the benefits of energy-retrofitting measures.

In working to meet housing needs, I wish to refer in particular to something mentioned in the motion - the accommodation needs of Travellers, a section of our society which experiences particular problems, and as we have sadly witnessed in recent weeks downright discrimination and racism regarding social exclusion and disadvantages. I emphasise the State's commitment in this area which has been backed up by a spend of over €190 million on Traveller-specific accommodation since 2005. We are continuing to protect funding in that regard. Deputies will appreciate that in addition to Traveller-specific accommodation, the vast majority of Travellers are also accommodated in standard social housing which is funded by my Department's local authority housing programme. The 2011 annual count of Traveller families identified only 3.4% of families were living on unauthorised sites in 2011 - it was a much larger figure in the recent past.

Providing a sustainable framework for future housing policy is a priority for me as Minister of State. That will not be achieved by pie-in-the-sky economics or by ignoring the damage previous administrations inflicted. It will be achieved by working in partnership with many sectors to deliver homes for people, not profits for speculators. I will work with Deputies from all sides of this House to achieve that goal.

**Deputy Mary Lou McDonald:** The only people engaging in pie-in-the-sky economics are those on the Government benches. Only a pie-in-the-sky formula would leave families across the State in limbo, struggling with mortgage distress and default, and hobbling along on interest-only arrangements with the banks.

**Deputy Jan O'Sullivan:** We are working on it.

**Deputy Mary Lou McDonald:** In its term in office the Government has engaged in what can only be described as gesture politics because it knows there is a big crisis with mortgage

debt, as we all know.

**Deputy Jan O'Sullivan:** That is why we brought in-----

**Deputy Mary Lou McDonald:** It knows it needs to do something but is not prepared to grasp the nettle. It introduced a personal insolvency framework that leaves a veto with banks. What kind of craziness was that? It probably knows - I hope to goodness it knows - that there is a requirement for write-down which is the only way they can become sustainable. However, it is not prepared to say that out loud and face that reality, and it is not alone. Whether the Governor of the Central Bank, Professor Honohan, has torn his hair out or not is a matter for himself, but he also is not prepared to set targets for the financial institutions to instruct the banks clearly that they need to deal with these distressed mortgages and to map out an acceptable pace in which those resolutions can take place. The Government's failure is the lack of an appropriate legislative framework to free people from the nightmare in which they find themselves in unsustainable mortgage debt. The failure of the Central Bank and its Governor is in not asserting itself with the banks and to inform them clearly that it is not acceptable to us, the taxpayers, that the very banks we have bankrolled and recapitalised would snub their noses at the citizens in this way.

The Minister of State spoke about choice. There are families with no choice; those who cannot meet their mortgage repayments and go into default do not have choice. In addition, it is a source of scandal that more than 100,000 applicants are waiting to be housed by local authorities. That is much worse than even in the early years of this State. What is the Government's answer for them? It is that they should hang on a little longer or to go into rented accommodation, much of which is so below par that it is a joke.

**Deputy Jan O'Sullivan:** That is why we just introduced standards, including for bedsits that Deputy Ó Snodaigh mentioned.

**Deputy Mary Lou McDonald:** In my constituency I invite the Minister of State to visit the private rented accommodation along the North Circular Road, for example. I invite her to visit the bedsits in which people live.

**Deputy Jan O'Sullivan:** We have actually done that in the North Circular Road.

**Deputy Mary Lou McDonald:** I invite her to view the squalor in which citizens of this Republic live in 2013. I then ask that she review her rhetoric as regards choice. That is no kind of choice. It is in fact a kind of misery.

**Deputy Jan O'Sullivan:** Deputy McDonald is not the only one who visits houses.

**Deputy Mary Lou McDonald:** On review of this Government record in office thus far, it would be fair to say that it lacks any coherent policy or approach in respect of homes and housing. The only coherent measure which it has brought forward is its property tax. Not satisfied with the misery of mortgage holders and people in distress, or with the substandard condition of local authority and private sector housing, this Government believes the smart thing to do at this stage is to tax the family home of those who are managing to keep a roof over their heads.

**Deputy Jan O'Sullivan:** The Deputy has a selective memory of what we have and have not done.

**Deputy Mary Lou McDonald:** This is not choice or coherence rather it is a Government in

denial, a Government prepared to turn its face away from the needs of its citizens and slavishly follow the instructions of the troika and its European partners rather than face up to and deliver on the needs of citizens.

**Deputy Caoimhghín Ó Caoláin:** I made the point many times in the previous Dáil that Government housing policy was market-driven rather than based on the right to housing and on meeting the social need for accommodation in Ireland. Sinn Féin, as well as other progressive voices, including some from the Labour Party benches when in opposition, were making those points long before the property bubble was allowed to inflate and inevitably to burst. If the demand for a real and effective State housing policy had been listened to we could have avoided the worst of the economic collapse. We would have seen the construction of quality and well-planned local authority housing on a wide scale, a control of house prices and a more diverse economy not over-reliant on the construction sector. We would have seen affordable housing in the private sector and mortgages that did not burden people from the start of their working lives to the grave. All appeals for a sane, sensible and fair housing policy were, the Minister of State is correct, ignored by three Fianna Fáil-led Governments. The results are all around us today, including economic collapse, massive toxic bank debt, widespread mortgage distress, a dire shortage of local authority housing and severe hardship for many tenants in the private rented sector.

The Tánaiste, Deputy Gilmore, as Labour Party leader in December 2008, put forward a comprehensive Private Members' motion in the Dáil, which was in many respects similar to the Sinn Féin Private Members' motion we are debating tonight. It noted "the failure of the Government to honour the commitment contained in the programme for Government to expand delivery of social and affordable housing options to meet the needs of 90,000 households." Two years of this Government in office, what do we find? As stated in this motion, since 2011 this Fine Gael-Labour Party Government has cut spending on housing by 19% to €585 million, leaving local authority housing desperately under-funded, resulting in 98,318 families on waiting lists for local authority housing in this State, which is a significant increase on what pertained only a few short years ago.

To address this crisis Sinn Féin is asking the Government to develop a plan to commence the building of at least 5,000 housing units by the end of 2013, with a further 4,000 houses to be built by the second half of 2014, including the use of social housing bonds to fund these projects. We are not asking the Government to go as far as the Labour Party motion of 2008, which sought the construction of an additional 10,000 social housing units each year for three years. The sad fact is that this Government is continuing with the housing policy of its predecessors. A different era requires a new policy, which has not been forthcoming from this Government so far. I add the words "so far" because I do not deny or doubt the Government's sincerity in wanting to see this issue addressed. I genuinely hope the situation will change.

A new drive for social housing is essential. Equally essential are comprehensive measures to address mortgage distress. Nobody in this Dáil, who genuinely represents people, can be blind to the reality of mortgage distress in this State. Masses of people have been left with the toxic legacy of the inflated property bubble. This Government has taken minimal action to alleviate the problem. On the contrary, it proposes heaping debt upon debt with its inequitable family home tax. I strongly urge the Government to undertake the measures outlined in the Sinn Féin motion, including the removal of the veto given in the Personal Insolvency Act 2012 to lenders over proposed insolvency agreements; to prioritise the maintenance of the family home in any agreements dealing with residential mortgages; to provide in the legislation for the inde-

pendent adjudication and enforcement on mortgage distress cases, including the possibility of write-downs on portions of the mortgage debt, as well as other options such as debt-for-equity swaps, mortgage-to-rent and short selling when reaching mortgage restructuring agreements; and to take more direct action with the Central Bank to force lending institutions to adopt a more proactive and lender-friendly approach to the mortgage crisis. I do not care who pulls their hair out: I am past that point.

The taxpayers of this State are bailing out banks and bondholders to the tune of billions, in return for which all hard-pressed mortgage holders are getting is zilch. It is time, and long past time, that this Government acted like a Government for the people and called the banks to account. I genuinely believe it must recognise the need for this to be done.

**Deputy Dessie Ellis:** First, I thank all Deputies who contributed tonight and last night to this important debate. While we have had our disagreements, the discussion has been mostly cordial. Although the Government has tabled a counter-motion, which is disappointing, the discussion has highlighted the seriousness of the problem. It is no longer good enough for the Government to say it inherited this problem from the previous Administration. To continue with the same tactics and approach as the previous Government is disappointing.

It was reported today that AIB is to increase its variable interest rates, which will affect 70,000 households. If proof was needed that the banks are immune to the difficulty faced daily by struggling mortgage holders this is it. This move by AIB should be a call to action by this Government to allow an independent body to impose settlements on banks. Action has been promised again and again but the figures show these promises have not been lived up to. Sinn Féin has repeatedly shown that there is an alternative. We are tired of reminding the Government that there are alternatives. We have worked hard to give this Government options which we felt it could support. However, these proposals have fallen on deaf ears.

Last night and tonight we again made the plea for Government to listen and to work with us on finally beginning to resolve these outstanding issues which worry the people of this State every day. Equivocation by the Government and its failure to take decisive action has, unfortunately, added to the crisis. Action is required. The first step now must be to revisit the Personal Insolvency Act and remove the veto from the lenders. As long as the lenders have a veto there is little reason for them to seek fair compromises. We are calling for independent agreements on mortgage distress to be decided by a mortgage restructuring panel appointed by the Minister. This panel would be empowered to act as an arbitrator with the authorisation to impose on both parties agreements aimed at prioritising the protection of the family home.

Sinn Féin accepts that neither Fine Gael nor the Labour Party created the serious problems we face, particularly in the case of the social housing shortage. However, it now falls on them to address the problem. The crisis was a collaboration of most Governments since the early 1980s, which sought in the best traditions of Thatcher to push private ownership over public provision, not in the interest of improving the conditions of housing for working people but in order to remove the State's responsibility for housing.

*9 o'clock* We differ from the main parties because Sinn Féin believes housing is a right. Five years ago in the House the Labour Party co-signed a motion with Sinn Féin calling for the construction of 10,000 social housing units a year for the following three years. This was against the backdrop of falling revenue and a housing crisis which was moderate in comparison to the one we face today, with 60,000 on waiting lists then rather than the 100,000 today. Back then

the Labour Party had not given up on large-scale social housing projects, but, of course, it had not yet been shackled and dragged to the right by Fine Gael. It is hard to believe we are dealing with the same party.

Yesterday evening the Minister of State, Deputy Joe Costello, told us the Government was on target to deliver numbers similar to that called for in the motion. That is not correct. The numbers may be similar, but what they represent is completely different. The Minister of State's numbers represent more stop-gap measures but no solutions. The motion calls for the commencement of a building programme to deliver 9,000 homes in approximately two years. These would not be new social housing leasing opportunities which would make private profit at public expense and revert back to the hands of developers; properties rented or bought on credit by voluntary bodies which they could not be sure they could afford; shared ownership homes which would be surrendered; be for new rent supplement recipients, or people participating in the rental accommodation scheme. This is a proposal to build real social housing.

This discussion has been very worthwhile. We have heard many ideas and put forward our own on how to look at the housing issue. I hope the Minister of State, Deputy Jan O'Sullivan, will take them on board. During the debate we have mentioned the homelessness crisis and the problems faced in dealing with it. We also have a crisis on our hands with regard to mortgages in distress. I ask the Minister of State to try please to address it.

Amendment put:

The Dáil divided: Tá, 76; Níl, 46.	
Tá	Níl
Bannon, James.	Adams, Gerry.
Barry, Tom.	Boyd Barrett, Richard.
Breen, Pat.	Broughan, Thomas P.
Bruton, Richard.	Calleary, Dara.
Burton, Joan.	Collins, Joan.
Butler, Ray.	Collins, Niall.
Buttimer, Jerry.	Colreavy, Michael.
Byrne, Catherine.	Crowe, Seán.
Coffey, Paudie.	Daly, Clare.
Collins, Áine.	Doherty, Pearse.
Conlan, Seán.	Dooley, Timmy.
Connaughton, Paul J.	Ellis, Dessie.
Conway, Ciara.	Ferris, Martin.
Coonan, Noel.	Flanagan, Luke 'Ming'.
Corcoran Kennedy, Marcella.	Fleming, Tom.
Costello, Joe.	Grealish, Noel.
Creed, Michael.	Halligan, John.
Creighton, Lucinda.	Healy, Seamus.
Daly, Jim.	Healy-Rae, Michael.
Deasy, John.	Higgins, Joe.
Deenihan, Jimmy.	Kelleher, Billy.

Deering, Pat.	Kirk, Seamus.
Donohoe, Paschal.	Mac Lochlainn, Pádraig.
Durkan, Bernard J.	McConalogue, Charlie.
English, Damien.	McDonald, Mary Lou.
Ferris, Anne.	McGrath, Finian.
Fitzpatrick, Peter.	McGrath, Mattie.
Flanagan, Charles.	McGrath, Michael.
Flanagan, Terence.	McGuinness, John.
Griffin, Brendan.	McLellan, Sandra.
Hannigan, Dominic.	Martin, Micheál.
Harrington, Noel.	Moynihan, Michael.
Harris, Simon.	Murphy, Catherine.
Hayes, Tom.	Nulty, Patrick.
Heydon, Martin.	Ó Caoláin, Caoimhghín.
Howlin, Brendan.	Ó Cuív, Éamon.
Humphreys, Kevin.	Ó Fearghaíl, Seán.
Keating, Derek.	Ó Snodaigh, Aengus.
Kehoe, Paul.	O'Brien, Jonathan.
Kelly, Alan.	O'Sullivan, Maureen.
Kenny, Seán.	Pringle, Thomas.
Kyne, Seán.	Ross, Shane.
Lawlor, Anthony.	Smith, Brendan.
Lynch, Ciarán.	Stanley, Brian.
Lynch, Kathleen.	Tóibín, Peadar.
Lyons, John.	Troy, Robert.
McCarthy, Michael.	
McFadden, Nicky.	
McLoughlin, Tony.	
McNamara, Michael.	
Maloney, Eamonn.	
Mathews, Peter.	
Mitchell O'Connor, Mary.	
Mulherin, Michelle.	
Murphy, Dara.	
Nash, Gerald.	
Neville, Dan.	
Nolan, Derek.	
Ó Ríordáin, Aodhán.	
O'Donnell, Kieran.	
O'Donovan, Patrick.	
O'Mahony, John.	
O'Reilly, Joe.	

*Dáil Éireann*

O'Sullivan, Jan.	
Perry, John.	
Phelan, John Paul.	
Rabbitte, Pat.	
Reilly, James.	
Ring, Michael.	
Ryan, Brendan.	
Stagg, Emmet.	
Stanton, David.	
Timmins, Billy.	
Tuffy, Joanna.	
Wall, Jack.	
Walsh, Brian.	

Tellers: Tá, Deputies Emmet Stagg and Paul Kehoe; Níl, Deputies Aengus Ó Snodaigh and Dessie Ellis.

Amendment declared carried.

Question put: "That the motion, as amended, be agreed to."

The Dáil divided: Tá, 77; Níl, 47.	
Tá	Níl
Bannon, James.	Adams, Gerry.
Barry, Tom.	Boyd Barrett, Richard.
Breen, Pat.	Broughan, Thomas P.
Bruton, Richard.	Calleary, Dara.
Burton, Joan.	Collins, Joan.
Butler, Ray.	Collins, Niall.
Buttimer, Jerry.	Colreavy, Michael.
Byrne, Catherine.	Crowe, Seán.
Coffey, Paudie.	Daly, Clare.
Collins, Áine.	Doherty, Pearse.
Conlan, Seán.	Dooley, Timmy.
Connaughton, Paul J.	Ellis, Dessie.
Conway, Ciara.	Ferris, Martin.
Coonan, Noel.	Flanagan, Luke 'Ming'.
Corcoran Kennedy, Marcella.	Fleming, Tom.
Costello, Joe.	Grealish, Noel.
Creed, Michael.	Halligan, John.

Creighton, Lucinda.	Healy, Seamus.
Daly, Jim.	Healy-Rae, Michael.
Deasy, John.	Higgins, Joe.
Deenihan, Jimmy.	Kelleher, Billy.
Deering, Pat.	Kirk, Seamus.
Donohoe, Paschal.	Mac Lochlainn, Pádraig.
Durkan, Bernard J.	McConalogue, Charlie.
English, Damien.	McDonald, Mary Lou.
Ferris, Anne.	McGrath, Finian.
Fitzpatrick, Peter.	McGrath, Mattie.
Flanagan, Charles.	McGrath, Michael.
Flanagan, Terence.	McGuinness, John.
Griffin, Brendan.	McLellan, Sandra.
Hannigan, Dominic.	Martin, Micheál.
Harrington, Noel.	Moynihan, Michael.
Harris, Simon.	Murphy, Catherine.
Hayes, Tom.	Naughten, Denis.
Heydon, Martin.	Nulty, Patrick.
Howlin, Brendan.	Ó Caoláin, Caoimhghín.
Humphreys, Kevin.	Ó Cuív, Éamon.
Keating, Derek.	Ó Fearghaíl, Seán.
Kehoe, Paul.	Ó Snodaigh, Aengus.
Kelly, Alan.	O'Brien, Jonathan.
Kenny, Seán.	O'Sullivan, Maureen.
Kyne, Seán.	Pringle, Thomas.
Lawlor, Anthony.	Ross, Shane.
Lynch, Ciarán.	Smith, Brendan.
Lynch, Kathleen.	Stanley, Brian.
Lyons, John.	Tóibín, Peadar.
McCarthy, Michael.	Troy, Robert.
McFadden, Nicky.	
McLoughlin, Tony.	
McNamara, Michael.	
Maloney, Eamonn.	
Mathews, Peter.	
Mitchell O'Connor, Mary.	
Mulherin, Michelle.	
Murphy, Dara.	
Nash, Gerald.	
Neville, Dan.	
Nolan, Derek.	
Ó Ríordáin, Aodhán.	

O'Donnell, Kieran.	
O'Donovan, Patrick.	
O'Mahony, John.	
O'Reilly, Joe.	
O'Sullivan, Jan.	
Perry, John.	
Phelan, John Paul.	
Rabbitte, Pat.	
Reilly, James.	
Ring, Michael.	
Ryan, Brendan.	
Stagg, Emmet.	
Stanton, David.	
Timmins, Billy.	
Tuffy, Joanna.	
Varadkar, Leo.	
Wall, Jack.	
Walsh, Brian.	

Tellers: Tá, Deputies Emmet Stagg and Paul Kehoe; Níl, Deputies Aengus Ó Snodaigh and Dessie Ellis.

Question declared carried.

### **Finance Bill 2013: Second Stage (Resumed)**

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

**An Leas-Cheann Comhairle:** Can we have some order please? Deputy Higgins is in possession and I understand he has four minutes.

**Deputy Joe Higgins:** Go raibh maith agat, a Leas-Cheann Comhairle. Maidir leis An mBille Airgeadais 2013, níl anseo ach daingniú ar an déine mar pholasaí Rialtais, an polasaí céanna atá Páirtí an Lucht Oibre agus Fine Gael ag cur chun cinn le dhá bhliain anuas agus atá tubaisteach ó thosach go deireadh; níos mó ciorraithe agus níos mó ardaithe cánach ar ghnáth dhaoine agus ar ghnáth lucht oibre agus é sin ag cur isteach go tubaisteach ar chúrsaí eacnamaíochta na tíre. Dá bhrí sin, chímid ráta dífhostaíochta 14.7%, agus 80,000 duine, daoine óga is mó, go raibh orthu imeacht ón tír an bhliain seo chaite ar imirce, mar nach raibh postanna annso dóibh. Tá an bonneagar briste i ndáiríre, gan infheistíocht á cur isteach i gcúrsaí eacnamaíochta agus cior-

raithe ar infheistíocht phoiblí.

Ag an am gcéanna, tá an Rialtas ag tabhairt isteach cáin nua ar a ghlaonn sé cáin mhaoine áitiúil, ach i ndáiríre cáin ar thithe ghnáth dhaoine agus an lucht oibre is ea í. An mhí seo chugainn, nuair a shroichfidh dhá mhilliún litir teaghlaigh mórthimpeall na tíre beidh raic ó bhun barr na tíre maidir leis an cháin áitiúil seo, mar tuigfidh an gnáth duine, don chéad uair i ndáiríre, chomh tromchúiseach is atá an cháin seo, suas le €400 nó €500 in aghaidh na bliana ar an ghnáth lucht oibre atá faoi bhrú cheana féin maidir lena mbuiséid baile agus a leithéid. Nuair a shroichfidh na litreacha seo na tithe, is féidir leis an Rialtas a bheith ullamh le haghaidh raic mórthimpeall na tíre. Beidh clampar, fearg agus gubha thar barr ar dhaoine. Is féidir leis an Rialtas beith ag fanacht le feachtas ollmhór ar bhonn náisiúnta imeasc ghnáth dhaoine in aghaidh na cánach seo, mar tuigeann siad go bhfuil sí tromchúiseach go leor faoi mar atá ach go raghaidh sí ináirde gach bliain, agus nuair a cuirtear leis sin an cháin ar uisce beimid ag caint faoi €1,000 in aghaidh na bliana ar gach teaghlach tar éis cupla bliain.

Dá bhrí sin, bíodh an Rialtas ag feitheamh le feachtas chumhacht na ndaoine. Bíodh sé ag fanacht le daoine ar na sráideanna agus le daoine ag cur ina aghaidh in ngach slí gur féidir agus ag cur brú ollmhór ar na páirtithe atá ins an Rialtas, agus é sin go léir tuillte ag an Rialtas. Is tubaisteach an rud é dul chun cinn leis an gcáin áirithe seo. Ba cheart go dtarraingeodh an Rialtas siar. Ar deireadh thiar thall, is é atá ag teastáil ón tír.

Tá an córas caipitleach, an córas mhargadh airgeadais, briste ó thús go deireadh anois ionas nach féidir leis riachtanais ghnáth mhuintir na hEorpa a chomhlíonadh. Dá bhrí san, polasaithe raidiceacha maidir le hairgeadas agus le cúrsaí eacnamaíochta agus polasaithe sóisialacha atá ag teastáil, go mbéadh na bainc agus na hinstiúidí airgeadais in úinéireact phoiblí agus faoi stiúradh dhaonlathach na ndaoine i dtreo is go mbeidís ag obair ar mhaithe le tromlach na ndaoine agus ní ar mhaithe leis an mionlach beag, na boic móra, agus le brabús an mhionlaigh úd.

**Deputy Bernard J. Durkan:** I am glad to have an opportunity to speak on this particularly important legislation, which gives legal effect to the budget. It is necessary to retrace one's steps for a few moments to consider recent history before one comes to conclusions as to what is the best medicine at present. A famous event in the history of this country once was described as the birth of a terrible beauty and in October 2010, another terrible beauty was born. It was the realisation of the magnitude of the debt that had fallen on the shoulders and backs of the people of this country. It was an appallingly difficult situation and was appalling for the outgoing Government at that time. As Members are aware, it was not entirely blameless but nor do I blame it entirely because the people voted for a succession of Fianna Fáil Governments and that is what happened. Moreover, regardless of whether it was right or wrong, the people are always right and one must accept their decision. However, one must study the consequences and what we now face to realise fully the difficulties under which the Irish people must bear up. Moreover, in this jurisdiction we were lucky that the Opposition parties were prepared to form a Government, because that did not happen in every other country. It was the most difficult challenge ever handed to an incoming Government. People can minimise it as much as they like and they can say they spoke to the troika and they know there are options. Unfortunately, the options were stark and, to be fair to the outgoing Government parties, they recognised that. Perhaps they could have done a better deal but they did not. There might not have been time but if there had been a more careful study of what happened over the previous ten years, there would not have been a need to do anything of that nature. For whatever reason, we are in the position we are in now and we cannot wish it away.

I acknowledge politics is the art of the possible and a politician must sell his message, whatever it is, but there needs to be a recognition among those who purport to be the alternative in the future that they what they propose is realistic and attainable and will not have disastrous consequences for the people who follow them. That is the equivalent of misleading the electorate. All I have heard for the past six months is negativity, poverty, despair and sale of a common product - misery. It is appalling that mature politicians should use people's difficulties, concerns, cares and worries when they are in a vulnerable position to advance their cause regardless of the cost and the consequences for the people who listen to them.

We need hope in this country. The people have a right to expect honesty from their politicians and to be told the situation. Politicians should say honestly that if they follow this pattern, we will achieve a particular goal and success but it will not be easy because it could not be. I do not blame the Opposition parties for taking political advantage but there is a point when the competition between them has to be examined carefully to find out where they are heading and where the country could be heading in the future because this competition is about who can promise the most in the shortest timeframe while pretending there will be no cost and pain. I find it extraordinarily difficult to understand and it is appalling. I congratulate them because they are all opposed to cutbacks. With the notable exception of Deputy Michael McGrath, who acknowledged there is a situation that must be dealt with, the remaining Opposition Members are competing with each other because there is no doubt in their minds that the way forward is to promise as much as possible and pretend there is something in a pot that does not exist, which is extraordinary. They are all opposed to taxation and cutbacks and the only thing they have not promised at this stage is fine weather. This is only two years since the last disastrous appraisal of the country. I cannot understand how, in their lighter moments, they do not have a little aberration and say to themselves or somebody else that this is a little brazen and we should not go down this route so early.

One of the themes that is emerging in our public discourse is the need to more money in people's pockets. The Leas-Cheann Comhairle will recall with a great deal of fondness that the theme of the 1977 election campaign was to put more money in people's pockets because the country needed a boost. The poor unfortunate people believed what they were told and motor tax, rates and health charges were abolished. The people thought this was great because this put more money in their pocket. That election was bought. In similar economic circumstances to those we are in now with the country emerging from recession and two oil crises and just breaking through the surface, all of a sudden a massive avalanche of promises were made. Within two years, the Taoiseach of the day had to resign because the bubble had burst and the debt that had piled up was multiples of that when he took office. Fianna Fáil members looked at each other and they even blamed each other but then they shuffled their feet uneasily for the next 18 months before the Opposition parties had to come along to clean up the mess.

In 1987, following another period of difficulty the same Opposition parties had to deal with, a new slogan emerged: "There is a better way." Fianna Fáil did not say too much about what it was. The party then put up posters everywhere saying: "Health cuts hurt the old, the sick and the handicapped." The people presumed the alternative government was opposed to all these cutbacks. Little did they know what was coming but when it did, it came with bells on and, unfortunately, the people were coddled once again. However, the best slogan of all emerged in 1997. At the time, 1,000 jobs a week were being created and the balance of payments, the budget deficit and every other economic indicator was in perfect order but the poor people were led away again into the valley of darkness and a newspaper headline on the morning of that

20 February 2013

year's election proclaimed: "It's Payback Time." Little did we know then the full extent of that payback, who would pay and how long they would be paying it back. It was a sad situation. I do not say this a criticism of what was done at the time but this should never have been visited on the people again as long they remembered what had happened previously.

However, the strange thing is it happened again. Many economists and experts with their eyes wide open nodded in approval and encouraged what was happening and said it was great but after every feast, there comes a famine. Little did we know the full extent of the famine that was bearing down on us at that stage. I would love reality to dawn again. For instance, the Opposition Members say more money should be spent on X, Y and Z and because we own the banks, we should be able to do this. They forget that we are also responsible for the banks, their deposits and loans and the basis on which money was, and is, lent. There is a tendency on the part of some Opposition Members to come to the conclusion that the people have short memories. I believe, sadly, they could be right about that but the people's memory is something they will have to concentrate on and I will not lecture them on that.

While Deputy Kelleher is not present, I must hand it to him. He deserved an Oscar last Thursday morning when he inquired of the Minister taking the Order of Business where the social dividend was from the promissory note deal. What a profound statement. I could not believe that, after 15 years in government and two years in opposition, he had the gall to suggest that everything had been resolved and the problem inherited by the incoming Government has suddenly, mysteriously and miraculously been washed away. It does not happen that way. This would have serious consequences for the country. It is at least recognised by other European countries and those who lend us money, including those who must lend us €12 billion this year for current expenditure and those from whom we must borrow next year, that a responsible Government is in control. It is not easy for those on the Labour Party and Fine Gael benches to do what we must do and accept the responsibilities we must accept on behalf of the population of this country. If we do not do the awful job we have been given to do, it will be done for us with greater and harsher consequences. The sad part is that the only thing we can expect from the Opposition is criticism and derision, as has always been the case.

Opposition Deputies tell us that the debt that will be placed on the shoulders of our children and grandchildren. I am amazed to hear Deputies take such a simplistic approach. If they had any knowledge of history, they would know the magnitude of debt diminishes with the passage of time. This is what has been effectively and adroitly achieved in the past couple of weeks. Unfortunately, it is the current generation that is paying the price, namely, those who acted as guarantors for their sons' and daughters' mortgages, having paid their mortgages during the 1970s and 1980s when interest rates were high and finally succeeded in clearing their debts. To give their children a chance to have a roof over their heads, they decided to act as guarantors for mortgages, only to find that the homes for which they and their sons and daughters had paid were in negative equity.

Earlier, the House debated the issue of restructuring mortgage arrears. I remember raising this issue in 2008 when I sat on the Opposition benches. The issue should have been addressed at that time when the problem was small and arrears were manageable. We can play around with the figures as much as we like. While I do not expect the Leas-Cheann Comhairle to reply, he must grin to himself when he drives around the countryside. I presume he does not laugh about the issue but what I like most is when people state they want a write-down. I have been around for a long time. I have been in and out of banks looking for mortgages and loans and experienced great difficulty repaying them because of high interest rates. However, I have not

yet been given a write-down. People are entitled to be given relief in terms of interest reductions, extensions to the duration of the loan or the removal of penalties and such measures have been traditionally acceptable in all financial circles. If a problem is raised in a timely manner, even the most difficult bank or lending institution will be willing to engage, provided a realistic proposition is made. However, we now have people asking their lending institution to write down loans of €600,000 they took out to buy a house on the basis that they no longer believe they are able to repay it. We would all like to have our loans written down but it is wrong to presume that because we own some of the lending institutions, the taxpayer will come up with the readies to fund write-downs. I cannot understand how this approach is supposed to work. There must be some convoluted logic at work that I simply cannot grasp. It is appalling to suggest to people who are under pressure with borrowings and mortgages that this approach would work. People in this position have enough problems, without Deputies misleading them by pretend there is a silver bullet or magic solution which will wash everything away and leave them with nothing to worry about. It is sad that some are prepared to play with people's worries and cares at a vulnerable time.

I hope we do not get into auction politics even before the auction starts.

**An Leas-Cheann Comhairle:** Three minutes remain.

**Deputy Bernard J. Durkan:** I would love to have 33 minutes but one must make do with what one has.

Let us not do damage to the morale and moral fibre of our people before the auction even starts. Let us not break them by telling them we have a magic solution. Deputies will recall that there was no magic solution in 1977. On the contrary, we had disaster and disillusionment after the election, as we did after the 1987 election. In 1997, the outgoing Government left everything in pristine decision before it walked out the door. Unfortunately, 15 years later, the same parties returned to drag the country back off the rocks in a way that challenges everybody, whether in public administration or the private sector, in every aspect of their lives.

Deputies on this side do not accept the idea being promulgated by the Opposition that austerity was invented by the Government to punish people. The Government has been stuck with tough bookkeeping and housekeeping and must balance budgets, as the Deputies opposite are aware. If they do not recognise that we must adhere to the requirement to reduce the deficit to 3% of GDP, the position will become much worse because we would have an irresponsible Opposition waiting to replace the Government and drive the country down the road of total destruction. I hope this does not happen and I know the Leas-Cheann Comhairle shares that hope.

**Deputy Michael Moynihan:** I will share time with Deputy Robert Troy.

In my 15 years as a Member of the Oireachtas I have never referred to a colleague's speech. However, having listened for 20 minutes to the previous contribution, I would like to correct a few errors. If the Opposition is engaging in auction politics, we learned to do so from the masters. Until two years ago, when my party was in government, the Opposition offered a panacea and quick fix solution to every problem that had to be addressed. If we are to be accused of doing down the Government, we learned to do so from the Labour Party which told us the country was banjaxed before deciding to lecture us about wearing the green jersey. If we are to be challenged about elections, we have a long way to go to be only half as good as the Labour Party was prior to the 2011 general election.

20 February 2013

Deputy Durkan raised the issue of the abolition of rates in 1977. Before the Fianna Fáil Party manifesto was launched, the outgoing Labour Party-Fine Gael Government had reduced rates by 75% and promised to abolish the remainder if it was returned to power.

As to Deputy Durkan's point on the weather, in late April 2011 following a beautiful month of weather, the Deputy stated the reason the weather was so good was the change of Government. I did not hear him claim any credit for the weather last summer.

It sticks in the craw to hear a Government state we should wear the green jersey. No such obligation applied to the Labour Party and Fine Gael during the three years of austerity between 2008 and 2011 when they constantly did down the then Government. It did not matter to them what reputation they tarnished.

I did not intend to use my contribution on the Finance Bill to challenge the Government on any of the issues because we can contribute more by outlining our concerns. Deputy Bernard Durkan would have loved to have had 33 more minutes. We were going to give them to him in order that we could listen - let us be honest - to his diatribe.

I will raise a number of issues pertaining to farming and taxation measures for farm partnerships. Dairy partnerships and the relevant taxation measures were introduced in 1989. It was indicated in the budget that such measures would be extended to beef and sheep farms. The provision is loosely outlined in the Bill and will be detailed in regulations. The need for this extension is considerable, given the large number of people, including families, involved in beef production who would benefit significantly. People with and without families should be treated identically under the farm partnerships scheme. I hope the Minister of State, Deputy Alan Kelly, will take my points to the Minister. Where taxation on land leasing arrangements is concerned, there was a tendency to treat non-farm leasing arrangements more beneficially than those for farm leasing. This was meant to encourage elderly farmers to lease land to younger people. However, family circumstances were omitted, despite the large number of people involved.

The rural hinterland faces a significant issue. Considerable pain is being felt in the retail sector because people are not spending. Shops are closing in provincial and major towns. In terms of the Minister of State's area of responsibility, information on the rural transport initiative was leaked last weekend. I hope I have understood the information correctly, as it means the initiative will not be removed from Leader companies, local partnership companies and county councils. However, the Minister of State might correct me if I am wrong. Retaining it would be welcome, as it has been very beneficial across the country, particularly for elderly people and rural communities.

The attitude of the past 25 or 35 years is the main issue, in that young people are not moving into rural areas in the west or my constituency. Someone told me that no one above the age of 45 years would be left in one of the provincial towns that I represented. We need to consider this issue.

Every Deputy is constantly being told about banks not lending to small business people and businesses being under savage pressure. Although there have been many initiatives, they have not tackled the problems. Banks report that they are lending to small businesses, but they certainly are not. People who have been refused financing attend public representatives' offices everyday. In some cases, the Credit Review Office has come down against the banks and al-

lowed the application for credit to go through, which must be welcomed. However, this issue needs greater targeting.

Two weeks ago the House discussed the restructuring of the promissory notes and so forth. We meet people in our clinics who are not receiving credit, mortgages and so on from banks, even though they appear to have good credit ratings. They might be young people on a solid financial footing.

I hope the issue of farm partnerships will be addressed. I also hope start-up artisan food companies will get the credit they are seeking. Evidence shows that nearly 80% of start-up food companies will still be in existence ten or 15 years later. It is one of the sectors that has been successful in having firms stay in business, although I do not know whether it is because they do their homework before starting. There are many such companies and they have been able to avail of some funding. There are many any good ideas.

The Minister of State might clarify the issue of the rural transport initiative. I hope what we are hearing is correct.

I wish to address another matter. I needed to use my time to respond to what the previous speaker said. Wind energy is an emerging issue, particularly in the midlands. The opposition to wind turbines has built up a head of steam and such debates can become divisive in communities. The Department of Finance, the Government and the Oireachtas as a whole need to consider the matter. Communities in my constituency that had been united on a raft of issues for generations divided completely on this one.

**Deputy Robert Troy:** I welcome the opportunity to contribute to the debate on the Finance Bill. I will reply to a couple of Deputy Bernard Durkan's remarks. Thankfully, I do not go as far back as him, but he forgot to remind us of what happened in the 1982-87 period. I wonder why. He stated our debt would not be levelled on our children and grandchildren and, of course, presumed inflation would eat away at it. I hope he is right.

Two weeks ago we gave qualified support to the legislation. We were acting reasonably and responsibly. As in the debate on the fiscal treaty, we on this side of the House supported the legislation because we believed it to be in the best interests of the country.

Given the fiscal treaty and the establishment of the European Stability Mechanism, ESM, fund, I wish the Government well in its negotiations on the National Pensions Reserve Fund, NPRF, money used by the previous Government to recapitalise AIB and Bank of Ireland. I mean this, as success in the negotiations is in the national interest. They were originally due to be completed by June this year, but we have since learned that they will not.

The Finance Bill gives legislative effect to many aspects of budget 2013. It also gives us an opportunity to reflect on and debate the many choices made by the Government. In this context, I ask two questions: are the measures fair and equitable and are those who can afford to pay the most doing so? Unfortunately, the answer to both is no. Just as the ESRI described the 2012 budget, budget 2013 is regressive, as it hits those on the lowest incomes the hardest.

As regards auction politics and Opposition parties competing against one another, we do not need to look too far back - the 2011 general election - to find a time when one party in the current Government had such advertising slogans as "Protect child benefit: Vote Labour" and "No increase in VAT: Vote Labour".

*10 o'clock* On the other hand Fine Gael pledged not to increase income tax. Despite the promise not to tax employment we had the abolition of the PRSI tax free allowance and the scrapping of the €127 PRSI exemption for those earning more than €352 per week which will cost €254 per annum. Some might say that is not a lot, but it costs €254 per annum for a person earning €25,000 a year and it will also cost €254 per annum for a person earning €250,000 a year. Where is the fairness and equity in that? It is simply not there.

Another proposal in the Finance Bill relates to taxation on maternity benefit. That is an unfair attack on working women. They pay tax on the portion of their benefit paid by employers but by extending tax to the social welfare element of their pay it is an attack on working women. The taxation will also apply to adoption benefit. It is unfair and it is inequitable. I am sorry if the Government parties take offence from the Opposition pointing out exactly where the inequity and unfairness lies in the budget. There is an increase in health insurance at a time when thousands of people are not taking out private health insurance because they cannot afford it.

In conjunction with the Finance Bill we will have the introduction of a property tax. Government Deputies try to distance themselves from this morally unjust tax by saying it was the previous Government that negotiated it in the memorandum of understanding. The truth is that at the time the proposal put to the troika involved a suite of options including a site valuation tax – a different issue altogether. Instead of the economy and the ability of people to pay since then improving, the situation has become worse. If that is the only reason preventing the Government from seeking an alternative, why do the Taoiseach, Tánaiste and Minister for Finance with their great negotiating skills not renegotiate the deal and have the property tax removed? Everyone knows – Government backbenchers and people on the street - that the troika do not care how the targets are met once that happens.

The question was asked about the alternatives that were put forward. It has been said that the Opposition is against everything and for nothing. At the time of the previous budget, our finance spokesperson, Deputy Michael McGrath, produced a fully costed alternative but the Government did not accept it. The Minister of State, Deputy Alan Kelly, is shaking his head. One of our proposals, namely to increase the universal social charge by 3% for people earning more than €100,000 was proposed by the junior member of the coalition Government, but it was not accepted. We were led to believe that was the case. We are not privy to what goes on in government but we were led to believe from the leaks and spin in the newspapers that is what was proposed but it was not adopted. The Government said the reason it could not adopt the measure is because increases in universal social charge and income tax are taxes on employment. However, indirect taxes are okay. Who does the Government think will pay those taxes? They will be paid for out of income but if there is no income in one's pocket, how could one pay tax?

There are no exemptions in the property tax for people who have already paid large amounts of stamp duty, despite the recommendation of such a measure in a report. People in negative equity are not recognised. There is no clause relating to inability to pay. It is totally and utterly unjust and unfair. That is not just being said by me; it has been said by many Government backbenchers on numerous occasions.

I wish to move to a point where there is an opportunity to create jobs. The best way to bridge the deficit is to get people back to work. A total of 430,000 are unemployed. Recent figures suggest that 90,000 young people emigrated to Canada, New Zealand and Australia in the past three years. I compliment the Government, IDA and Enterprise Ireland for the job they are

doing in attracting foreign direct investment to this country. That is to be welcomed. However, a greater emphasis must be placed on small and medium sized enterprises in this country. I welcome the suite of proposals introduced in the budget to benefit them but those measures alone will not support small and medium sized enterprises. I was shocked and amazed to hear while listening on the monitor the Minister of State with responsibility for small business, Deputy Perry, say that the only thing needed to support small business is confidence. He is travelling the length and breadth of the country and he said that is all that is wrong. I wonder who he is meeting because week-in and week-out, all Deputies meet business people who cannot get access to credit. Of the €8 billion that was lent by the pillar banks last year only €2.5 billion was new credit, the rest was restructured.

If one walks down the high street in any provincial town one sees shops closing because once again the Government reneged on one of its key promises, namely, the abolition of upward-only rent reviews. The promise has been swept under the carpet. It could be done before the election but it cannot be done now. In the context of commercial rates the Valuation Acts are outdated and do not take into account a person's ability to pay. That is something that could be examined. Commercial rates, upward-only rent reviews and the Valuation Acts are three key areas on which the Government should act in order to make a real difference. I am not just saying it for the sake of it. All we have to do is take a look at what has happened in recent weeks. B&Q and HMV were two large employers in this country which cited upward-only rent reviews and commercial rates as being among the reasons they are closing their doors. This is an opportunity the Government can control to ensure we support the retail sector, SMEs and get people off the live register and back to work because that is the easiest way to bridge the deficit. That is a better option because it would not inflict unfair, inequitable taxes and charges on the struggling middle class who simply cannot take anymore.

**An Leas-Cheann Comhairle:** I call the Minister of State, Deputy Alan Kelly. He is sharing with Deputies Michelle Mulherin and Pat Breen. They have five minutes each.

**Minister of State at the Department of Transport, Tourism and Sport (Deputy Alan Kelly):** I welcome this opportunity to speak on the Finance Bill 2013. The Bill represents an important step for this country, one that allows us to contemplate a better time even though the country is currently in a difficult position. However, we have hope. We are beginning to build towards periods of stability. I hope in the years ahead that will help us to a great extent but we must face many harsh choices.

Recent years have been tough for Irish businesses of all sizes. They have been tough for consumers and the economy overall. Fixing the country from the previous Government's actions is much more than a sprint - it is a marathon - but growth forecasts for the years ahead are beginning to rise, our borrowing rates are coming down and, to date, we have maintained industrial peace for the most part, thanks to the Croke Park agreement. I take this opportunity to wish those involved in the current negotiations the best with their endeavours. We have removed the term "basket case" from our country, inflicted on us by those across the floor. We are very proud of the efforts the Government has put into restoring confidence in the country and in restoring our reputation across Europe and elsewhere in the world. This separates us from many of our European colleagues who are in difficult circumstances in European countries and gives confidence to our investment community. This legislation builds on that confidence.

We should remember that when previous Government destroyed this country's economy, they did not destroy it for one or two years. They destroyed it for a whole generation and that

cannot be forgotten. We got a new Government but we did not get a new economy despite what previous speakers have said. However, we are making serious progress and by the end of 2013 we are likely to have our third consecutive year of growth. That represents a very solid starting point for recovery and something that could not have been contemplated two years ago.

This Bill is heavily focused on assisting the SME community, the people who will bring us out of the recession. I accept that none of the proposals represents a silver bullet for the economy because there is no such thing. Such a thing is impossible, but the measures are targeted at key places in the economy which will drive growth. They include the three year corporation tax relief for start-up companies, tax measures to improve cashflow, additional tax credits for research and development, extending the employment and investment incentives and venture capital improvements, among others. The focus is very clear: we want to empower our small businesses to go and take on new opportunities. We are trying to reshape our economy, moving away from boom-bust, property dependent cycles to an economy where the best and brightest of Irish people are retained in Ireland making and selling world-class products to the rest of the world for a profit which is ultimately to be reinvested in Ireland Inc.

We must remember that we are an open economy that needs to allow our businesses to think on their feet and explore global opportunities as they arise. New companies need breathing space and access to credit. The corporation tax relief will give them this and it should make life somewhat easier for entrepreneurs when it comes to accessing credit.

The extension of the employment incentives allow for generous incentives specifically for businesses which are taking people off the dole and can be used in the vital services, particularly in the tourism sector. One way of getting money into this economy is through tourism. I know a great deal about tourism, having worked for Bord Fáilte and its successor, Fáilte Ireland, for a number of years, and the retention of the 9% VAT rate for this sector is hugely welcome and supported.

The research and development incentives will allow us to keep up with the world economy. We are still behind in terms of the registering of patents and generating PhDs, but we are catching up. We are developing an entrepreneurial community that is willing to create a true smart economy. We need to focus in on certain areas, including IT, clean tech, pharmaceuticals, medical devices and specialised food.

To mention one area under my remit, public transport, the extension of the fuel duty rebate to the transport sector will be applied to passenger transport, and this is very welcome. It is a very difficult time for transport operators in this country but this will ease some pressure on the many small operators throughout the country. It is a struggling sector but is a vital part of our infrastructure, our tourism sector and of the social fabric of communities across the country.

Among our other problems is that of personal and business debt that is contributing to a lack of confidence and suppression of demand. Many SMEs are focused solely on survival. Even the ones that are making money will be more likely to use that funding to pay down debt rather than maximising their profits or reinvesting in their business. This will change as we improve the business environment, which this Bill directly addresses.

The theme is very clear. We will not solve our country's economic problems with one Bill like this or even ten Bills. What we are making clear is that, as a Government, we want a vibrant, thriving small business sector to lead a new Irish economy. This Bill, together with

many other reforms the Government has carried out, will help us deal with this debt and unemployment crisis, and we can look forward after three years of growth to a better three years of growth ahead. I do not subscribe to the doom and gloom merchants in the Opposition who want to monopolise misery for themselves as if they are the only ones who care.

Private sector employment is up and we want it to grow more and public servants are continuing to foster the country towards recovery. As a country we remain hungry for business and investment. The deal on the promissory note puts us in a much healthier space. Interest on our bonds is down and we are able to borrow money as a country, something the previous Government robbed from us, but it is something this Government is getting back and this Bill will assist us in bringing us forward.

**Deputy Michelle Mulherin:** I will speak directly to the Bill. Section 30 provides for a scheme of accelerated industrial buildings allowances for the construction or refurbishment of certain buildings or structures used in connection with certain activities pertaining to the aviation sector and, in particular, buildings that accommodate activities such as maintenance, repair or overhaul of commercial aircraft. I ask that the dismantling of aircraft also be included in paragraph (b) of section 31. It is not referred to in the body of the Bill but this is also a distinct activity which can be a very lucrative business for airports. It is an up and coming area and has been identified as a growth area. I welcome the fact that this provision is applicable to all our airports. I look forward to seeing the benefits of this. This particular accelerated capital allowance encourages investors to get involved in construction of these aviation specific facilities. Anything that stimulates such investment and the development of a potential and market for jobs and business activity, which has been identified, is very welcome. I commend the Minister and his officials on this initiative.

I wish to refer to the abolition of the employers' rebate in respect of statutory redundancy lump sum payments. Since it has been announced and in the run-up to this, there has been a good deal of campaigning that this might not happen. From the experience on the ground, I believe that this measure in the budget is having a devastating effect on sole traders, whether they are renting or they are owner-occupiers. They could be downsizing, winding down their businesses either because of current economic climate or for health or retirement reasons, and would need to come up with a lump sum for employees, and they would now have to pay 100% of it. The way these small businesses are going, they do not have the money. They will be in position where they will become personally liable. Their personal assets become liable for a redundancy debt which could see them having to mortgage or sell their own homes to pay a debt of a redundancy lump sum to an employee.

I know a business person in the process of downsizing their small business who had to pay redundancy of €40,000 to an employee. That individual cannot get €10,000 to pay the tax man to get a tax clearance certificate to allow them conduct their business. The vulnerable are the sole traders like the owners of shops, pubs and restaurants who do not have the protection of the corporate veil, which means their personal assets, including a family home, could be required to discharge a redundancy payment.

We know many small businesses are not making a profit and many men, women and couples engaged in them are barely earning what we would call a living to support themselves or their families. These are small businesses, and if they go to the wall, these people are not even entitled to mainstream social welfare payments. This is a desperate situation for many and it is biting on the ground. People are trapped. Not only have they got a dead business in some cases

but they find that if they wind it up, they are personally liable to pay employees who obviously need a redundancy payment.

It must be pointed out, however, that during the boom times when there was money in this country, 60% of the cost of the redundancy payment was covered by the Government. Now, with these businesses on their knees and on the back of TalkTalk going bust when it did, which heaped the cost of those redundancies on the State, small businesses are being asked to pay 100% of the redundancy. That is manifestly unfair. The evidence for that is manifesting itself. These sole traders should not be treated the same as large multinational corporations which in many cases were incentivised to come to this country at a cost to the Exchequer when businesses are struggling and feeling very hard-pressed. An exceptional case must be made for people who are not trading under the corporate veil. That issue must be seriously examined. It is a very repressive regime, especially for those at a later stage in their lives who may not have much in their businesses. They may have a small lump sum and they are being asked to pay that for redundancy. I do not believe that is fair.

**Deputy Pat Breen:** I welcome the opportunity to contribute to this debate. While the Finance Bill itself is somewhat technical in nature, nevertheless it is an important step in giving legislative effect to the budgetary measures announced by the Minister for Finance, Deputy Noonan, last December.

Economic recovery is contingent on the implementation of a number of initiatives. Fixing our banks and restoring our finances is the key to creating the necessary economic activity which will drive job creation. Creating the environment for job creation is a key priority for this Government. Considerable work has already been done to restore our international credibility and the key to attracting foreign direct investment is maintaining our favourable corporation tax rate. As Chairman of the Oireachtas Committee on Foreign Affairs and Trade, I have been speaking to various potential investors and this is a very significant factor in determining whether companies locate here. In that context, I welcome the fact that the Minister for Finance has recognised this and that there will be no change in the level of corporation tax being applied here.

Foreign direct investment projects alone will not suffice in the battle to combat unemployment. A key sector in job creation in many of our communities is the small to medium enterprise sector, to which the Minister of State, Deputy Kelly, referred earlier. The economic crisis has taken its toll on this sector and quite a number of businesses have been forced to close down. I was talking to a hairdresser in Ennis recently who told me that were it not for her promotional days, when she cuts her prices by almost 50%, she would be gone out of business. The problem for many such businesses is that while their revenue streams have fallen significantly, their costs have not been reduced proportionately.

I welcome the work being undertaken across a number of Departments to ease the burden on SMEs by reducing red tape, improving their cash flow and helping them to access funding. I commend the Minister for Finance, Deputy Noonan, the Minister for Enterprise, Jobs and Innovation, Deputy Bruton and the Minister of State, Deputy John Perry, on their efforts in this regard. The additional measures being introduced in the Bill will provide even more support for these valuable businesses. It is important that small businesses in our communities are given the necessary assistance because they can create one, two or three jobs which helps to sustain communities, particularly in rural areas.

The changes to the tax relief for new start-up companies are also welcome. An exemption from corporation tax for those start-ups that begin a new trade will allow these companies to grow and is particularly welcome given that the most difficult time for any business is the beginning, when the company is trying to get off the ground. For those SMEs who have moved to a stage where they would like to expand, the changes in the research and development credit system will allow them to invest in research and development, which is critical to the success of these companies going forward.

The tourism and hospitality sector is a very important part of our economy. It is estimated that revenue generated from overseas visitors last year was in the region of €4 billion. Buoyed up by The Gathering for 2013, further growth is expected this year with an additional 325,000 visitors expected to come here to celebrate the various Gathering events which are taking place all over the country. The spin off will be particularly important for communities in my own County Clare, where tourism and tourist-related activities provide a livelihood for many people.

The extension of the excise duty rebate on diesel for licensed road hauliers to include licensed passenger transport from 1 July will provide a major boost to tourism in County Clare. I met quite a number of these operators in the run-up to this decision and can assure the House that they are operating with significant costs. This relief will make a real difference to them in supporting local employment. I wish to thank the Minister for Finance for taking their concerns on board.

The arrangements which have been put in place at Shannon Airport, The Gathering 2013 and the announcement that the national Famine commemoration will take place in Kiltrush on 12 May next will all provide an important boost. Under the chairmanship of Ms Rose Hynes, the creation of the new Shannon Airport Authority has led to renewed optimism about the airport. While figures for January show a drop in the average monthly number of flight movements through the airport, the airline commitments already secured by the new authority for this summer give rise to optimism. The airport has secured a 25% increase in transatlantic capacity, with new services from Chicago and Philadelphia, as well as a return to St. Patrick's Day services for Aer Lingus on the cards. UK and European traffic is also set to expand. There will be a new Faro service, Flybe has returned to serve Glasgow and there will be increased frequency on a number of holiday destinations such as Bodrum, Malaga and Palma. These are all positive signs and I expect that there will be further announcements in due course. I understand that developing a link with a hub airport in Germany is also a priority and work is progressing on this. I am also aware of a number of expressions of interest from airlines who wish to use Shannon Airport as a transit stop on route to the US, given the availability of pre-clearance facilities. I have been facilitating a number of meetings with the authority and I expect to see some more developments in the future. In the next week or two we will also see the introduction of military pre-clearance into Shannon, which will give the airport some leverage in terms of allowing other airlines to transit to Shannon Airport for this purpose. This will form a very important part of the pre-clearance facilities at Shannon Airport.

Shannon Airport is unique in that it has evolved over many years in response to the various changes in the aviation industry, thanks to the capacity of the management and staff to adapt to those challenges. Going forward it is vitally important for Shannon Airport to concentrate on developing a mix of business and was delighted to hear that Ms Hynes say recently that she is hoping to expand services further at Shannon Airport, in keeping with the strategy for developing a new, strong mix of airlines. Generating what would be considered non-core business has always been important to the airport. Shannon has already built up a strong reputation as a

location for aircraft maintenance and I welcome the changes to section 30 propose by Deputy Mulherin in this context. There are approximately 30 aviation-related business located in the airport already and the provision of an accelerated capital allowance scheme for the construction of hangars and tear down pads, which the Minister has introduced in the Bill and which would apply for a seven year period should greatly enhance the airport's capacity to develop this side of its business. Plans are already afoot for the creation of 850 jobs in this area and I would hope we can attract further projects.

Since the collapse of the Celtic tiger and given the high levels of debt in the country, including personal debt and mortgage debt, I have campaigned for the past two years for people to have early access to AVCs or pension funds. I am dealing with a number of cases where families have found themselves in mortgage arrears. During the good times they had invested in AVCs and pension schemes. Now they need this money but cannot access it. I thank the Minister for Finance for taking on board these concerns and for introducing measures in the Bill which allow such people to have early access to 30% of their AVCs, which will be of enormous help to a number of families who are in mortgage distress.

There are a number of other issues which I would like to address tonight but given the time allocated, I am not in a position to do so. Suffice to say that I believe that a number of important measures being introduced in this Bill will foster increased economic activity across a number of sectors. I also recognise that there a number of difficult decisions which have to be taken by the Government and which may place a difficult burden on people. However, achieving our fiscal targets by managing our finances in a prudent and fair manner will improve our budgetary situation and will ultimately help to alleviate the burden on our people.

**Deputy Sandra McLellan:** I welcome the opportunity to speak on the Finance Bill, particularly in light of the pressing and important issues facing the country at the present time. The importance of the economy and the impact that economic policy, be it good or bad, can have on the lives of ordinary people cannot be underestimated. While it would be naive to suggest that everything begins and ends with the economy, there is no doubt that the economy matters in ways that most people rarely, if ever, think about. For example, when we think about economic matters we often think about banks, financial institutions and so forth. Rarely, if ever, do we associate economics or the economy with the arts, sport, public libraries, our built heritage, forests, mountain walks, lakes and rivers, yet all of these areas have been significantly affected by the recent budget and more importantly, by the policies of slash and burn favoured by the Fine Gael and Labour Government.

Sinn Féin is deeply concerned, for example, by the proposal to merge the Irish Museum of Modern Art, the Crawford Gallery and the National Gallery of Ireland. We are also opposed to the proposed merger of the National Archives and the Irish Manuscript Commission, to any change in the arm's length principle or to any proposals that would interfere with the independence of key artistic and cultural institutions. The Government has not produced any information on cost-benefit analysis, headcount reductions and so forth that would justify the proposed changes, yet it is hell bent on a process of amalgamations, mergers, the dissolution of independent boards and the non-renewal of vital leadership roles.

In a time of fiscal austerity, cutbacks, mass unemployment and national despondency, the arts offer a valuable and creative outlet to people. In a mature society that values expression and creativity, the arts have the potential to enrich lives. They help us to think about the world and our place in it in a more imaginative, innovative and abstract way.

*Dáil Éireann*

Debate adjourned.

The Dáil adjourned at 10.30 p.m. until 10.30 a.m. on Thursday, 21 February 2013.