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DÍOSPÓIREACHTAÍ PARLAIMINTE

PARLIAMENTARY DEBATES

DÁIL ÉIREANN

TUAIRISC OIFIGIÚIL—*Neamhcheartaithe*

(OFFICIAL REPORT—*Unrevised*)

DÁIL ÉIREANN

Déardaoin, 21 Feabhra 2013

Thursday, 21 February 2013

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

Paidir.
Prayer.

Leaders' Questions

Deputy Willie O'Dea: As the Tánaiste is aware, yesterday the Government published the Mangan report on tax and social welfare, precisely 11 months after having received it. Commenting on this report, this morning's *Irish Independent* quoted a Government source as follows:

> I don't think it's any coincidence this didn't see the light of day for 11 months. By the time of the next Budget, it will be well buried. After last year, she [the Minister for Social Protection] has no intention of revisiting child benefit any time soon.

I accept that the changes proposed are so radical that they could not be done in one budget. It would take at least two and perhaps three. If the Government is to make changes, the logical place to start would be in the next budget. On behalf of approximately one million people who have more than a passing interest in this matter, I ask the Tánaiste this question. Does the Government favour the recommendation of the majority of the advisory group chaired by Ms Ita Mangan that a two-tier child benefit system be introduced? Does the Government intend to start implementing the recommendations of the Mangan report and when does it intend to start doing so? Will the Government start implementing the report in the next budget or has it decided to long-finger the matter, as is suggested in various media outlets this morning?

The Tánaiste: The whole area of support for children and families is a hugely important one. When child benefit and the various child support payments are taken into account, the State is currently spending approximately €2.8 billion. As everyone is aware, a public debate has been going on for some time about the best way to direct and spend that money. The Minister for Social Protection commissioned the report that was published yesterday, the Mangan report. She has been engaged in discussions with other Departments about the report and how its recommendations should be addressed.

The intention now is that the Minister for Social Protection will bring the report to the Oireachtas committee where there will be an opportunity to debate and discuss it. If Deputy

O'Dea wishes, I am sure there can be a full debate on it here in the House. The Minister for Social Protection is anxious that there would be a full discussion and that the opinions of all political parties, interest groups and those who are interested in the issue would be aired and addressed. The Government has not taken any decision on the contents of the report. That would be to prejudge the discussion that will take place at the committee, in the House and among the wider public.

Deputy Willie O'Dea: I thank the Tánaiste for his clarification. The parents of middle Ireland, who are extremely worried about the contents of the report, can breathe a little easier now. I take it from the Tánaiste's reply that there is no immediate intention to implement the report. The Government has not made a decision on the matter yet. Is that not what the Tánaiste said? No decision has been taken on whether the Government supports the recommendations in the report.

The report itself states that the impact of a two-tier system on poverty would be marginal. It goes on to concede that the people who would be hardest hit would be income earners in middle Ireland. It also concedes that the effects on employment incentives would be mixed, at best. It is hardly worth the political trouble and social dislocation of hitting middle Ireland, the squeezed middle, once more to bring about results which the writers of the report concede would be, at best, marginal.

The Tánaiste: Deputy O'Dea's question demonstrates the value of the approach the Government and the Minister for Social Protection are taking on this issue. It needs a broad discussion. This approach contrasts with that taken by his own party on the issue when in Government.

Deputy Finian McGrath: The Government took €10 in the budget.

The Tánaiste: In the National Recovery Plan 2011-2014, published in 2010, the Government talked about:

> The development of a rebalanced and integrated child income support payment system. This would provide for a universal component to replace child benefit with one single payment rate per child. This payment will be supplemented with a further payment in the case of children of families in receipt of a social welfare payment or in low income employment.

Deputy Willie O'Dea: And the Tánaiste promised not to cut child benefit.

Deputy Barry Cowen: Is there a red line under that?

Deputy Willie O'Dea: God protect us from protectors.

The Tánaiste: That was Deputy O'Dea's Government's settled policy in 2010, which it included in the national recovery plan.

Deputy Mattie McGrath: The Tánaiste is living in the past.

The Tánaiste: The approach the Minister for Social Protection is taking is a manifest improvement on that. We have a report of an expert group that addresses the entire issue of child support in its widest sense. We will have a full discussion on it. There will be plenty of time for people to discuss it in a committee. It will be discussed in the Chamber if that is required.

Deputy Barry Cowen: The local elections will be out of the way before that.

The Tánaiste: I am sure the Minister, Deputy Burton, will be happy to consider suggestions and proposals from Deputy O'Dea or from other Members of the House.

Deputy Pearse Doherty: This week, the CEO of AIB announced that further mortgage interest rate hikes were on the way. Every quarter of a per cent rise in interest rates adds €30 per month to the cost of repayments for every €200,000 borrowed. This increase will affect 70,000 AIB variable interest rate mortgage customers directly, and the move is likely to be followed by other banks, as has been the trend in recent times. This move will push more people into mortgage arrears. The Tánaiste knows that AIB is State-owned, with the people owning 99.8% of it, and that it has received €21 billion of taxpayers' money. What is the Government going to do about this?

What has happened to the Labour Party's commitment that it will help home owners weather the recession? Two years ago yesterday, the Tánaiste launched the Labour Party plan for distressed mortgages and household debt. Two years ago, he told families that if the Labour Party was in government, they would enjoy peace of mind and that banks had already received hundreds of millions of taxpayers' money and there must be a *quid pro quo* for those in mortgage distress so that they would be given a breather. What has happened to those promises? Since then, billions more have been given to the banks, the numbers in mortgage distress have doubled and the Master of the High Court has claimed people struggling with mortgage distress are committing suicide. Since then, 180,000 families have found themselves facing mortgage distress, which is one in every four mortgage holders. Where is the breather and the peace of mind the Labour Party promised these families?

The Tánaiste: Since then we have gone on to implement what was in that document. We have brought forward legislation on personal insolvency to establish a personal insolvency service. The Minister of State at the Department of the Environment, Community and Local Government has introduced proposals on mortgage-to-rent and a range of measures to support those in mortgage distress.

We are not happy with the response of the banks. We have put in place personal insolvency legislation that establishes a personal insolvency service. That legislation sets out a framework by which banks are required to reach settlements with those with mortgage difficulties. The Governor of the Central Bank has already spoken about this and has indicated his unhappiness at the speed and urgency with which the banks are taking on the issue of mortgage distress. This is an issue the Government will continue to pursue and address. The difficulties faced by householders in paying their mortgages and the difficulties they have in their dealings with the banks must be addressed. We have put in place legislation that establishes the personal insolvency service, putting in place a range of supports for those in mortgage distress, and they will have to be implemented.

Deputy Pearse Doherty: Can the Tánaiste genuinely claim that after two years of the Labour Party being in government, it has provided any peace of mind or any breathing space for those in mortgage distress? That claim cannot be made despite having been in power for two years. The Tánaiste talked about the Personal Insolvency Bill but the banks retain a veto so they have the final say. The mortgage-to-rent scheme was piloted a year ago and rolled out eight months ago but only eight applications have been processed. Does the Labour Party claim to have dealt with this? There are 180,000 people in mortgage distress but the mortgage-to-rent scheme has only processed eight applications.

The banks are treating the public with contempt. Last October, Fiona Muldoon, the head of banking regulation at the Irish Central Bank, was scathing in her criticism of the bankers and their failure to address the issue. The Government has done nothing except to heap more charges on those in mortgage distress through the family home tax. What is the Government going to do for those 70,000 people on variable interest rate mortgages with AIB to give them some peace of mind or breathing space? Will it call in the banks and tell the CEO of AIB, which we own, that it is unacceptable to raise mortgage interest rates when we are in the middle of the greatest mortgage crisis the State has ever faced? Will the Government allow those people some peace of mind until the issue is resolved?

The Tánaiste: The cornerstone of Government policy is to enable people to continue to live in their own homes. The greatest fear anyone has is that he will lose his home. The Government approach to the mortgage crisis has been to ensure people are able to live in their own homes. That is why we brought in legislation for the first time in this State that puts in place a range of ways in which agreements can be made between householders and their banks to deal with their mortgage arrears problems. We have also put in place a range of supports that will provide that peace of mind to people that no matter what happens, where people are making the effort to pay the mortgage, or where they cannot pay for a variety of reasons, they will not lose the roof over their heads.

Deputy Pearse Doherty: Will the Government call the banks in?

The Tánaiste: We talk to the banks all of the time. This is the first Government that has had a serious engagement with the banks about how they deal with mortgage arrears. I have said frankly that we are not satisfied with the speed and urgency with which the banks are dealing with the mortgage issue. Deputies need be in no doubt that we will deal with the issue effectively with the banks. That is the approach we are taking and it is being effective. That is the approach that is in the interests of those in mortgage distress.

Deputy Pearse Doherty: What about the interest rate hike? That was the question I asked.

The Tánaiste: The Deputies only interest in this is to score a political hit.

Deputy Brian Stanley: The Tánaiste is scoring an own goal.

The Tánaiste: That is the approach. The Deputy comes in here and has more to say about other political parties and scoring points against them than he does about supporting those in need and mortgage distress. This Government has acted on the issue of mortgages and legislated for it.

Deputy Pearse Doherty: The problem is now twice as bad.

The Tánaiste: This Government will stand by people in mortgage distress.

Deputy Pearse Doherty: Will the Tánaiste call the banks in?

Deputy Richard Boyd Barrett: The Government has claimed repeatedly that it is legally prevented from cutting the obscene pensions of former politicians and top civil servants. As we speak, however, the Government is moving to tear up an agreement made with public sector workers that was supposed to run until the middle of 2014, and is demanding further drastic cuts in pay and conditions for public sector workers who have already been hammered with cuts in their pay and conditions in the last four years.

Even before the Croke Park agreement, public sector workers lost between 15% and 20% of their pay in levies, cuts and the universal social charge. Under the Croke Park agreement, public sector workers have given back €1.5 billion in savings through redeployment, linking increments to performance, changing shift patters, reducing the pay of new entrants by 10% to 20%, cutting pensions to career average earnings, increasing the retirement age to 68, reducing numbers, supposedly by 18,000 initially but now up to 35,000, and by endless other cuts in pay, conditions and allowances. Now, on top of that the Government wants another €1 billion in cuts.

Does the Tánaiste realise the proposed cuts in premiums and allowances will mean a 10% cut in pay for nurses, firefighters, gardaí and other public servants? Does he realise the additional five hours work per week proposed for public servants is an effective pay cut of 12.8%? Does the Tánaiste not understand that tens of thousands of public sector workers are among the 180,000 who cannot pay their mortgages and who are now to be hit by €1,000 extra in interest payments per year, home taxes and water charges?

An Ceann Comhairle: A question please.

Deputy Richard Boyd Barrett: I ask the Tanáiste, as leader of the Labour Party on the hundredth anniversary of the 1913 Lockout, is it not a monstrous betrayal by the Labour Party of the traditions of that party and its founder, James Connolly, to be asking further pay cuts of nurses whose take home pay is approximately €25,000 per year-----

An Ceann Comhairle: I thank Deputy Boyd Barrett.

Deputy Richard Boyd Barrett: -----or newly-qualified teachers whose take home pay is €21,000 per year-----

An Ceann Comhairle: I thank Deputy Boyd Barrett.

Deputy Richard Boyd Barrett: -----and those demands being made by Ministers who are on €140,000 a year? Would James Connolly not be spinning in his grave at what the Tánaiste is trying to do to these workers?

The Tánaiste: Deputy Boyd Barrett described the way in which the previous Government came in here with legislation and unilaterally cut the pay of those who work in the public services. This Government respects the staff who work in the public services-----

Deputy Mattie McGrath: It is a funny way to show it.

The Tánaiste: -----the gardaí, the nurses, those who work in the hospitals, those who work in the schools-----

Deputy Mattie McGrath: Yellow-pack nurses.

An Ceann Comhairle: Sorry, will the Deputy desist?

The Tánaiste: -----and those who go out and work on the roads, and clear the drains.

Deputy Dessie Ellis: Two-tier nurses.

The Tánaiste: These are the staff who we respect. That is why-----

Deputy Willie O'Dea: They do not respect the Tánaiste.

The Tánaiste: That is why the approach that this Government has taken is to sit down with their representatives-----

Deputy Mattie McGrath: And then threaten with legislation.

The Tánaiste: -----to negotiate the requirement to reduce the pay bill by €1 billion. That is the requirement.

Deputy Joan Collins: When those days are over, they legislate.

The Tánaiste: That reduction is something that will be negotiated with the representatives of the staff who work in the public services. When that process of negotiation is completed, their representatives - their unions - will put the outcome of the discussions to a ballot of their members, who will then decide democratically whether they want to accept it or not.

That is the right approach to take. It is one that respects the staff who work in the public services. It is the most sensible way of dealing with it. It is dealing with it by way of negotiation and discussion. The place for those negotiations and discussion to take place is at the negotiating table, not by megaphone. The place for it is not in here in this Chamber, but around the table with the representatives of those who work in the public services. Those discussions are underway and out of respect for those who work in the public services, everybody in this House-----

Deputy Mattie McGrath: The Government has broken them down.

The Tánaiste: -----should allow that process of negotiations to continue and to conclude and then let the outcome be put to the members by way of ballot.

Deputy Joe Higgins: The Government has stated it will cut unilaterally if they do not agree. That is democracy.

An Ceann Comhairle: Deputy Boyd Barrett has one minute.

Deputy Richard Boyd Barrett: How can the Tánaiste seriously talk of respect when Ministers who are earning €140,000 a year, several multiples of what teachers, nurses or firefighters are earning, are asking those workers-----

Deputy Emmet Stagg: Deputy Boyd Barrett is earning €130,000.

Deputy Richard Boyd Barrett: -----to take even further cuts in pay and conditions?

Deputy Emmet Stagg: Deputy Boyd Barrett himself is on €130,000.

Deputy Bernard J. Durkan: He is on €140,000.

A Deputy: The leaders' allowance.

Deputy Richard Boyd Barrett: I refer to workers, who can barely make their mortgage payments, who can barely pay their bills. How are they supposed to-----

Deputy Emmet Stagg: Some €40,000 of it tax free.

Deputy Finian McGrath: They still do not get it.

Deputy Richard Boyd Barrett: How are those, who are already in mortgage distress and in arrears, supposed to pay their mortgages? How are they supposed to pay the home tax the Government now wants to impose on them?

An Ceann Comhairle: A question, please.

Deputy Richard Boyd Barrett: Does the Ceann Comhairle not understand the subjunctive? I asked the Tánaiste how are they supposed to pay their mortgages and their bills, or the home taxes.

(Interruptions).

An Ceann Comhairle: Deputy Boyd Barrett is now over time. Would he please resume his seat?

Deputy Richard Boyd Barrett: What makes the Tánaiste think-----

An Ceann Comhairle: Deputy Boyd Barrett is now over time. The Tánaiste to reply.

Deputy Richard Boyd Barrett: -----the Government can justify another-----

An Ceann Comhairle: I thank Deputy Boyd Barrett. Would he resume his seat? He is over time. The Tánaiste to reply.

Deputy Richard Boyd Barrett: After you cutting across me, a Cheann Comhairle.

An Ceann Comhairle: Excuse me, it is my duty to remind Deputy Boyd Barrett that this is Leaders' Questions, not statements.

Deputy Richard Boyd Barrett: It was a question.

A Deputy: It was rhetorical rhetoric.

Deputy Richard Boyd Barrett: Excuse me-----

An Ceann Comhairle: Resume your seat.

Deputy Bernard J. Durkan: It was bad rhetoric.

An Ceann Comhairle: Resume your seat.

Deputy Richard Boyd Barrett: On a point of order, it was a question.

An Ceann Comhairle: Resume your seat, I said.

Deputy Richard Boyd Barrett: A Cheann Comhairle-----

An Ceann Comhairle: Resume your seat, I said.

Deputy Richard Boyd Barrett: It was a question.

An Ceann Comhairle: Resume your seat.

Deputy John Halligan: They will not let us speak.

An Ceann Comhairle: Resume your seat.

Deputy Richard Boyd Barrett: The Ceann Comhairle stated it was not a question; it was.

An Ceann Comhairle: Resume your seat, resume your seat.

Deputy John Halligan: Deputy Boyd Barrett is trying. The Ceann Comhairle is shouting at him.

Deputy Richard Boyd Barrett: I asked the Tánaiste-----

An Ceann Comhairle: Resume your seat, will you please?

Deputy Bernard J. Durkan: Deputy Boyd Barrett wants to go the scenic route.

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

Deputy Richard Boyd Barrett: Could the Tánaiste answer the question?

Deputy Paul Kehoe: Deputy Boyd Barrett would sit down in St. Michael's if he was told.

Deputy Bernard J. Durkan: Take it easy now.

The Tánaiste: All over this country individuals who work in the public services, whether teachers in schools or staff who work in the hospitals, local authorities or any area of the public services, voluntarily join a trade union-----

Deputy Mattie McGrath: Support the Labour Party.

The Tánaiste: -----and they elect their trade union leaders. Those trade unions sit down with Government to negotiate pay agreements, conditions of employment, how the interface between management and employee operates in practice. That is what this Government believes in.

We believe in sitting down and negotiating with the representatives of those who work in our-----

Deputy Richard Boyd Barrett: Pay cuts.

The Tánaiste: The only matter of which we can be sure is that those discussions are underway. There is no point in anybody here in this House trying to second guess what is going on in the negotiations or trying to predict the outcome.

Deputy Joe Higgins: The Government is threatening unilateral pay cuts.

The Tánaiste: The only matter of which we can be sure about the outcome of those negotiations is whenever they are concluded Deputy Boyd Barrett will accuse, as he always does, the representatives of the employees of selling them out.

An Ceann Comhairle: That completes Leaders' Questions for today.

Order of Business

The Tánaiste: It is proposed to take No. 6, Finance Bill 2013 - Second Stage (resumed); and No. 7, Motor Vehicle (Duties and Licences) Bill 2013 - Order for Second Stage and Second Stage, to adjourn at 7 p.m. tonight, if not previously concluded.

It is proposed, notwithstanding anything in Standing Orders, that the Dáil shall sit later than 5.45 p.m. tonight and shall adjourn on the conclusion of Oral Questions, and the sitting shall be suspended on the conclusion of No. 6 for 30 minutes; the resumed Second Stage of No. 6 shall, if not previously concluded, be brought to a conclusion at 2.30 p.m.; and (3) Topical Issues will be taken on the conclusion of No. 7, or at 7 p.m. whichever is the earlier, and the order shall resume thereafter with Oral Questions.

An Ceann Comhairle: There are three proposals to be put to the House. Is the proposal that the Dáil shall sit later than 5.45 p.m. tonight and the suspension of sitting agreed to? Agreed. Is the proposal for dealing with No. 6, Second Stage (resumed) of the Finance Bill 2013, agreed to?

Deputy Pearse Doherty: It is a continuous trend of this Government to impose the guillotine, and I have said this on numerous occasions on other pieces of legislation. There has been debate - this will be the third day of debate on the Finance Bill - but this Finance Bill contains serious measures that will impact on citizens the length and breadth of this State, and imposes additional hardship on many of them who are struggling under a weight of debt. There is no need for this guillotine. This debate could conclude without a guillotine being imposed but Members on both sides of this Chamber should be afforded the opportunity to have their say on the Finance Bill. My party opposes the guillotine of this Bill.

The Tánaiste: By the time we reach 2.30 p.m. today, there will already have been 12 hours of debate on the Finance Bill.

Deputy Mattie McGrath: Some of it in the middle of the night.

The Tánaiste: It is a Bill which is giving effect to the measures in the budget on which there was previously a debate in the House. We feel that the time provided is adequate and as the House will be aware, there is a requirement that the Finance Bill is passed within a certain period of time after the budget.

Question, “That the proposal for dealing with No. 6, Second Stage (resumed) of the Finance Bill 2013, be agreed to,” put and declared carried.

An Ceann Comhairle: Is the proposal for dealing with Topical Issues agreed to? Agreed. On the Order of Business, I call Deputy O’Dea.

Deputy Willie O’Dea: In asking about promised legislation, I take the opportunity to congratulate the Garda in Limerick for the tenacity with which they are still pursuing the murder case of the late Mr. Roy Collins. I will start in a minute.

An Ceann Comhairle: If Members would not mind, allow Deputy O’Dea. I will take Deputies after I have taken the representatives.

A Deputy: Give me a turn.

An Ceann Comhairle: Put down your hands for the moment and we will deal with the main spokespersons first.

11 o'clock

Deputy Willie O'Dea: In asking a question on promised legislation I take the opportunity to congratulate the Garda in Limerick on the tenacity with which it is still pursuing the murder of Roy Collins, who was murdered in a particularly callous and brutal manner four years ago. In that regard, when will the criminal justice (proceeds of crime) Bill be published? Does the Government intend to use the occasion of that legislation to strengthen existing anti-gangland provisions? The Garda has advised that a number of weaknesses have emerged in that legislation and a number of loopholes need to be closed off.

The Tánaiste: I join the Deputy in congratulating the Garda in Limerick on the success of its work. The criminal justice (proceeds of crime) Bill will strengthen the powers of the Criminal Assets Bureau regarding forfeiting the proceeds of crime. Consultations are taking place with the Criminal Assets Bureau on that legislation. It is not possible to give a precise date for its publication because the consultations with the CAB are continuing. The intention is to proceed with the legislation once those consultations are completed.

Deputy Pearse Doherty: The Finance (Local Property Tax)(Amendment) Bill will be rushed through the Dáil again. The original Bill was rushed through and during the Committee Stage of that Bill we only reached one item on which we could vote and all others fell. The proposal is that we deal with Second Stage next Friday with a guillotine imposed and then all remaining Stages on the following Tuesday. From the note provided to the Whips it is clear that this is to facilitate a bulk mailshot on 9 March by the Revenue Commissioners advising people how much they have to pay in this new tax. This is completely unacceptable. This is the Chamber that decides how we order business and not the Revenue Commissioners. We do not dance to anybody else's tune. We should have appropriate time to consider the implications of this amendment Bill. We should have time to discuss all the amendments that will be tabled by our party and other Members. I ask the Tánaiste to reconsider the scheduling to allow appropriate time.

Yesterday in Brussels agreement was reached on the two-pack which allows for greater surveillance by European institutions of budgets in Ireland and other member states. Will this agreement mean that Ireland will continue to be under the scrutiny of the ECB and European Commission even after we leave the bailout mechanism? Will the budget now be moved to the middle of October as a result of the agreement? Will legislation be required to implement the agreement reached in Brussels?

The Tánaiste: The Finance (Local Property Tax)(Amendment) Bill is to provide for a number of improvements to the existing legislation. I would have thought that the Deputy would be in favour of many of those improvements, including, for example, the exemption for homes affected by pyrite and the arrangements proposed for social housing whether it is local authority housing or the voluntary housing associations. I am surprised that the Deputy wants to block those improvements in the-----

Deputy Pearse Doherty: We want more time. The Tánaiste should not be disingenuous.

Deputy Aengus Ó Snodaigh: We have asked for more time.

Deputy Pearse Doherty: If the Government had given the original Bill more time, it might not have needed to rush through an amendment to it a couple of months later.

The Tánaiste: This is a Government that wants to improve the legislation we have.

Deputy Mattie McGrath: Bringing the Revenue Commissioners into people's homes.

The Tánaiste: It is scheduled to be debated in the House on Friday, 1 March and that is a reasonable arrangement.

The agreement reached yesterday will now need to be considered by member states. The Government will consider that agreement. No decision has been reached on the date for the budget.

Deputy Peadar Tóibín: More than two and a half years ago the Construction Contracts Bill was introduced into the Oireachtas. We have been waiting for nine months for the legislation to reach Committee State. It is very important legislation and most parties in the House support its main thrusts. The Cabinet seems to be the logjam with regard to new amendments. When will the legislation get through Cabinet and make it to Committee Stage?

The local enterprise organisations are planned to replace the county enterprise boards this year. When will that legislation be introduced? It means the destruction of the county enterprise boards in their present form which is contrary to the wishes of the enterprise stakeholders, including the SFA and ISME.

The Tánaiste: The Construction Contracts Bill is due to be in Committee early in March. The Bill on the local development boards is due this session.

Deputy Bernard J. Durkan: The landlord and tenant Bill is planned for 2014. In view of the changing situation on tenancies and housing accommodation generally, would it be possible to publish the Bill earlier? Similarly, have the heads of the children (amendment) Bill been prepared and agreed?

The Tánaiste: The children (amendment) Bill will be this year. The landlord and tenant Bill is intended for early next year.

Deputy Seán Ó Fearghaíl: The Children First Bill is on the A list. In responding to a Topical Issue last week on inter-country adoption, the Minister of State, Deputy Costello, said: "The prospective adoptive parents should, to the extent possible, pay for all expenses involved in the adoption, through the accredited body".

An Ceann Comhairle: We are talking about promised legislation.

Deputy Seán Ó Fearghaíl: Will this promised legislation, the Children First Bill, address the issue of inter-country adoption and the costs involved? What the Minister of State, Deputy Costello, said seems to suggest-----

An Ceann Comhairle: That is not the issue on the Order of Business.

Deputy Seán Ó Fearghaíl: -----that inter-country adoptions will only be possible-----

An Ceann Comhairle: I suggest the Deputy table a parliamentary question.

Deputy Seán Ó Fearghaíl: -----for people who are very well-off and can afford the entirety of the costs involved.

An Ceann Comhairle: Is the Bill to be introduced?

The Tánaiste: On the Children First Bill, there is ongoing consideration of the views of the Oireachtas committee, including significant policy, operational and legal issues. It is intended to be published this session.

Deputy Kevin Humphreys: In August 2012 the Hussein *v.* the Labour Court judgment highlighted serious loopholes in the Employment Permits Act and the need for a workplace relations Bill. Is legislation in the area proposed shortly?

The Tánaiste: Yes. There are proposals in respect of both of those. Both of them are expected in this session.

Deputy Mattie McGrath: Deputy Tóibín already asked about the county enterprise boards. Legislation is to be introduced to take Leader development companies under the control of local authorities, which is a retrograde step. When will the legislation be introduced?

While I know the Minister for the Environment, Community and Local Government is not present, the Water Services Bill is in a pure shambles. The EPA and the local authorities have no capacity-----

An Ceann Comhairle: We can discuss when the Bill is before the House.

Deputy Mattie McGrath: It is becoming a bigger mess every day because the EPA is now trying to source places for people to dispose of sludge - the local authorities cannot take it.

An Ceann Comhairle: I ask the Tánaiste to respond on the Water Services Bill.

The Tánaiste: I understand that Committee Stage will be taken next week.

An Ceann Comhairle: What was the other Bill about which the Deputy asked?

Deputy Mattie McGrath: It relates to the environment.

The Tánaiste: As I understand there is no legislation on the Leader companies.

Deputy Michael Healy-Rae: Yesterday there was a very informative session on climate change. What are the Government's proposals on the climate change Bill and when will it come before the House?

The Tánaiste: The climate change Bill is before Government and it is expected to be approved and published shortly.

Deputy James Bannon: In the interests of transparency, can the Tánaiste say when the registration of lobbyists Bill, which is in keeping with political reform, will be published? Everybody will be aware that one of the finest sports centres in Ireland opened in the midlands last weekend. When will the legislation on the amalgamation and regulation of sports facilities be introduced and can the Tánaiste give an assurance that it will improve sporting facilities throughout the country?

The Tánaiste: Work has commenced on drafting the heads of the registration of lobbyists

Bill. It is expected to be published this year. The sports Bill is also expected to be published this year.

Deputy Barry Cowen: There are three Bills to come before the House this session in relation to children and youth affairs, namely, the child and family support agency Bill, the child care (amendment) Bill and children first Bill. It is obvious the Mangan report will have no bearing on any of these Bills. That being the case, surely by inference that report will be shelved.

The Tánaiste: The child and family support agency Bill is expected to be published this session. As already stated, the children first Bill will also be published this session. What is the third Bill about which the Deputy inquired?

Deputy Barry Cowen: The child care (amendment) Bill and its relationship with the Mangan report.

The Tánaiste: That Bill is also expected to be published this session. I am sure the committee discussions on the Mangan report will inform the manner in which the House addresses those Bills.

Deputy Aengus Ó Snodaigh: It was announced in the budget that responsibility for the digital hub in Dublin is to be transferred to Dublin City Council. There is no indication in the legislative programme of how and when this will happen. Perhaps the Tánaiste will say what legislation will apply or if separate legislation will be forthcoming to deal with this highly successful area of development in the city.

When will the protected disclosures in the public interest Bill, which will provide for protection against reprisal, victimisation and redress of workers who disclose information regarding serious wrongdoing in the workplace, be introduced?

The Tánaiste: The heads of the protected disclosures in the public interest Bill have been approved by Government. The Bill is expected to be published this session. On the arrangements for the digital hub, I understand that the Minister, Deputy Rabbitte, has replied to Deputy Ó Snodaigh on that matter. As the reply given is quite detailed I do not propose to read it out.

An Ceann Comhairle: Has legislation been promised?

The Tánaiste: No. Deputy Ó Snodaigh raised a similar question with the Minister, Deputy Rabbitte, on a previous occasion and the Minister has responded directly to the Deputy on the matter.

An Ceann Comhairle: There is no legislation promised.

Deputy Brendan Griffin: When will the criminal justice (legal aid) Bill come before the House and will it focus on reducing the costs associated with legal aid and on preventing abuse of the system?

The Tánaiste: The criminal justice (legal aid) Bill is expected to be published later this year.

Deputy Pádraig Mac Lochlainn: When does the Tánaiste anticipate the legal services regulation Bill will again come before this House? When will the mental capacity Bill be advanced and when will Committee Stage of the criminal justice (spent convictions) Bill be taken?

The Tánaiste: The legal services regulation Bill is currently in committee. The mental capacity Bill is expected to be published this session and the criminal justice (spent convictions) Bill is awaiting Second Stage debate.

Deputy Ray Butler: When will the minerals development Bill, to modernise and consolidate all mineral development legislation, be published? Given what is going on in respect of Tara Mines, there is a need for robust legislation in relation to the issuing of licences to companies.

The Tánaiste: The minerals development Bill is expected this session.

Public Holidays (Lá na Poblachta) Bill 2013: First Stage

Deputy Aengus Ó Snodaigh: I move:

> That leave be granted to introduce a Bill entitled an Act to provide for the amendment of the Organisation of Working Time Act 1997 and establishment of a body to be known as Bord Lá na Poblachta and 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 Aengus Ó Snodaigh: I move: "That the Bill be taken in Private Members' time."

Question put and agreed to.

Employment Equality (Amendment) Bill 2013: First Stage

Deputy Jonathan O'Brien: I move:

> That leave be granted to introduce Bill entitled an Act to amend the Employment Equality Acts 1998 to 2011 and thereby extend the general definition of discrimination to include discrimination on the grounds of gender identity, as well as to extend general protection against discrimination on the basis of civil status, gender identity or sexual orientation in, and in connection with, employment, vocational training and membership of certain bodies.

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 Jonathan O'Brien: I move: "That the Bill be taken in Private Members' time."

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 McLellan is in possession. I understand the Deputy is sharing time with Deputies O'Brien and Ó Caoláin. Deputy McLellan has five minutes remaining.

Deputy Sandra McLellan: In a time of fiscal austerity, cutbacks, mass unemployment and national despondency the arts offer a valuable and creative outlet for 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.

Sinn Féin again calls on the Minister, Deputy Deenihan, to respect and adhere to the arms length principle and to meet with the national campaign for the arts and other representative organisations. We urge the Minister to recognise that cuts to our key cultural institutions have the potential to cause long-term and irreparable damage to the National Archives and to the nation's collective history. For example, the National Library, which is primarily responsible for the processing and preserving of publications and historic documentary material, has again had its budget cut. This is in spite of the fact that since 2008, this key national institution has suffered a decline in purchasing power of 85% and had its overall budget cut by 44% in the same period.

As we begin the decade of commemoration, it is imperative that we have independent, robust, and well-funded national artistic and cultural institutions. Only then can the various commemorations be seen as an opportunity to revisit our past, with the aim of building a more equal and caring society. Sinn Féin calls on the Minister to develop an all-Ireland approach to arts and culture. We urge him to remember that the societal value of rare institutions often far exceeds their monetary value. On heritage, the Government's proposal to sell off Coillte harvesting rights will have a direct negative impact on 11 forest parks and more than 150 recreation sites. For more than 50 years, the use of the publically-owned Coillte estate by the people of Ireland has been made possible by the open access policy. Privatisation would undoubtedly bring an end to this and would also have a serious impact on domestic and international tourism. More importantly, according to the Bacon report no argument has been formulated to support the economic rationale for the sale.

On sport, we are in a situation where clubs, sporting organisations and community groups which were not successful in the recent allocation of grants under the sports capital programme will now have to wait until 2015 before they can again apply for funding. This is an appalling situation and, as with everything else, its effects are felt more deeply in working class areas where sport is vitally important for young people. The cuts I have outlined are the result of poorly thought out policy decisions which will have a negative impact on our country and people. Sinn Féin is deeply concerned about the proposal to merge the Irish Museum of Modern

Art, Crawford Art Gallery and the National Gallery of Ireland and we also oppose the proposed merger of the National Archives and the Irish Manuscripts Commission. We are also opposed to any change in the arms length principle or to any proposals which would interfere with the independence of key artistic and cultural institutions. The Government has not produced any information on a cost benefit analysis or headcount reductions which would justify the proposed changes but is hell-bent on embarking on a process of amalgamations, mergers, dissolutions of independent boards and non-renewal of vital leadership roles.

Deputy Jonathan O'Brien: I listened to the debate for most of the day yesterday on the monitor in my office. It is clear many Government Deputies believe many of the measures contained in the Finance Bill will help get people back to work and stimulate the economy. A number of measures were announced which the Government feels will certainly stimulate the construction section of the labour force and will reinvigorate local economies through extending the employment incentive scheme. While the Bill contains some good elements, it will not come as a surprise that we do not believe the measures contained in it will stimulate the economy or get people back to work. Many of the measures fall very far short of what is required.

Despite these differences, something all Deputies will agree on is the role education can play in regaining our economic sovereignty and the role it will play in ensuring we have a highly skilled and adaptable workforce to meet challenges in the coming years. It is a well-known fact that a well-funded education system is necessary if we are to make the transition from recession to economic recovery. We also know that investing in education from the early years through to higher education creates the type of workforce which can change and adapt to labour conditions. This would mean that when we enter recession we have a very adaptable workforce and have in place training programmes and the further education systems required to meet the changing demands which industry puts on us.

If we look at some of the recent reports which have been published we can measure how well we are achieving this. The 2010 OECD Education at a Glance report examined what countries spend on education. It also examined how various education systems operate in various member states. It emphasised the importance of education not only to the individuals but to society in general and showed that a well-funded education system allows people to reach their potential and therefore allows society to deal better with recession. While the report did not state anything that was not already obvious to us as we all know well-funded education is essential, it highlighted a number of factors with regard to Ireland's performance in education and higher learning. It found the education spend in this State was the fourth lowest among the 31 OECD countries at approximately 4.7% of GDP. This low level of investment in education has resulted in our schools being underfunded and many of our universities struggling. It has also resulted in above average class sizes and a downturn in literacy and numeracy levels. Although the report was published in 2010 the data was collected in 2007 just as the so-called Celtic tiger was coming to an end. Since then we have had six more austerity budgets which have diminished spending on education even further.

The way the Government seeks to deal with the economic crisis and the resulting economic hardship being imposed on our citizens is to impose even harsher austerity and cutbacks on social spending which strike hardest of the most vulnerable in society. It also deepens social inequalities. Not only is the Government failing to stimulate the Irish economy, it is also entrenching the type of policies which further deepen the recession. I do not know whether the Minister of State, Deputy Perry, read our pre-budget submission, but if he has not he should do so because we made a number of proposals underpinned by very progressive taxation measures which would, if implemented and if we were in government, allow us to ring-fence the education budget this year. We would have made no cuts to the education budget or to the budgets of other priority Departments which are required to stimulate the economy. We proposed this because international best evidence proves ring-fencing and, where possible even in times of recession, increasing education budgets is the way to go.

On the collapse of the old Soviet Union, Finland's economy was in recession and it responded by prioritising and increasing spending on education. It invested in its education system, which is now seen as one of the more progressive in the world. Finland has a very solid economy and well-funded progressive measures which nurture learning from a very early age and carry through this learning process to higher education. It has a very adaptable workforce which is highly educated and skilled and can meet challenging demands such as the recession and economic crisis which has beset Europe. This is not just confined to Finland. Countries such as Norway and Sweden adopted very similar measures. It is something we need to do.

Looking much closer to home, because some people will argue the Nordic model would not suit this State, the findings of a recent study of primary school pupils in the Six Counties showed they perform better in reading and writing than pupils in any other English-speaking country in the world. This is a remarkable achievement considering the constraints imposed on the Executive there with regard to its finances and the receipt of a block grant. The Northern Ireland Minister of Education - a member of Sinn Féin - in association with the Executive and with cross-party support prioritised spending on education. Not only has it been prioritised but despite the reduction in block grants, a decision was made to increase spending on education in the Six Counties and they are now reaping the benefits, as the report shows. Two other studies verified the performance of the education sector there. The first was the Trends in International Mathematics and Science Study, TIMSS, and the second is the Progress in International Reading Literacy Study. They show the increased investment since 1997 in education is now paying dividends. We need to replicate this. We must examine what we are doing in this State. For example, the Minister of State knows the importance of small and medium enterprises and the challenges they are facing. Some of the recent announcements of cuts in further and higher education colleges will have a significant impact in that respect. We need to start prioritising. It is not solely the responsibility of the Minister for Education and Skills; there must be a collective Cabinet decision to prioritise spending on education.

Deputy Caoimhghín Ó Caoláin: This Bill implements budget 2013, which I can only describe as being thoroughly reprehensible. It punished individuals and families on low and middle incomes, cut social welfare, cut health and other essential public services, and has clearly deepened the recession.

Austerity is not working and our economy is stagnant, despite all the public relations efforts of the Government to convince people otherwise. There are some 440,000 people unemployed in this State and emigration is back to the level of the 1950s - well over 1,500 people per week are leaving our shores to find work overseas.

The economic policies of this Fine Gael-Labour Government are virtually indistinguishable from those of their Fianna Fáil and Green Party predecessors. It is quite remarkable that the Government now presents as a triumph its so-called deal that for years to come will continue to saddle the people of Ireland with a massive burden of toxic bank debt, which is not and never has been ours.

The electorate was led to believe before the general election that the two Government parties were for burning bondholders and that it was Labour's way, not Frankfurt's way. When they got into office, however, they simply continued the policies of their predecessors and forced the people to pay for the misdeeds of Fianna Fáil.

Hope was raised again with last year's Eurogroup declaration that banking debt and sovereign debt would have to be separated. However, far from following through on that declaration and standing up for Ireland, the Government, in its recent deal, has turned banking debt into sovereign debt as never before. With the comments of Mario Draghi this week, it appears that there is a major question mark over the deal from the point of view of the European Central Bank. The ECB retains the right to compel the Irish Central Bank to sell bonds swapped for promissory notes when it chooses to do so. By forcing this State to dump its bonds early, the ECB would be forcing us into a situation worse than before this month's deal.

This is yet another reason for the Government to push for implementation of the Eurogroup's decision of last June to separate banking and sovereign debt. I do not believe it is too late to do so. The Government must insist that the Eurogroup's commitment of last June is followed through. If this Government does not make a radical change in its economic strategy, we are condemned to more budgets such as the one reflected in this Finance Bill. Approximately €3.5 billion is being taken out of the economy by budget 2013, mainly from front-line public service cuts and taxes on those who can least afford them.

A range of tax measures under the Bill is aimed at business. We judge each of them on its merits or otherwise, but I want to reiterate the point made by our finance spokesperson, Deputy Pearse Doherty. He contrasted the access given and attention paid to business interests, especially multinationals, with the access given and attention paid to some of the most vulnerable in society who were punished in the budget.

The Minister for Finance, Deputy Noonan, was bare-faced about it when he refused to countenance his Labour partners' proposal to increase the universal social charge for the highest earners. He said he was told by multinational CEOs that they did not like it, so he did not proceed. At least we know who really calls the shots. Little wonder then that there is no question of this Minister introducing in this Bill a third rate of tax for those earning over €100,000 - as we and others have advocated - even though this would bring in an additional €1 million per day, requiring the wealthiest to pay their fair share and thus alleviating the burden already on the shoulders of the weakest.

Instead of a higher top rate of tax and a wealth tax, the Government is imposing the so-called local property tax which is really a family home tax. If the Government believes its so-called deal with the ECB is of such great benefit, then let it scrap this tax. It should be scrapped anyway; it is grossly inequitable and will place a further heavy burden on those who are least able to afford it.

The excise duty relief for hauliers and transport providers is welcome, and I am happy to record so. Relief for hauliers is something that we in Sinn Féin have advocated, including in our jobs plan published towards the end of last year. In the constituency I represent, there is a large number of hauliers, most of them independent small businesses, and they have been badly hit by the recession. Extension and improvement of start-up tax relief is also welcome for small businesses in particular.

The increase in VRT is bad for individual motorists. It is another tax hike on top of so many others. It is also bad for business, especially small rural businesses that rely heavily on road transport. In addition, it is bad for the motor industry itself. Combined with continuing rises in fuel prices, this is clearly a bad move and I urge the Minister to reconsider it.

Those are the comments I would offer on the Finance Bill, despite accepting the validity of some of the measures contained therein, which I have welcomed. Tragically, however, for the greater number of our people the Bill spells further penury and ongoing distress.

Deputy Martin Heydon: I wish to share time with Deputies Brian Walsh and John Paul Phelan.

An Leas-Cheann Comhairle: Is that agreed? Agreed.

Deputy Martin Heydon: I am delighted to have an opportunity to speak on this Bill. I acknowledge the sentiments expressed by Deputy Ó Caoláin which reflect his perspective on the legislation. However, the one aspect he missed concerns the extremely difficult circumstances the country is in. The Government would like to be able to do an awful lot more, but we are in an extremely restricted position. In recognition of that position, this Bill and the recent budget have addressed a large amount of issues that will have a cumulative impact for business and other sectors.

The Bill contains a number of growth measures but they will take time to feed through. Nonetheless, each small step will feed into many other Government policies, including the Pathways to Work scheme and the Action Plan for Jobs. I am delighted that the Minister of State with responsibility for small enterprises, Deputy John Perry, is present to hear this debate. He has had a great input into the budget. The ten-point plan for small business will lead to growth measures in that regard.

In addition to the ten-point plan, there are other new measures in the Bill. They are designed to improve the cash flow position and thus create jobs, as well as preventing job losses. From 2008 to 2011, we lost over 250,000 jobs in the private sector. First and foremost, therefore, before we even set about creating jobs we must stop that loss. We have done a good job in that respect because unemployment figures have stabilised.

We do not need to reinvent the wheel. If every small and medium-sized business could create one new job, it would have a massive impact across the country. It would be much bigger than the recent job announcements by multinationals, although they are very welcome.

Each measure in the Finance Bill is designed to help business sectors to trade, grow and invest in new products and markets. Cumulatively, these measures will kick in. For example, the increase in the VAT cash receipts basis from €1 million to €1.25 million is a definite step in the right direction. It is a positive change that was sought by industry and will help businesses with cash flow difficulties. We are limited in what we can do, but if that measure could be replicated in future budgets, in three or four years' time that figure could reach €2 million. Over a couple of years, this would have a real impact. As for the extension of three-year relief from corporation tax for start-up companies that have unused credits, this can now be carried forward into future years for use against future corporation tax liabilities and in itself, that is extremely positive. There has been an increase in the amount of investment income that can be retained by close companies for incurring the close company surcharge from €635 to €2,000. Again, the Government is being mindful of the lack of credit that is available to small businesses. As all Members are aware, cash is king for small businesses and this provision is to address that issue. The Bill provides for an increase in the amount of expenditure eligible for research and development tax credits on a full volume base of €200,000. In addition, extending the employment and investment incentives schemes to 2020 was a measure sought by Forfás in its report of 2012 on the Irish funding environment and is very much to be welcomed. The scheme also has been amended to include hotels, guesthouses and self-catering accommodation, subject to review after two years to ascertain whether it is having the appropriate impact. The hotel sector alone employs approximately 51,000 individuals and the extension of the incentive to cover investments in the sector will help to sustain those jobs in conjunction with other initiatives such as The Gathering promoted by the Minister for Transport, Tourism and Sport, Deputy Varadkar, and so on.

There is a lack of credit available and while trying to sort out the banks, different ways also must be found to get funds into companies. While this is a good scheme, the Minister, Deputy Noonan, has acknowledged that take-up has been low and this point must be considered. The Government must provide certainty for both investors and companies and I ask the Minister to examine ways to improve the scheme. Obviously, there are fewer taxpayers with investment capacity for a scheme such as this and the Government must ensure the scheme can capture such investors as are present. I understand the accountancy bodies have indicated the scheme is not as attractive as it is included in the higher earners' restriction and this point should be reviewed. In addition, consideration should be given to whether the three-year investment period is too short to allow companies to put the investment to work and to generate a return.

As for other aspects of the Finance Bill, there is great recognition, in both this Bill and the previous budget, of farmers and the importance of supporting the agricultural sector. There is a real difficulty in Ireland because for traditional reasons, there are insufficient young farmers and insufficient land mobility. The Bill contains many measures that are greatly to be welcomed. For example, I refer to the capital gains tax relief for farm consolidation measures, which to an extent is a replica of the roll-over relief from the past, whereby land sold will have such relief once the proceeds are reinvested within 24 months. Similarly, the young trained farmers stamp duty relief on agricultural land transfers will apply for a further three years and this is to be welcomed. The extension of 100% stock relief for young trained farmers until December 2015 is crucial, as is the overall 25% general stock relief. Moreover, stock relief at a rate of 50% has been extended to other registered farm partnerships. Heretofore, this provision was only available for dairy partnerships, which was somewhat discriminatory, and its extension to beef, sheep and other partnerships is greatly to be welcomed.

An Leas-Cheann Comhairle: Deputy, I must call your colleague. I am sorry, but your time is up.

Deputy Martin Heydon: These are the points on which I wish to commend the Finance Bill and I congratulate the Ministers responsible for their work on it.

Deputy Brian Walsh: I welcome the opportunity to contribute to the debate on this important Bill. At the outset, I agree with some of the sentiment expressed by Deputy Ó Caoláin who is sitting opposite. The Government is making decisions that are highly unpalatable but it received a mandate to do this and I would defend every decision the Government has made since it assumed office almost two years ago. In implementing its mandate to rectify the nation's finances, tough and difficult decisions must be made. I am sure Deputy Ó Caoláin would agree that for far too long on the Government side of this House, decisions were made with an eye to the next general election. Thankfully, the current Administration has confined the politics of the past. I remind Deputy Ó Caoláin that in the past year, the Government borrowed €14,000 million, quite apart from anything to which the Deputy referred such as moneys going into banks and so on. Leaving that aside, €14,000 million were borrowed to keep afloat the country in terms of essential services the Government provides. The only solution I have heard from the Deputy is a measure that would raise, to quote the Deputy, "an additional €1 million per day". Unfortunately, it is necessary to make adjustments far in excess of the figures suggested by the Deputy. What is difficult to accept in respect of the Deputy's argument, and indeed its sincerity, is that his own party in government in the North of Ireland is implementing some of the measures of which it is highly critical here in the Republic.

However, I welcome this legislation in its entirety. It constitutes another step towards the rectification of the State's finances and Ireland's continued economic recovery. I wish to focus briefly on one element of the Bill which might easily be overlooked in terms of its significance, namely, the extension of the exercise rebate on auto diesel to include private bus operators, as well as road haulage companies. Naturally, this measure has been welcomed by those within the sector but I believe it will have broader benefits in the wider economy. First and most obviously, the provision represents a shot in the arm for a struggling coach industry. After the previous excise duty rebate was abolished by the Government's predecessors, the number of coach tourism visitors to Ireland dropped to 418,000 from more than half a million in the previous year. The numbers have continued to decline steadily since then and stood at approximately 300,000 visitors in 2011. Coach tour operators have been obliged to contend with high fuel prices and stern competition from their counterparts in Northern Ireland and the United Kingdom, which can offer cheaper tours to clients because of the lower cost of diesel. One should be clear that there is a discernible correlation between the cost of fuel and the ability to compete for international visitors. This position was reflected in a Fáilte Ireland study last year, which found that high overheads and dwindling revenue had resulted in a scenario in which the coach tour industry was operating at a loss.

The provisions of the Finance Bill will offer a lifeline to companies in the industry and for many will constitute the difference between staying in business or ceasing to trade. At a glance, the benefits of this section of the Bill might appear limited and sectoral but this is not the case. The private bus and coach industry comprises approximately 1,900 SMEs which employ between 6,500 and 7,000 workers. They play a vital role in Ireland's transportation network and represent an important cog in the country's crucial tourism industry. Approximately 300,000 coach touring visitors came to Ireland in 2011, as I indicated, and this was worth an estimated €180 million to the national economy. Its monetary value aside, coach tourism is extremely important because it brings tourists to non-urban areas that would not otherwise benefit from tourism revenue, which is the lifeblood of many businesses in more remote locations. While I apologise for using terminology that might evoke bad memories in the Chamber, the coach tourism industry essentially facilitates the decentralisation of the tourism industry. It is extremely important as it both allows tourists to access some of the nation's remote treasures, thus enhancing the Irish tourism product, and allows for regional distribution of the associated benefits. As the Government works to invigorate the tourism industry, which is one of the tools with which the economy will be rebuilt, this consideration must be a priority of the Government.

One reason The Gathering initiative this year is such an important series of events is that the organisational nature of the idea will see tourism revenue diverted to towns and villages in every corner of the country. In addition, 86% of coach tourists stay in hotels during their visits, which sustains the ailing hospitality industry. Just as the abolition of excise rebates for private bus operators resulted in a decline in coach tourism numbers after 2008, conversely there is reason to believe the measures contained in this Finance Bill will result in an increase in the number of such visitors and benefits that are far more far-reaching than one might initially assume. Consequently, I commend the Minister on including this rebate in the Finance Bill, which I commend and support.

Deputy John Paul Phelan: I also wish to support the Bill and am glad to have the opportunity to make a few points about it. I agree with the point made by Deputy Walsh in respect of the fuel rebate announced on budget day for hauliers and which, under the provisions of the Finance Bill, will be extended to bus tour operators as well. This certainly is a positive move for these two sectors and for hauliers in particular, who have been under severe pressure in recent years owing to the increasing costs of fuel. Even over the past few weeks, fuel prices have begun to creep up again following a few months of decreases. There does not seem to be a satisfactory reason for the increase. The exchange rate, which was cited for so long as the reason fuel prices edged upwards over recent years, has not been an issue, particularly, in the past few weeks. The Government did not increase excise duty on fuel in the budget but the Minister announced tax relief on fuel for hauliers and has now made a similar provision for bus tour operators in the Bill. They will also be eligible for a rebate and I welcome his decision to include them.

I join Deputy Heydon in welcoming the measures and initiatives in the budget and the legislation aimed at promoting growth in the SME sector, which will be essential to the economic recovery of the country. I also welcome the tax changes in the agriculture sector, particularly those relating to farm consolidation and farm partnerships, which have been sought for many years and which make eminent sense. I recently spoke to a dairy farmer in Kilkenny in my constituency who wishes to expand production. He comes from a part of the country where farms are split up. He only has an 80 acre farm, which is not large, but it is in 14 different parts, which makes it difficult for him to expand but the measures contained in the legislation will mean he will be in a position, with some of his neighbours, to swap parcels of land without facing punitive taxes for doing so. This will improve his productivity and that of his neighbours and it makes sense for the economy, as the overall tax take will improve. I welcome the fact the Minister was in a position to take these suggestions on board.

I ask him to take another suggestion on board. He flagged well in advance that mortgage interest relief for first-time buyers would cease on 31 December 2012. I have been presented with a number of scenarios in my constituency where people building their own homes have drawn down part of their mortgage but construction is not complete yet. They are concerned that they will find themselves ineligible for the relief despite the fact that they started to draw down their mortgage before the deadline had elapsed. I hope the Minister will table the necessary amendments on Committee Stage to ensure this small number of people dispersed across the country who are trying to build their own homes are not disadvantaged. This may have happened because of reasons outside of their control relating to the planning process and difficulties getting construction under way. However, they had begun work before the turn of the year and I hope the Minister will address this.

I listened to most of the debate last night but I missed some of the contributions this morning. It was interesting to hear the historical discussion of budgets and elections in the 1970s with 1977, in particular, mentioned by people on both sides of the House. I was not born then and I can only refer to the comments and the coverage in the media and elsewhere of what happened then. However, I was alive and well and a Member of the other House for nine years between 2002 and 2011 and I had the privilege of being the finance spokesperson for Fine Gael for most of that time when the former Ministers for Finance, McCreevy and Cowen, were in office. I witnessed the decisions made by them to ramp up tax reliefs and to place so much emphasis on taxation revenue from property which could not be sustained into the future. This was pointed out to them, despite what some commentators say, on numerous occasions, even by members of their own Governments and certainly by Opposition Member but they refused to take any heed of the difficulties that might arise.

We have had an historic week in the House with the Taoiseach making an appropriate apology to the victims of the Magdalen laundries. The previous week, one of the most scandalously politicised motions was tabled by the Fianna Fáil Party, as it tried to make a political football out of that issue. However, its members have never tabled a motion to apologise for wrecking the economy and for ensuring thousands of young people are out of work and thousands more have had to leave the country to live far away from home hoping that at some stage the economy will recover and they will be able to return. Perhaps they might use their Private Members' time in the near future to apologise for their efforts in wrecking the economy and the futures of so many young people. They have apologised outside the House but it is about time they took the opportunity as soon as possible in the House to apologise for their role in the destruction of our country's economy.

Deputy Michael Healy-Rae: I thank the Technical Group for sharing time and I acknowledge the presence of the Minister of State.

I also welcome the extension of the fuel rebate because when the budget was announced, I was disappointed. I welcomed the provision of the rebate for haulage contracts but, at the time, it was a mistake to leave out bus tour operators. I very much welcome the fact the Minister took on board my lobbying and that of members of his own party and the Opposition and the constructive submissions put forward on behalf of the industry, which highlighted that the income of tour operators was falling because of competition and increasing costs. A rebate had been provided in the past for coach operators but it was abolished a number of years ago. He has, therefore, restored it to a sector that had it in the past.

While the rebate is welcome, I would like him to go further and increase it because these people are losing business to operators from Northern Ireland who are able to take their business because they have access to cheaper fuel. A number of bus companies are run by families who have one or two buses and who do school runs. They are still finding it hard to make a living because the rates were much higher a few years ago while costs were much lower. The cost of insurance and motor taxes have increased while fuel prices and high labour costs are crippling the industry. Previously in the House, I asked why the Government could not have more vision to introduce an imaginative way of changing the tax take from fuel.

12 o'clock

The average price of fuel is between €1.50 and €1.60 per litre. If the Government were to be imaginative and tax only the first €1 of the cost of a litre of fuel, in other words, tax would no longer be applied above a threshold of €1, people would be encouraged to travel more, more fuel would be used and the cost of work would decrease. Everything revolves around fuel, which is used by agricultural contractors, farmers and people travelling to work and making deliveries to shops. It would make a major difference to everyone if the Government took an imaginative approach to the tax it imposes on fuel.

It costs €80 or €90 to fill the fuel tank of an ordinary vehicle. Even if this cost were to fall to €40 or €50, it would still be expensive to fill up on fuel. Not many people outside the transport business realise that the articulated lorries used in haulage can hold €1,600 worth of diesel. If the cost of filling a lorry's fuel tank were halved to €600 or €700, fuel costs would still be substantial. I hope the Government will reduce the tax on fuel.

Small businesses must continue to be the backbone of the economy. A small business provides employment for the owner and perhaps a family member or neighbour and, if successful, it will create another couple of jobs. I am disappointed more was not done for small business in the budget and Finance Bill. While I acknowledge certain reliefs and tax credits were provided for companies engaged in research and development, these incentives are not enough. The Bill shows a lack of vision on the part of the Government.

Having run a small shop in a rural location for more than 20 years, I know at first hand how difficult it is to keep a small business going. Every day, one is burdened with various types of regulation, problems and difficulties. The Minister of State, Deputy Perry, may be interested in the following example of bureaucracy gone mad. Officials from the Health Service Executive will often visit small businesses such as shops with a delicatessen counter. HSE inspectors told the owner of one shop with a delicatessen counter to remove stools positioned at the counter because people were not allowed to eat a sandwich purchased in the shop on the premises unless the owner went to the expense of installing a male, female and disabled person's toilet. Small, struggling businesses cannot afford to do this. It is ridiculous to order the removal of stools from such shops to discourage people from consuming on the premises items they have purchased in a shop. Small businesses must try to live with these types of regulations every day.

While I appreciate the endeavours of the Government in trying to attract foreign investment, Ministers should not stand outside airports gazing into the skies in the hope that a foreign investor will land and create thousands of jobs. That will not happen. The Government should focus solely on trying to encourage the growth of more small businesses. It must not ignore the most important task, namely, the need to maintain, sustain and encourage existing businesses.

The closure of a small business has a knock-on effect. The most hurtful thing one can have on any street or village is a closed door. I am glad my constituency colleague, the Minister for Arts, Heritage and the Gaeltacht, Deputy Jimmy Deenihan, is present because he knows that my local area has been hit hard by the closure of small businesses. The village I come from once had 26 shops and six pubs but now has only two shops and two pubs. The continuing decline in small businesses is dealing an awful blow to rural Ireland. Governments, past and present, have let down those involved in small business. There is no broad vision for society and no jump-start for jobs.

Foreign investment is vital and we appreciate the multinational companies which have located here and created jobs. Liebherr cranes in Killarney, for example, has provided thousands of valuable jobs since locating in County Kerry 50 or 60 years ago. This has also had major spin-off effects. To return to the closure of small businesses, when a door closes it seldom reopens. Earlier this year, we were informed that up to 800 pubs will close in 2013. This is a startling statistic. Every one of these pubs provides employment for its owner as well as part-time and full-time work for others. I do not see anything being done to help the pub trade or try to keep these businesses afloat.

Before the most recent general election, the Fine Gael Party and Labour Party promised to abolish upward only rents. They should not have made a promise the Government would not keep. Rents have continued to increase and many people feel very sore about the Government's broken promise. No one asked Fine Gael and the Labour Party to make this commitment before the election, yet they did so and quickly forgot about it when they were elected.

Deputy John Perry: It would not be constitutional. The Deputy should ask the Attorney General.

Deputy Michael Healy-Rae: The Government parties should have known that before the election.

Deputy John Perry: Rents are falling rather than increasing in County Kerry. The Deputy should stick to facts.

Deputy Michael Healy-Rae: The Minister of State will have an opportunity to speak.

Deputy John Perry: Is the Deputy claiming rents are increasing?

An Leas-Cheann Comhairle: Please allow Deputy Healy-Rae to continue.

Deputy Michael Healy-Rae: I have never interrupted the Minister of State. Am I hurting him by reminding him about broken promises?

Deputy John Perry: The Deputy should tell it as it is. Rents are not rising in County Kerry.

Deputy Michael Healy-Rae: I will not engage further with the Minister of State or rise to him because I am not supposed to get cross. I am clearly hurting him too much by referring to the Government's broken promises so I will discuss instead the unfair property tax. It is amazing to hear Dublin Deputies now agreeing with me. The very people complaining about it are those who voted for it. It is their property tax. They said nothing in the House about changing it until it started to hit home with their constituents. Suddenly, they started complaining. From the outset I believed that the tax was unfair, imbalanced and unjust. It is amazing to hear those Deputies claim that the tax is wrong on the grounds that people with higher value homes will be unfairly hit. They should have considered that when they voted for the tax in the House, seeing nothing wrong with it at the time.

Houses in the middle of family farms should be valued at the low end of the scale because they are effectively worthless. No one would want to live in a house in the middle of a working farm, listening to cows bellowing at night. It is fine listening to cows if one owns them, but it is not nice listening to someone else's cows roaring in the middle of the night. Such people should be entitled to have their houses valued at the lower end of the scale.

The property tax will place an extreme burden on the people who can least afford it. I have sympathy for people who took out mortgages at the height of the bubble. They face significant decisions, for example, whether to pay their mortgages or the property tax each month. If they are unable to pay the tax, there will be considerable repercussions, as the tax is handled by Revenue.

While I have continuously stated my opposition to the charges, I have never actively encouraged people not to pay. Some Members of the Opposition who have campaigned against the tax might have told people not to pay while others have not, but responsible politicians would never tell people not to pay a charge. It would be like telling someone not to tax a car. One cannot do that. It is the law of the land, put in place by the Government. People must comply with it. I will always respect this fact, although I might not always agree with it. One must pay what one must pay.

I note the Government's living city initiative. This tax relief is narrow, in that it only applies to dilapidated Georgian houses. Why is it confined to cities in this way? As the cities involved are Limerick and Waterford, are Ministers being parochial? That is for them to answer.

I welcome the idea of providing tax relief on living in city centres, but where is the tax incentive for people to live in rural areas? This is a worthwhile question. Why could there not have been an imaginative tax relief for dilapidated buildings in villages? It would have been a boost to the building industry, which Government Deputies know is on its knees. The buzz that would have come from an incentive to encourage the rejuvenation of smaller towns and villages would have been significant. I urge the Government to consider the idea of a living town and village initiative and see how it goes.

I must mention the way in which front-line services are being attacked. I had hoped for more imagination on the Government's part rather than some of the roads being taken at present. I must also mention the effect of Garda station closures. I proved in the House that keeping a rural Garda station closed would cost more than keeping it open. It is amazing to pass closed stations and to see the lights on. The pole with the blue light outside the door that indicates a station is open is gone, but the lights and heating are on inside. All of the facilities are still in place and people are being paid to maintain them in an idle state. It was a remarkable ministerial decision devoid of reality.

In case people believe that I am only referring to rural stations, I will refer to Stepaside. That the Minister allowed a station of 34 gardaí to be closed on his watch, leaving thousands of people without a station - it was in his constituency, so he should have known better - drives home the point that he is away in cloud cuckoo land. As with the decision to close the rural train network many years ago, the Minister's decision will be remembered as a disastrous one.

I ask for the Leas-Cheann Comhairle's indulgence as I wish to end positively by welcoming the increase in tax relief on tuition fees. Given the high cost of education at second and third levels, however, more should be done to help families that are struggling to educate their children.

The Government must start recruiting new gardaí. That Templemore is closed is a disaster. I hope that the Government will consider this issue in the near future. I also hope that more will be done for our farming community to encourage people to keep farms. Transferring land to future generations is expensive. This issue should also be considered to try to encourage the early transfer of farms. It is nice to see people starting at an early age instead of needing to wait until someone is elderly or dies before the farm is transferred.

An Leas-Cheann Comhairle: The next slot is shared by the Minister, Deputy Deenihan, and Deputy Twomey. They have ten minutes each.

Minister for Arts, Heritage and the Gaeltacht (Deputy Jimmy Deenihan): I welcome this opportunity to contribute on the Finance Bill, particularly in reference to two matters of considerable importance to my Department. First, I am pleased that section 481 on the film tax relief scheme has been extended to the end of 2020. This was one of the important recommendations included in the creative capital report that I published in 2011 and that sets out a strategy for building Ireland's audiovisual creative economy. The extension will give a great deal of certainty to the Irish audiovisual sector during the next seven years and allow it to maintain existing jobs in the sector and, hopefully, create new ones.

Supporting and creating employment across all sectors is a priority for the Government. The film and audiovisual sector is playing its part and has managed to maintain a significant level of production in difficult economic circumstances. In 2012, a total of 55 projects were approved for funding under the section 481 scheme, with an Irish spend of €143 million. This compared with an Irish spend of €119 million in 2011, indicating a significant increase of some €24 million.

The major projects approved in 2012 in terms of Irish spend were "The Vikings", with a spend of €25 million, "Ripper Street", with a spend of €10.7 million, "Quirke", with a spend of €7.3 million, and "Foyle's War" with a spend of €5.9 million. The section 481 funding across the 55 supported projects helped to maintain and create more than 17,000 jobs involving crew, cast and extras during 2012. That is a real, tangible and important contribution to our domestic economy. It is anticipated that a similar number of jobs will be supported this year by film projects funded by section 481. The change to a tax credit model from the current investor model will obviously be a significant change, but I am confident that with the extended lead-in period to the new arrangements the sector will be able to adapt to the new regime.

As Deputies are aware, section 481 is an important part of the architecture that underpins the Irish audiovisual sector. Another very important part of the architecture is the Irish Film Board, IFB. The IFB has primary responsibility for the support and promotion of film-making in Ireland, in respect of both the indigenous sector and inward productions. The agency is funded through my Department and is independent in its day-to-day operations.

As part of its remit, the IFB has regular meetings with international film makers, as well as attending major international film festivals to promote Ireland as a location for film making. I support that effort and, with An Taoiseach, recently met at Government Buildings with the renowned film director, Mr. Stephen Spielberg and the leading actor Mr. Daniel Day Lewis. The Irish film and screen industry can be a positive force for change and can drive economic growth by providing high quality local employment, increasing inward investment and promoting Ireland abroad and contributing to tourism.

Already in 2013, the IFB has attended a number of international film festivals and industry gatherings to promote Ireland as a world-class location for making films. This is very important work and it is hoped that it will pay dividends with major international productions coming to this country to give the opportunity to the wonderfully talented crews and actors from this country to display their skills for an international audience.

As Minister for Arts, Heritage and the Gaeltacht I also wish to welcome especially the introduction by the Minister for Finance of the living city initiative. It is a targeted tax incentive which seeks to promote the regeneration of urban historic areas on a pilot basis by focusing on encouraging people back to the centre of Irish cities to live in historic buildings, and encouraging the regeneration of the retail heartland of central business districts. The initiative will provide tax incentives for works performed to refurbish residential and retail buildings either to bring them up to a habitable standard or to make improvements to buildings which are currently inhabited.

The pilot will be delivered initially in two locations - Limerick and Waterford - given the deprivation index in these urban areas. The incentives will be targeted at owner-occupiers and will be subject to a commencement order which will be dependent on EU state aid approval. I fully support the development of a scheme for urban historic areas. The proposed pilot has the potential to assist the State, both at central and local government levels, in its responsibility to protect the nation's architectural heritage, encourage sustainable development and the re-use of urban historic core areas. The scheme complements recent policy developments by my Department which include the historic towns initiative and the publication of a new guidance manual, Shaping the Future, aimed at the re-use of protected structures.

We must be pragmatic on this as on all other issues. The budget available to me to allocate to the built heritage has declined significantly. Between 2008 and 2011 the budget for the built heritage was reduced by the previous Government by approximately 75%. That leaves me in a difficult position in terms of the allocation of sufficient resources to the built heritage. I do not have the level of resources required to fund built heritage regeneration or restoration works that was available in the past. This means we must consider more creative ways to encourage people to live in protected structures, to work in buildings in the core of these cities, and to be able sensitively to adapt them to meet the requirements of 21st century use while protecting them for future generations. We see good examples around the country of the adaptation of buildings. It is something I strongly recommend. This is a challenge, but one in which the new living cities initiative will, I hope, play a pragmatic role in resolving.

The living city initiative will assist in preserving existing heritage assets, stimulate heritage-led regeneration and add to the long-term sustainable development of the locations. It is manifestly a positive development for the core areas of Limerick and Waterford cities. I thank the Minister for Finance for introducing the initiative in the Finance Bill.

I have designated Limerick as a city of culture in 2014. The Georgian built heritage is very much part of the celebration. I hope there will be a positive response from property owners in Limerick to the initiative. I hope we can celebrate the built heritage in the context of the initiative as well, apart from celebrating the other rich culture the city has to offer.

I have attended numerous events in Limerick city in the past two years and I am very impressed with the level of activity there in both the visual and performing arts. In addition there is a positive contribution by the various colleges - the University of Limerick, Mary Immaculate College, Limerick Institute of Technology and other institutions - and the various arts centres and venues in the city. I hope the initiative will give people in Limerick a further incentive to rise to the challenge of celebrating as the city of culture in 2014.

Deputy Liam Twomey: Since the beginning of this crisis the resilience of the Irish people has been truly remarkable considering what we have been through in recent years. We have seen the total collapse of our financial services, construction industry and massive budget adjustments, yet in the midst of all that we have managed to start to get control of public spending and there is still growth in the economy. That is truly commendable and I compliment the people of this country for what they have done. That is not to say there are not still massive outstanding problems the Government must deal with urgently. The mortgage arrears situation is a particularly urgent issue that must be taken on board at Government level and dealt with comprehensively because it remains a serious problem. The jobs situation is also important and requires attention. However, slowly but surely we are getting a handle on it.

There is a saying, from little acorns great oak trees grow. We must examine some of the measures introduced by the Government in recent years to bring about a recovery. On reading the reports and commentary from the media one would think the country is still in an awfully severe crisis and that there is no hope of recovery. It is interesting to learn that we have created 12,000 new jobs in the private sector in this country in the past year. I accept that we lost 250,000 jobs in the three years prior to the Government coming to power. We have a significant recovery to make but one must bear that statistic in mind. There is a reduction in the number of people on the live register. It is a small decrease but it has been falling for the past seven months and that must be taken into account.

One of the most important actions the Government took to give people confidence to seek a job and return to work was the reversal of the minimum wage cut, which was one of the first moves made by the Government, and increasing the universal social charge exemption level from €4,000 to €10,000. That removed the 330,000 lowest paid people in the workforce from being liable to the universal social contribution charge. Those were positive measures and, while small, there is a need to highlight them to ensure people understand what is happening.

In terms of from where all these jobs are coming, they are coming both from foreign direct investment and our indigenous companies that are working hard, not only the small and medium enterprises but some of our bigger companies also. Initiatives are happening. PayPal, Eli Lilly, Cisco, IBM, Hewlett Packard and Abbott Pharmaceuticals are internationally recognised companies that are instantly recognised by most people in this country. All of those are investing in Ireland.

The Kerry Group, one of our indigenous multinational companies which has businesses across the world, is making a massive commitment to and investment in the country. That is because confidence that our economy is on the right track and that we are doing something right is being restored. International investment sentiment towards this country is improving. It may not be percolating down and it may not be recognised by everybody, but stability is coming into this country slowly but surely. The Government has been focusing on trying to get people back to work.

In normal international circumstances an economy must stabilise and start seeing growth before significant reductions in unemployment numbers can be achieved. We cannot wait that long, and that is the reason the Government is focused on examining different areas with a view to promoting employment within the different sectors. Many of the policies have been targeting that. Not all of those policies will work but at least the Government is trying to make things work.

The Pathways to Work strategy is targeting long-term unemployment. Some 5,500 places have already been filled on the new national internship scheme. An additional 15,000 places have been provided for further education and training programmes. A new ICT education strategy has been launched with the objective of doubling the annual output of ICT graduates from 1,000 to 2,000 by 2018. These programmes have very targeted and focused positions to get people into employment.

The VAT reduction on tourism related services has seen an increase in the number of tourists and more jobs are being created in the tourism sector. This sector has been identified as having potential for growth if we target our resources at it and it is making a return. Some people might try to knock that and say it might have happened anyway but it has happened. The Government is looking at such areas where it can invest our very scarce resources to see if we can get a maximum return on such investment.

The new support programme for home energy retrofitting has the potential to create 2,000 jobs across the country. It may be a small beginning but it will make an impact for those 2,000 people who will be able to go back to work and gain from the benefits that will make to their lifestyle.

We will continue to establish Ireland as a digital hub with new jobs and investment announcements for new and established companies in that sector. Twitter, Google, PayPal and Dropbox are all names which are instantly recognisable to the text savvy younger and older generations of this country. Everybody knows those organisations. Those massive global companies with huge potential for growth are establishing themselves in Ireland.

A major new school building initiative is being launched which will create an estimated 15,000 direct and 3,000 indirect jobs in the coming years but, more importantly, it will provide 80,000 school places to cater for the increase in the school population. These are important initiatives spread across the country and they will make an impact.

The partial credit guarantee scheme has been launched to assist small and medium-sized businesses and there is also the separate microfinance fund. In terms of the impact of all these measures on a macro level, and I would move away from talking about billions because people do not quite grasp the scale of those figures, the deposits held in Irish banks have increased to €155 billion, which is up €15 billion from the lowest point that was reached in July 2011 of €140 billion. That represents small increases and improvements but it shows that small changes are taking place which are positive ones in the right direction. We should be very supportive of these changes.

People have spoken about how the Government is trying to be as fair as possible in seeking to protect the vulnerable and the sick. There are things that are being done that should be highlighted and commended. The increase in mortgage interest relief to 30% for first-time buyers between 2004 and 2008 is helping that cohort of people who are the most vulnerable to negative equity and to mortgage arrears because they paid the highest price for their houses. They are usually young people and have also been vulnerable to job losses since our economy crashed. We have provided €67 million in 2012 in grants to improve or adapt private homes of older people and people with a disability. That is significant in light of where we are at this moment in time. These are the small issues with which the Government has been dealing, which have made a significant impact on people's lives, have helped to get this country working again and have helped to ease the financial pain and the shock of austerity on those who are most vulnerable in our society.

I am delighted that the Government announced the public private partnership infrastructure stimulus programme which is focused on delivering a maximum number of jobs and the best infrastructure to help our people. It will deliver new schools across the country, health centres and new Garda stations. The ones that I am aware of did not add that much to the communities.

There is a need for us to be more realistic about what we can achieve with our resources and not to think that we should hold back progress. If we were to work on the basis of the theories of some of the Opposition Members, our gardaÍ would still be going around on bicycles. We have to constantly change and innovate how we do everything. That applies to the health service and education. The school education curriculum changing and Garda policing is changing. Everything changes in society and we need to change with it. There is a need for some Opposition members to be more open and broad-minded about what the Government is doing.

There will be huge changes to infrastructure. I am glad that the PPP programme announced today will kick-start the construction of major roadways in the country and not just provide the necessary jobs but improve our infrastructure to ensure we can remain competitive and increase the number of jobs created from foreign direct investment and in SMEs. I have pointed to the massive increase in jobs in the private sector.

I hope that the discussions on extending the Croke Park agreement will deliver. There is a very serious issue in that regard. The days of just giving money to get us out of our problems are over. If these talks were to fail, there is a serious threat that public sector pay might be cut in the future. I hope that does not happen. There is huge potential for the Croke Park deal to be extended and to continue delivering on piecemeal but important changes that have happened so far. I would like to see this being worked out and implemented.

Deputy Brendan Smith: I am glad to have the opportunity to make a short contribution on this important Bill. While I am sure there will be a finance Bill next year enacting the measures announced in the next budget in the latter half of this year, I presume a Second Stage debate on that Bill will be a process that will be quite different from the current process due to the changes being heralded by new EU rules on budgeting. The recent agreement on the two pack virtually ensures that the next budget will be in October and will be subject to greater EU budgetary and economic co-ordination among eurozone countries. I note the remarks of the Minister, Deputy Noonan, yesterday:

> I very much welcomed this morning's agreement on the 'Two Pack'. This is a key piece of the eurozone's economic architecture and has been an Irish Presidency priority.

I compliment the Minister, Deputy Noonan, his Department officials and the officials in the Irish permanent representation in Brussels for their hard work and effort in achieving this deal.

I also take the opportunity to remind Ministers that there is always a risk associated with announcing a budget, even in draft form, in October when the economic data for that year are not available. I am sure the Department of Finance and the Minister, Deputy Noonan, are more conscious than any of us of the importance of November in regard to income tax and taxation returns in general. The risk includes the increased possibility of having to produce supplementary budgets the following year to correct for shortfalls. Perhaps the Government has already discounted this risk or weighed it against its own experience. After all, budget 2013 was held at the beginning of December last year but the Government still had to provide supplementary Estimates for the Minister for Health, Deputy Reilly and the Minister for Social Protection, Deputy Burton. Indeed, in the case of the Department of Social Protection, that supplementary Estimate was almost €700 million, which was almost furtively brought to a Dáil committee on the morning of the announcement of last year's budget. Perhaps when the Minister for Finance gets an opportunity to wrap up this debate, or during Committee Stage, he might expand on the impact of the two-pack deal, and the six-pack deal, on the preparation, time tabling and announcement of the next budget, setting out roughly how the sequencing will work and the role the Oireachtas will play.

Many analysts and observers have criticised budget 2013 as deeply unfair, unjust and regressive. Those comments came not just from political parties but from many independent economists and other analysts. Unfortunately last week's CSO statistics show that poverty is increasing. There are now in excess of 700,000 Irish people living in poverty and the proportion of our population now at risk of poverty has jumped considerably. As we all know from our everyday work in our constituencies, there are huge pressures on families, particularly those with mortgages and dependent children. There is nothing in this Finance Bill that undoes the extra pressures that were put on families with the budgetary measures such as the taxation of maternity benefit, the reduction in child benefit, the reduction in the back to school grants, the abolition of the PRSI allowance and so forth. These measures all placed additional pressures on families whose household budgets were already under pressure before they were introduced.

My colleague, Deputy Michael McGrath, in his contribution to this debate on Tuesday night welcomed some of the measures the Minister and the Government are introducing, particularly in the area of support for the SME sector. We all understand the enormous importance of creating the proper environment for much-needed job creation. Daily we are seeing the devastation that unemployment is causing to individuals, families and communities. This is a problem across the country. It is not just an urban or a rural phenomenon but a societal one. Our towns and villages are being hollowed out, not only by the numbers of well-educated, bright and intelligent young people who are leaving home and travelling abroad in search of work but by the numbers of men and women who are withdrawing from community life, having been caught in the cycle of long-term unemployment. There are now nearly 200,000 people out of work for more than a year. This is a very serious issue because we know that once someone spends a year or more out of the workforce, it becomes increasingly difficult to get back to full-time paid employment at a decent wage level. We also have the problem of many self-employed people who do not have adequate social welfare entitlements once they are no longer in the labour force. That is a particularly difficult issue and I have come across many constituents who were self-employed but who are no longer gainfully employed; they just want to get on a back-to-work scheme but they cannot because they do not qualify for an unemployment payment.

We saw in the 1980s and 1990s how difficult it was to overcome and end the scourge of long-term, almost cross-generational, unemployment which had blighted this country in the preceding decades. Unfortunately estates, communities and parishes were blighted through unemployment and emigration. Jobs must be at the heart of the Finance Bill and at the heart of most of our legislative measures and discussions in this House. Creating the conditions for job creation is the biggest single policy lever the Government possesses to end the fatal spiral of poverty. We all welcome recent significant job announcements, mainly through foreign direct investment and some, more importantly perhaps, through indigenous enterprises. Much of those job announcements are additional employment opportunities at major corporations that were established here in the past ten to 15 years. Of course, any new enterprise setting up in this country for the first time is very welcome and my party warmly welcomes any such announcements. While announcements like these are welcome, both for the jobs directly created and for the investment they bring to a locality, our unemployment crisis will not be resolved by foreign direct investment alone, welcome and important as it is. The jobs crisis will be truly tackled only by indigenous job creation, by small and medium sized local Irish businesses growing, succeeding, maintaining and creating jobs and by start-up firms who see a niche in the market and then supply that market.

There is still a great entrepreneurial spirit in this country. It exists in every county, town and parish but it needs support, backing and confidence to thrive, both from local government and central Government. It also needs a continuing reduction in regulatory costs, which are still a huge burden on enterprise. The Minister has said the SME sector will be the driver of the economic recovery across the country but we do not see enough in this Finance Bill to help create or foster, sufficiently, that entrepreneurial environment. The Minister proposes some new measures in regard to improving research and development in the area of tax credits and includes hotels in the employment and investment incentive scheme, which my party welcomes. However, these and other proposals could hardly be described as radical or far-reaching enough to make a serious dent in the unemployment figures. We are in the midst of a jobs crisis which is compounded by an ongoing slump in domestic consumption. This is the time for more creative and dynamic thinking.

As I already mentioned, the economy is suffering from very weak overall levels of consumer spending. At the same time, there is still a very significant level of saving happening, as Deputy Twomey mentioned earlier. Another major issue in the domestic economy is the significant growth in the black economy. As a Border county Deputy, representing the counties of Cavan and Monaghan, I have a particular concern about the smuggling of fuel across the Border, not just diesel and petrol but also solid fuels. Alcohol, tobacco and a range of other products are also being smuggled across the Border. Unfortunately, that economy is thriving and is doing untold damage to our revenue base here. My colleague, Deputy Michael McGrath, made specific reference in his contribution to this debate to the growing issue of the smuggling and illegal sale of solid fuel products in the Border area. The proposed extension of the carbon tax to solid fuels on a phased basis will not help to combat this illicit trade. As colleagues in the House will be aware, the Government intends to gradually increase the tax rate applied to €10 per tonne from 1 May 2013 and to €20 per tonne from 1 May 2014. As I understand it, this will add €2.50 to the price of a 40 kg bag of coal and 50 cent to a bale of briquettes, leaving an average family paying an extra €130 over the winter months. Introducing these phased carbon tax increases on solid fuels without considering their impact on poorer families and on the increasing incidence of fuel smuggling is not an example of joined-up thinking. A number of years ago, when the carbon tax was first introduced, the intention was that it would not be applied to solid fuel, that is, coal, turf, etc., until there was practically an equivalent price north of the Border. That is not the position at the moment and I know some fuel traders are very concerned about the possible impact on the trade south of the Border due to the price differential that will occur when the extra tax is imposed. I ask the Minister and his officials to examine the particular effects of this proposed tax increase and the potential loss to the Exchequer that might result. Fuel merchants have pointed out to me that smuggling and the potential for further losses in the trade will mean having to let employees go, with a resultant loss of income tax, PRSI and other revenue to the Exchequer. I hope this issue can be examined before the Finance Bill is finalised.

Deputy Michael McGrath, on behalf of our party, offered a modest but potentially effective suggestion that could stimulate local activity throughout the country. He proposed providing a tax credit of up to €2,500 for approved home improvement work, subject to the home owner engaging a registered tax compliant contractor. This simple cost effective measure could provide a significant boost for local economies, as contractors purchase goods and spend money in their local shops. It would also help reduce activity in the black economy, particularly in small scale building jobs, home improvement and renovation work. By using the tax code imaginatively, we could bring more of this activity into the mainstream economy where it would generate additional revenue for the Exchequer rather than being a burden on the public finances. Such a measure would have the added benefit of increasing VAT and income tax receipts.

I join with other colleagues in welcoming the extension of the employment and investment incentive scheme to the hotel sector. The tourism industry is important throughout the State, particularly in rural areas where it is not easy to attract foreign direct investment or set up a major manufacturing plant. Tourism, which depends on the natural resources of a rural area, can be very important. Many hotels, particularly in the Border counties of Cavan, Monaghan and Donegal, are in significant financial trouble. Many face debt overhangs which, if not addressed, will lead to significant job losses.

Once again, the Minister could and should go further than he has. My colleagues have already suggested a number of further policy avenues and we will urge the Minister to take them on board during the course of the debate. Deputy Michael McGrath has already spoken about the possibility of setting up a hotel restructuring fund, using funds from the National Pensions Reserve Fund to purchase assets with a commercially sound prospect of profitability and growth. Alternatively, the Minister should look to setting up a qualifying investor fund for hotels that may be attractive to private investors, especially from abroad, who would like to invest in Irish hotels but do not wish to own hotels directly.

I believe we undervalue the importance of the hotel sector and infrastructure in the generation of local employment and its contribution to the economy. A good hotel can be as important to a small town as a substantial factory. This sector is under increasing pressure because of the growth in hotel numbers and bed capacity throughout the country in the past decade.

With regard to the increase in vehicle registration tax, VRT, a garage owner instanced to me the example of a run-of-the-mill car such as the Volkswagen Passat. The change in VRT in the budget amounted to an increase of almost €900 on that standard family car. People in the motor industry are concerned about possible job losses. Sales have gone down substantially. A different person, who worked in the motor industry some years ago and is now retired, asked me to urge the Government to consider a car scrappage scheme. I do not know how feasible that is, but the point made to me by this former worker in the motor industry was that many of the people who availed of the previous scrappage schemes were people who had money in the bank and were careful about spending it. He thought a scrappage scheme would give leverage and generate extra expenditure. In view of the severe difficulties facing the motor industry throughout the country, this could be given some consideration. We also know that car scrappage schemes have contributed considerably to the enhancement of the environment.

Commercial rates are a considerable burden for many small enterprises. Commercial rates are a tax which is not based on ability to pay. Owners of several small hotels and public houses have shown me their rates bills. These substantial sums of money must be paid before a business turns a single euro. This area needs major reform and we need to address it.

In recent years we have seen a substantial increase in exports in all sectors. That is welcome. There has also been relative currency stability, particularly between the euro and sterling. In the last quarter of 2008, sterling depreciated by more than 24% in the three month period from October to December. That put huge pressure on Irish businesses that were exporting to the sterling area because their prices were set and they had bought in at a different exchange rate. There has been some weakness in sterling recently and we must hope for continued stability in that currency. We export more than 40% of our goods to the sterling area, our nearest neighbour, and exports are hugely important for economic growth and job creation.

I have already welcomed the improvement in tax credits for research and development. In the past 12 or 15 years, there has been huge investment and expansion in research, development and innovation. That was provided by Exchequer funding and assisted through Government Departments and State agencies being able to draw down substantial funds from Europe. In a newspaper article early this week, Commissioner Máire Geoghegan-Quinn outlined the value and necessity of investment in research and development. She highlighted our country's success in drawing down substantial funds from the Seventh Framework Programme, FP7. Bodies such as Teagasc and the Marine Institute have been leaders in drawing down funding from the European Union. We know we need continued investment in research and development, not only for major corporations but also for small and medium enterprises.

In recent years, there has been greater collaboration and partnership between our universities or institutes of technology and industry. For far too long, we had too many institutions in Ireland. Universities, institutes and commercial semi-State bodies worked in isolation. That has changed in the past decade or so and can improve even more. Research and development in universities must be industry led as well as learning led. Some of our universities and institutes of technology are forward thinking and progressive in working with industry in their areas to ensure that research and development assists the development of product and creates added value. A representative of a major international corporation in the food industry told me they had invested in this country because of the research capacity of the Teagasc facility in Moorepark. I welcome the introduction of additional measures to assist research and development.

1 o'clock

Research and development must not just be confined to the major players in industry and business: it is also important for the small and medium enterprise sector.

Deputy Dan Neville: I welcome the opportunity to contribute to the Finance Bill, which implements the taxation measures announced in the budget in December. A key issue in the budget was job creation. That is the most important issue we must deal with by introducing incentives and supports for job creation.

We currently have over 400,000 unemployed and to lose one's job is one of the most traumatic events that can take place in a person's life. I have personal experience from many years ago of being told at 8 a.m. one day that I would be made redundant on statutory redundancy after several decades of contributing to an organisation. The trauma of losing one's job and becoming unemployed is not fully understood or appreciated. There is a period almost of mourning, and we know from many studies that it affects self-esteem and relationships. There are serious implications attached to losing a job, especially now when so many people have mortgages and personal debt and have planned their lives around full-time employment, and this causes extreme stress. When we meet someone new, we ask three things: their name, where they live and what they do. We attach a lot of value to the contribution we make to society in our daily lives.

That stress can create extreme difficulties within families, particularly if there is a danger of losing one's home. Our home is very important in our lives and that is why it is so important that all of us in this House agree that the mortgage situation must be dealt with as quickly and fairly as possible, with an understanding of the effect the threat of the loss of a home has on a person. It is vital also that this factor is recognised by the banks as part of their civic responsibility towards their customers, whom in some ways they placed in that situation. We can say the client requested advice and made the final decision to borrow, and that is correct but the banks were, with hindsight, reckless in how they dealt with the housing bubble that has caused us so many problems.

When stress arises in a family because of the loss of employment, personal difficulties can occur and no matter now much parents might want to protect their children from the stresses they are experiencing, inevitably the children and young people are affected. Many of those in this situation bought their homes at the time of the property bubble, were settled and have families. Those are the people who have been worst hit by job losses and mortgage distress. Often these stresses can cause relationship breakdown or family difficulties and can lead people to take comfort in alcohol or drug abuse to try to relieve these stresses. We know going down that road can lead to serious mental health difficulties. The unemployed are six times more likely to suffer from a psychiatric illness than those in employment, and are two to three times more likely to take their own lives.

Everything must be done to overcome those difficulties. Small and medium enterprises have a key role to play. We recognise the work of the IDA on job creation and the recent announcements that have been made, but our own indigenous small and medium-sized enterprises are also key and must be encouraged to provide employment and opportunities for those who find themselves in a difficult situation. I welcome that fact that the Finance Bill builds upon the SME supports introduced in the budget and includes measures to support small and medium-sized enterprises. The SME sector will drive economic recovery across the country and I welcome the Government's commitment to supporting the sector. The primary focus of the budget and the Finance Bill is job creation.

We do not hear much about the poverty trap now. It still exists for unemployed people who might be offered short-term employment of a few weeks duration. They find it difficult to decide to move off benefits because it is very difficult to recover those benefits. The system should show more flexibility when a person is offered short-term employment.

I welcome the €35 million allocated this year to the introduction of A Vision for Change, but we have yet to see the plan that is in place to develop those mental health services. The plan this year is to bring in over 400 professionals to develop the community-based mental health services. It is important that the plan is in place quickly because the delay last year frustrated the implementation of it and there has been a carryover to this year.

Finally, I welcome the Minister of State, Deputy Kathleen Lynch's, commitment to the area and support on this. I am looking 12 months ahead-----

Acting Chairman (Deputy Seán Kenny): Deputy Neville's time is up.

Deputy Dan Neville: -----when we will be asking for a further €35 million for 2014.

Deputy Tom Barry: I wish to deal with a few aspects of the Finance Bill.

I will start on section 19, which deals with the tax treatment of farmers. I welcome the extension of the stock relief. This, especially the 100% stock relief for young trained farmers, is comforting news to the agriculture sector. These are measures which mean a great deal in the farming scene. The Bill also mentions that these particular farmers must have business plans set out and agreed with Teagasc.

This raises another aspect at which we could look. As important as business plans are, cashflow analysis is very important. Maybe we should encourage taxation measures that would allow for part-time employment in farming businesses to conduct cash-flow analysis on a continuous basis because farming is up and down and it will get more volatile as things happens. I note there has been a horse food scandal lately, and all that went with it. Unfortunately, for farmers, it means that their income could dip through no fault of their own and it is important to have constant analysis of the accounts. I would welcome allowing some tax incentive to employ someone who is a third party, obviously, not a member of the farm.

Section 24, which amends section 1003A of the Taxes Consolidation Act 1997 and provides tax relief for donations of heritage property to the Irish Heritage Trust or the Commissioners of Public Works, is a practical change and I welcome it. It allows accompanying buildings and lands to be donated in tandem with heritage gardens. I accept it is a small part of it. It is a good measure. It will see important heritage properties coming to the State at little cost. It is really important because we may not get the chance to get these properties again. However, I encourage the Minister to increase the tax relief, from the 50% he is seeking, to 65%. I understand there is more being purchased and he is trying to get value, but in this depressed property market, even allowing 65% relief on what is essential one-offs would be practical.

I welcome section 29, the living city initiative. Certainly, we all can appreciate that getting families back into the centre of cities and refurbishing old homes brings life to cities. It is a nice measure in the Bill.

In section 45 I think there is a problem. The limit of €3 million should be removed for capital gains tax on land transfers. This discourages lifetime transfers and that is something we cannot do. In death, obviously, there are no capital gains tax implications. We do not want a situation where farmers will not transfer land over until they go to their eternal reward. There is an elderly population in farming and with the targets we are setting out for ourselves in Harvest 2020, this is a worrying issue. We will not achieve those targets with land not being transferred to young farmers. It simply will not happen. Any measure that discourages the transfer of land cannot be allowed. Capital gains tax was introduced in 1974 when land was valued at approximately €500 an acre and the indexation factor, which was abolished in 2002, had reached a factor of approximately seven, giving land a value, roughly speaking, of €4,500 an acre. This causes a capital gains issue of approximately €8,000 an acre presently. I will not elaborate on marginal relief - it gets too complex. However, it is something that needs to be looked at because there is no initiative to hand land over. Also, a consideration of €3 million might sound considerable, but when one adds up the cost of stock and buildings, such as milking parlours which are getting ever more complex by the day, and one reaches that figure and it will be an impediment to transfer over. This also applies to many qualifying business, not only farming.

Unfortunately, there is not a retirement scheme in place. The retirement scheme, which was most valuable and which came through Europe, allowed a retirement pension for elderly farmers. It gave them a sense of financial security and it allowed them transfer over their land. There is nothing like youth and vibrance to increase production and to move farming in a new direction. I am glad to say I was a recipient of the farm retirement scheme in the sense that my parents received it. It created the stimulus to transfer land. It allowed us to move in a direction which saw production increase considerably and, therefore, more benefits to the State as we moved along. This is one area that needs to be looked at more closely.

Section 46, which is a really good measure, provides relief from capital gains tax for restructuring of farms. One of the historical problem we have faced in Ireland is the whole farm structure. The fragmentation issue is incredible. Having ones farm in different fragments is a high cost game as one must travel from one place to the other. It costs to move machinery and animals. One cannot build up necessary infrastructure because one does not have enough land around one's parlour. This is a fabulous scheme and I am amazed it has not been thought of earlier. I advise the Minister to keep an open mind on the final date here and not to be wedded to the closing date in the Bill. Farmers have a tie to their land and it takes them a while to get their head around letting go of a part of their land and swapping it for another. The Minister merely must bear in mind that there might be a conflict until it sinks in properly that this is a good idea. I would watch it closely. It is something on which momentum could take a little while to build up.

I might have a look at section 56 regarding niche producers and micro-breweries, especially ones where there is micro-production of cider. Such business persons need a stimulus in early production and maybe we should look at them being allowed allowances.

On section 59(1)(*c*), on carbon tax, I encourage the Minister to enter into discussions with the farm contractors' associations regarding carbon tax on farms. It is only another spancel to production. Farmers do not have large incomes at present and this is something that needs to be looked at.

Maybe the Minister should consider tax reliefs for those who substitute fuel with carbon-neutral options because there are options out there. The reason I ask for tax reliefs in this area - these are quite specific - is because there are high capital costs in putting in place systems which replace diesel fuels in agri-production. It is akin to the inverse of section 59(1)(*c*). If it is good one way - as they say, sauce for the goose is sauce for the gander - it should work in both directions.

Section 71 relates to VAT. While this reduction, from 5.2% to 4.8%, looks innocuous, it has had a significant effect on the pig sector. I will go into more technical detail on this. The matter has generated much stress there. Maybe it needs to be exempted for that sector because it is on its knees. They do not particularly need any more nasty shocks along the way.

I wish to address the issue of rates. For many people not involved in business, there is no appreciation of the issue. Rates need to be considered in totality. It is possible for a business to have huge ground cover and very low turnover. For such a business, rates could represent a major proportion of the profit whereas for a multinational on the same land, it would only represent a fraction of it total turnover. That needs to be borne in mind.

I welcome the Bill which contains many progressive provisions and a few that need to be considered in more detail.

Acting Chairman (Deputy Seán Kenny): I call Deputy Ó Snodaigh, who is sharing time with Deputies Ellis and Stanley.

Deputy Aengus Ó Snodaigh: I welcome the opportunity to speak on the Bill. Believe it or not, there are one or two good aspects in it and I will try to capture them in the points I make and I want to ask some questions. We cannot consider a Finance Bill on its own, as it is part of a package along with the Social Welfare Bill, the property tax and, later this year, the water tax. It also comes on top of a previous Finance Act. I am greatly concerned about the cumulative effect of all those measures. Child poverty is increasing and since the Government came to power, long-term unemployment, including youth unemployment, has increased. Emigration is increasing and poverty levels are increasing. The Finance Bill will not address that and, in this case, will add to the distress of many sections of Irish society.

It is disappointing that the Bill does not provide for a wealth tax. Deputy Pearse Doherty has explained the benefit of introducing a wealth tax on the model that exists in France. It does not include provision for a third rate of income tax on moneys earned in excess of €100,000. It does not include a tax on online gambling and a range of other proposals made not just by Sinn Féin but also by the trade union movement and economists who have said there is an alternative to continuing policies of austerity that the Government and its predecessor have imposed on the public.

The Bill provides for changes to the carbon tax. When that is added to the changes to VAT the Government introduced, it adds to the problem of fuel poverty over time because those who are most dependent and have less disposable income are the poorest in our society. Many of them depend on social welfare but it is not exclusively those dependent on social welfare. In this society many people, who in the past would have been regarded as middle class, are now feeling the brunt of Government policies and the effects of poverty. Every Deputy in this House will understand that from having dealt with the public. The problem is that the Government does not seem to be listening to the plight of those people and when the Bill goes to Committee Stage, I urge the Ministers to listen to proposals made to reduce the effects of the Bill. We also need to take stock and change direction as proposed by others whereby the burden of ensuring that Ireland continues to work to get through the problems created by the previous Government and by this Government does not fall on those who can least afford it.

Last week Ms Nessa Childers, MEP, of the Labour Party launched a report that starkly highlights the effects of austerity, the Caritas Europa report. It was a study of the impact of the crisis and austerity on people, with special focus on Greece, Ireland, Italy, Portugal and Spain. The report's findings demonstrate beyond doubt that the austerity measures are impacting very negatively on the lives of people in poverty and are driving more people into poverty. It shows the increased unemployment levels in those countries, especially youth unemployment and long-term unemployment. It shows the increase in financial distress of those who are dependent on social welfare in those countries as well as those who are on low pay or reduced employment. It shows that income poverty, child poverty and fuel poverty have increased in all those countries. That report and others show a lack of poverty proofing of budgets here. That is not just the fault of the present Government but also its predecessor. The simple steps to ensure that budgetary measures do not drive people into poverty are not being taken. Nor is there equality proofing, something that the Labour Party had sought in the past. I again urge the Government to consider that because the people most affected are often parents in the home trying to ensure there is food on the table, that the home is heated, and that children can go to school healthy with food in their stomachs and wearing proper clothes. Irish society has seen a reversal in that regard and we are going backwards instead of forwards.

In January the Irish League of Credit Unions "What's Left" tracker report highlighted starkly the position we are in. The Bill will compound the problems of the 61% of respondents who said they had €100 or less left at the end of the month once their essential bills were paid. Some 1.59 million people are left with €50 or less at the end of the month once their essential bills were paid. That is before the Government imposes the property tax and water charge on them. Price increases in respect of the ESB, Bus Éireann, etc. come separately from this legislation and are allowed by Government. Yesterday, we heard that AIB is considering increasing its mortgage interest rate, which will impact on many people with €100 or less on which to survive.

There is a cumulative effect and a whole package of documentation on that. This week we had the leak of Ms Ita Mangan's report into child benefit, which is also causing major concern and distress. If the Government starts moving in that direction, as the Minister is suggesting - in fact, she has already moved in that direction because the previous two budgets cut child benefit despite a Labour Party promise - that will be another wad of money coming from that €100 or €50. In some ways that says it all. If the Irish League of Credit Unions carries out the same report at the end of this year, I believe we will find that the numbers have increased. We will also find that the numbers who have absolutely nothing or are in the red at the end of the month will have increased.

The Bill contains the miserly change to target women through the taxing of maternity benefit and the health and safety benefit, the weekly payment for employed women who are breastfeeding. How miserly is it to tax that? That the Minister and Government propose to target childbirth by way of tax on maternity, adoption and health and safety benefits is an indication of their grubbiness.

I regret I will not have time to speak on the benefits of the Bill, including the film relief and proposed changes in tax on off-licence sales, on which I would encourage the Government to do more. I would ask that the Minister consider a change in the VAT regime on exercise and sports goods. Were these items to be zero rated for VAT purposes, it would help Ireland and Europe - this is also a European issue - in tackling obesity and its associated illnesses, the cost of which to the Irish and European hospital systems is enormous.

I could say a great deal more. It is hoped I will have an opportunity on Committee Stage to put forward other proposals.

Deputy Dessie Ellis: This Finance Bill will give effect to many of the measures contained in the budget published by this Government at the end of last year. This means it is an instrument for the implementation of further policies rooted in unfairness, in equality and austerity. The Bill also contains some good measures.

This Government has introduced two budgets. Thankfully, it was forced to review some of the most odious provisions of the first budget following huge public outcry. This has not, unfortunately, been the case in the intervening weeks since announcement of its second budget. Despite the U-turns the Government's first budget hurt ordinary people hard. The cut to rent supplement has had a damaging affect on the lives of many people across this State and is exacerbated by the failed housing policies of this and previous Fianna Fáil-led Governments. Owing to a lack of political desire or will to create a sustainable housing system, coupled with a seemingly strong motivation to subsidise private profit, the past few decades have seen unrelenting attacks on the public housing stock and a slow decay of structures which allowed for permanent social housing provision. This means that almost 100,000 people wishing to put a roof over their heads and those of children must rely on rent allowance. The cost in this regard, when combined with the cost of the RAS scheme, is €500 million. Following the budget, these people are now paying more for their accommodation, which is often of poor standard, cramped and poorly managed. Far too many landlords have asked for money under the table. Some people have lost their homes while others, having already had it tough, struggle harder so that this Government can make a small saving in comparison to what could have been saved from the missed opportunities which characterised that budget.

Despite the need for revitalisation of Limerick, Dublin and Cork, funding for regeneration projects has also been slashed. Will this Bill result in better outcomes for people? The answer is, it will not. While it contains some positive measures for businesses, which I welcome, it will result in less spending by people in the local economy and a reduction in the amount of money in the pockets of those who spend the highest proportion of their income. Most low paid people lost out in the last budget. Everybody earning more than €18,000 lost €264 per annum and many were also hit by the reduction in child benefit. It is now increasingly likely that child benefit will be further cut by this Government. Parents, workers over the PRSI threshold and homeowners, many of whom are up to their eyes in debt, have been hit hard by the recent budget. It is not surprising that those who earn up to €100,000 per annum do not understand what a few less euro at the end of the week means for others. However, this is putting families under serious pressure and making life in Ireland hard and difficult for young and qualified people whose friends have already emigrated and are wondering what is here for them besides mistreatment and more of the same.

In its jobs creation plan and budget submission Sinn Féin put forward alternatives which would be fair and based on equality. It also called for an equality budgeting process similar to that which operates in the Scottish Parliament. The Minister for Finance in Scotland works with groups dedicated to creating a more equal society to ensure that budgetary measures do not target the most vulnerable and essential services are retained. Once again, Sinn Féin was ignored. Once again, the rich escaped pretty much unscathed by this budget. There are more millionaires in Ireland now than there were last year. There are more people with huge amounts and liquid assets yet this Government continues to focus on cuts to those who can least afford them and have already paid their fair share of tax.

On top of all the aforementioned cuts, the Government proposes the introduction of water, household and septic tank charges, all of which will impact heavily on people. This Bill should address the needs of the economy and the people in a realistic way. It should also take into account ability to pay. That is the way it should be proofed.

Deputy Brian Stanley: This Bill underpins six austerity budgets, the most recent of which is having a devastating affect on low and middle income families and services. The policies of this Government - of which we have seen more in the past week - continue to sow the seeds of industrial arrest, in particular in Laois-Offaly, where there are many prison officers, gardaí, hospital workers, attendants and so on. While the headline pay of these people may appear large when deductions are made they are left with little. Families are finding it increasingly difficult to balance their household budgets.

This Bill provides tax breaks for those who least need them at a time when the Government continues to hammer vulnerable groups. The PRSI change will further strangle the economy because as people's incomes are reduced they will have less money to spend in the domestic economy. The issue of upward only rent reviews has not yet been dealt with. The upward only rent scheme is a landlords' charter. It is proving to be a huge obstacle, particularly in provincial towns where there is low footfall in terms of the maintenance of the viability of businesses. I ask that the Government revisit this issue. Upward only rent reviews are squeezing the life out of businesses that are only breaking even and hanging on.

Section 29 provides for generous tax breaks for the owners of Georgian houses in Limerick, which is the constituency of the Minister for Finance, and in Waterford. Such people can claim up to 100% tax back on money spent over ten years. The irony of this is the commitment given by Government in the programme for Government to regeneration, in particular in Limerick.

Little has been done in that regard and time does not permit me to go into detail. Everybody knows that little has happened in terms of real regeneration of particular areas. As I stated, this Bill introduces tax breaks for owners of Georgian houses. What type of message does this send out to people living in areas needing regeneration?

Sinn Féin made a comprehensive budget submission, which was costed and solutions based, to the Minister for Finance. We could hold it up to any of the budget submissions made between 2008 and 2010 by the Government parties when n Opposition.

Deputy Alex White: Sinn Féin did not check it with the Department of Finance.

Deputy Brian Stanley: We did. The Minister of State and I can have that discussion another day.

Deputy Alex White: Sinn Féin had the chance to do so but did not avail of it.

Deputy Brian Stanley: The figures provided are based on information from departmental officials. It is up to the Minister of State if he wants to accuse those officials of lying. I will not do so because I do not believe it is true.

Deputy Alex White: Sinn Féin did not take up the offer.

Deputy Brian Stanley: We are not saying we have all of the solutions.

Deputy Alan Farrell: Sinn Féin offers no solutions.

Deputy Brian Stanley: Our submission was solution-based. It was put forward in an attempt to assist the Government in achieving savings and introducing fair tax proposals that would assist it in meeting the budget deficit target. Sinn Féin agrees with Government on the need to close that gap. This gap must be closed. Our proposals were made in an honest way. The difference between our proposals and what is contained in the Finance Bill and the budget is that we were trying to be fair and progressive. We were trying to protect low and middle income families and stimulate the economy and help job creation. If this does not happen the domestic economy will not move, and this has been well covered. Two weeks ago the Government had an opportunity to lift the Anglo Irish Bank debt off the shoulders of the public but instead we had high drama, which some would say was stage-managed, to galvanise the debt and nail it onto our backs and the backs of our children. This is to be regretted. The Finance Bill will not lift people out of poverty. Unfortunately, it will create more poverty, and I do not say this lightly. We have nine or ten months until the next budget and I ask the Minister to examine some of the proposals we have made and consider them. We believe they can help stimulate economic growth and help protect those on low and middle incomes who most need our protection.

Deputy Alan Farrell: I thank the Minister for his work on the Bill and I am grateful for this opportunity to debate it. Despite what the previous speaker stated, I believe the Bill is positive and reflects some of the positive focus the Government places on job creation in particular. At the forefront of the Government's agenda is the task of job creation and getting the 450,000 people on the live register back to work. It is the only means by which we can lead this country to recovery and is at the core of virtually every decision made in the Chamber. Creating an environment for sustainable job growth while also bringing our deficit closer to the mark year on year is by no means an easy task but it is what we said we would do and what we were elected to do.

The Bill introduces innovative measures to support Irish businesses while retaining foreign direct investment as a cornerstone of our economic progress and targeting investment in areas with the capacity to create good sustainable jobs. In this regard, the Bill has been welcomed by financial and business industries nationwide, which is a major achievement in itself. The area I represent, which will be in the new constituency of Dublin Fingal, has always had a particular interest in the development of the aviation sector given the presence of Dublin Airport. I very much welcome the provisions in the Bill to introduce industrial building allowances for the sector and the provision of an accelerated capital allowance scheme. Both of these measures will encourage expansion and growth of the industry. While I have singled out my constituency, it is of course true the success of the sector is of national importance, and I will attempt to put this into perspective. Ireland is the premier global location for aircraft leasing and the aviation sector now manages more than half of the world's aviation fleet, according to the Federation of Aerospace Enterprises in Ireland, with assets worth more than €83 billion. In the past two years passenger numbers have begun to recover at a rate of 2% per annum. This is expected to increase in 2013 with new routes announced several months ago, at the end of 2012. These figures were provided by Dublin Airport yesterday.

According to the 2011 Oxford Economics report, the aviation sector contributes €4.6 billion to our GDP and an extra €5.3 billion in related benefits through tourism. It supports 54,000 Irish jobs, 16,000 of which are direct with the remainder indirect. To put this into a local perspective, Dublin Airport makes up the largest concentration of employees in my constituency. The most recent figures available suggest approximately 10,000 jobs are directly located on the campus of Dublin Airport. Indirectly, more than four times this amount of jobs are created in the overall region as a result of employment at the airport. These statistics do not even reflect the impact of the sector's contribution to export business expansion, world market accessibility and overall business transport costs. These sectors must be carefully guarded and I very much commend the Minister for the contribution to the industry in this respect. The measure will attract more aviation sector business and jobs throughout Ireland, and will encourage businesses to expand. It will also create an opportunity for increased growth in aircraft maintenance and repair. It is probably worth pointing out the outstanding work of the local authorities, Fingal County Council and Dublin City Council, to facilitate this growth.

With regard to tourism and transport, the auto diesel excise reliefs for hauliers and private coach companies are significant and have been widely welcomed nationwide. There is genuine relief in particular in the haulage industry, which has been struggling in terms of competitiveness due to the price of fuel. I hope this measure will contribute largely to protecting jobs in the sector and in time grow the industry to create further expansion and employment. I also welcome moves to include coach operators in this relief to provide some shield from the ever-increasing price of diesel. Our coach operators are at the forefront of our tourism industry and reducing costs for them will mean value for money for tourists, whom we will particularly welcome to the country in 2013 given it is the year of The Gathering.

I also recognise the very welcome provision in section 29 for a pilot urban regeneration scheme. This is effectively an inner-city regeneration programme in itself. If the scheme is successful it will lead the way for the restoration of many historic buildings in our cities, some of which are of intrinsic architectural value. It will not only allow the public to take pride once again in the appearance of our streets and our city heritage but it also has enormous potential to get people back into the city centres to live and work. To directly contradict the comments of the previous speaker, this is not about lining the pockets of investors; it is about directly facilitating homeowners to regenerate their properties and live and work in the inner city. The opportunity to restore and bring a new lease of life back to the street in areas which have been forgotten and allowed to deteriorate is a very exciting prospect and I hope it will get the investment and interest it deserves. The initiative is very much at the first stage and there is a long way to go, but it is a worthwhile project to begin.

We are one of the strongest performers when it comes to foreign direct investment, and recognising that any savings in the Bill do not impact on this in any way is key to the success of our future. The Government has steered us successfully from a period of uncertainty on the international stage to a position we are working towards of being one of the best small countries in which to do business. The Taoiseach has repeated this on a number of occasions, including today when visiting Microsoft. As a small country we were ranked first for investment initiatives to attract foreign direct investment in 2012 and this did not happen by accident. It was as a result of the determination by the Government to ensure our attractive position is guarded through retaining our current level of income tax and corporation tax, and continuously reforming the ease with which to do business.

US multinationals alone employ more than 100,000 people in the country. While some would be very quick to question the incentives offered to these companies in Ireland, it would be very difficult to question the value of 100,000 workers in sustainable jobs paying taxes, spending money and contributing to our economy. A total of 16,000 new jobs were created through foreign direct investment last year alone, and I commend the Minister for putting Ireland on top of this competitive stage by protecting these jobs and securing in the Bill the means by which we can continue to welcome more jobs and grow our economy.

Deputy Seán Conlan: The Finance Bill is a very welcome development as it seeks to address in a meaningful way the difficulties being experienced by many small and medium enterprises throughout the country. Small and medium enterprises are the single most important sector in our economy and benefit every town, village and parish by creating employment and providing services in parts of Ireland where multinationals are notable only by their absence. The protection of the sector at this period, through a restructuring programme and the provision of measures capable of addressing its rising problems and needs, is the responsibility of the Government and I am delighted to see the response of the Minister for Finance in this area.

The constituency I represent depends totally on the small and medium enterprise sector for employment due to the reluctance of the IDA to engage with areas of lower population. The small and medium enterprise sector in Cavan and Monaghan is one of the most vibrant and progressive in the country. For this reason I welcome the ten point tax reform plan aimed at supporting this sector.

The agricultural sector has again come to the aid of our struggling economy. For so long that sector was the shrinking violet of a past age, and farmers found it difficult to interest their children in taking over farms. Thankfully, however, there has been an enormous change in this area and we are now seeing a new generation stepping into the breach. It is encouraging to see the Minister bringing forward packages in the Bill to smooth the transition and encourage modernisation. The introduction of a modern way of farming to this sector has had enormous potential for a country with a reputation for quality produce at a time when the world's focus is targeted on the procurement of quality food.

Unemployment is undoubtedly a major factor in today's society and no more so than in my constituency of Cavan-Monaghan. It is a major issue for the Government to deal with. In this regard, the package of measures contained in the Bill designed to support small and medium businesses could not be more welcome.

I welcome the decision by the Minister, Deputy Noonan, to extend the employment and investment incentive and the seed capital scheme for a further seven years. The benefits of these schemes can be seen throughout Ireland and in particular in counties like Cavan and Monaghan. I hope that other small and medium enterprises will be encouraged to take up this funding while it is available.

It should also be noted that the Minister has extended the employment and investment scheme to the hotel sector. It is to be hoped this will motivate the owners of hotels and other guest accommodation to secure funding to carry out necessary repair and maintenance work on their properties.

The tourism industry is vital to the economy and currently provides 190,000 jobs or 11% of total employment in the country. The Cavan-Monaghan area has benefited from a large number of tourists coming to the area over the past couple of years to partake in numerous festivals. I anticipate that when we welcome back our returning emigrants for The Gathering, they will find reasonably priced accommodation in an excellent state of repair. This is most important for marketing the country.

The provisions of section 19 are to be applauded. The extension of stock relief until the end of 2015 will greatly benefit the farming community and especially those in my own constituency of Cavan-Monaghan. The inclusion of beef and sheep partnerships will benefit a number of farmers who had unnecessarily lost out on this relief. This also reaffirms and incentivises the benefits of education to young farmers and may encourage them to seek out grants which would enable them to pursue further education. Young farmers need to be encouraged to remain in Ireland to help secure the future of the farming sector which is an integral part of our economy. Any financial assistance extended to young farmers is money well spent.

Section 46 is also important to the farming community and deals with restructuring capital gains tax. Tax relief will now be available to farmers where the proceeds of a sale of farmland are reinvested for restructuring purposes. Exchanges of farmland are also to be included. Of course, all such sales and exchanges will be certified by Teagasc which will confirm that such transactions were made for the purposes of farm restructuring.

This provision should also assist those involved in the thriving agrifood sector who will now have an opportunity to consolidate and implement more efficient farming systems. It is vital that farmers are made aware that the scheme is only scheduled to run until 2015, so that any plans may be considered in the near future.

Sections 48 and 49 provide for repayments for auto diesel used in the course of business by qualifying road haulage and bus operators. I am pleased to see that the Minister for Finance has extended this relief to bus operators and it is to be hoped this provision will alleviate some of the pressures associated with running businesses dependent on auto diesel. This sector has suffered greatly as a result of the cost of auto diesel, which is their main input. I hope the relief may incentivise bus operators to provide new routes and in particular to provide more services to rural communities, particularly in counties Cavan and Monaghan. We hope to welcome a large number of tourists to our country in 2013 as part of The Gathering. It would be a great improvement if bus transport was in plentiful supply.

I reiterate my approval of the Bill and, in particular, my appreciation of the provisions specifically dealing with SMEs, the farming community, hauliers and coach operators. These matters have long required attention but were ignored by previous governments. Job creation and retention in small and medium businesses, the tourism sector and the farming community have been bolstered by the actions of this Government. This Bill is a vital component in those continuing efforts.

Deputy Pat Deering: I want to focus on the many positive aspects of this Bill. For the first time in many years there is a recognition that SMEs will be crucial in getting the economy going again. The ten point 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-based threshold for VAT, amending the company surcharge to improve cashflow for SMEs, and assisting foreign earning deductions for work related travel in certain additional countries. These are important measures for our economic recovery. Jobs are what this is all about and the Bill's measures will bring long-term dividends.

The Bill's provisions for the agricultural sector are also beneficial. In the past, agriculture was not highly regarded. When we were concentrating on bricks and mortar, agriculture was looked upon as second class. For the first time in many years, however, agriculture is now seen as the sector that will get the country up and running again.

There are a number of important initiatives in the legislation, including capital gains tax relief, which will enable restructuring. The Bill also extends the general 25% relief for young farmers. It is important to get young farmers back on the land. In Europe, Ireland has one of the lowest percentages of young farmers. We need to increase that number in order to achieve agricultural production targets in line with Food Harvest 2020. Prior to now, there was discrimination in farm partnerships in that they were confined to dairying. However, the beef and sheep sectors have now been included.

I welcome the Bill's provisions on auto diesel which have been extended to hauliers. The haulage industry has been on its knees in recent years, yet it provides an essential service to all sectors in society. The extension of these provisions to bus and travel companies is also welcome, particularly when we are trying to encourage more tourists to come here.

Agricultural contractors have been left out, however, and I would ask the Minister to reconsider the issue. They currently play a key part in agriculture and without them the sector would not be able to exist. Agricultural contractors are finding it very difficult due to the carbon tax that is being levied on them at the moment. The Minister should re-examine the matter and see if some relief can be made available to them.

I also wish to address the property tax element of the Bill. For the last two days, I have listened to the hypocrisy on the Opposition benches, in particular from Fianna Fáil and Sinn Féin. The latter party has no problem with having a property tax up North. They say they are an all-Ireland party, but if so, why not have the same on both sides of the Border? The average house in Northern Ireland pays £1,500 or £1,600 in property tax. We are introducing a property tax down here which is only a fraction of that.

Yesterday, I listened to my constituency colleague, Deputy John McGuinness, saying that it was the wrong tax at the wrong time. Was it the wrong time to introduce the universal social charge two years ago? Was it the wrong time to reduce the minimum wage two years ago? We all know the answer. We have got to be realistic.

Twice in my lifetime the country has been brought to the brink of economic disaster. In 1977, the problem began when the Government of the day did away with domestic rates on houses. That is where our problem began and since then we have been struggling to make up the difference. We must now bring certainty to the equation. Even though it is difficult to introduce any new tax at the moment, the property tax will bring certainty. People will know exactly what they will have to pay and there will be no change until 2016. The property tax will take pressure off commercial rates which represent one of the biggest disincentives to SMEs starting up. In 2015, local authorities will have the opportunity to set their own property tax, which will alleviate pressure on commercial businesses. Hopefully, by then we will be back up and running, as we should be.

Deputy Luke 'Ming' Flanagan: I wish to share time with Deputy Seamus Healy.

Acting Chairman (Deputy Seán Kenny): Is that agreed? Agreed. I will have to call the Minister of State to reply to the debate at 2.15 p.m.

Deputy Luke 'Ming' Flanagan: I have often heard members of the Government refer to the national finances as being a bit like household finances. I am sure Members have often heard the phrase, "Watch the pennies and the pounds will take care of themselves." At a national level, one can apply the same logic: "Watch the millions and the billions will take care of themselves."

2 o'clock

The question is whether the Government is watching the millions. It emerged recently in several national newspapers that financial pressure on International News & Media, INM, has led it to enter into talks with its banks to restructure its debt. Political and business sources believe a write-down of up to €100 million may be in play. One article also explained how much of this write-down would fall on the people's backs through the nationalised banks and the figures to emerge are somewhere between €12.5 million and €13 million. When it comes to watching the pennies or the millions, it appears as though a decision will be made to spend some of these scarce millions on saving the necks of multimillionaires. What could be done instead of giving them this money they do not deserve to be let off? It is funny and very sad at the same time. Members heard a fantastic speech the other day by an Taoiseach, Deputy Kenny, on what went on in the Magdalen laundries. However, I find it somewhat strange that one apologises on one day and then goes on to abuse again the following day, by which I mean we must make choices as to where we spend our money. At present, it appears as though we are deciding to give money to multimillionaires while at the same time, it was reported this week that a child sex assault unit faces closure over staffing. Approximately 100 children have been treated or assessed since it opened in April 2011, some of whom were as young as 18 months old. It is the country's only dedicated 24-hour sexual assault treatment service for children and adolescents. We have choices to make and I believe the Government is making the wrong choices. We are choosing multimillionaires before choosing to take care of sexually abused children and then we have tears in this Chamber when people apologise for something. That is great but one must follow through continuously because one cannot abuse one day, apologise the next day and then go on to do the same thing again while expecting to get away with it.

What could be done with €12.5 million or €13 million? We are making a choice in this regard and choices are so difficult. I will provide Members with an idea of what could be done with this money instead of giving it to multimillionaires. Figures obtained by a newspaper show that despite cochlear ear implants for both ears being international best practice for children with profound deafness, the HSE does not fund the double procedures. Beaumont Hospital has sought funds since 2009. It provided a business case for the bilateral operation, which involves implanting an electronic device in both ears. However, the minimum cost of €36,000 to €40,000 for a double implant is not being provided and patients only are being given implants for one ear. It appears as though the choices being made are creating situations for children that are akin to going into Specsavers in the morning only to be told one only has enough money for one lens for one's child's glasses and that while it is not ideal, there is significant evidence this will benefit them were they to shut their other eye. However, this is the decision we are making. While the unilateral implant greatly improves hearing for profoundly deaf children, the lack of a bilateral service means hearing still is problematic. This is what is being done to children while we decide to pay back the richest people in this country on debts they took on in the knowledge of what they were doing. The advocacy group DeafHear has stated this meant hearing service improvements such as the newborn screening programme were being hampered. However, Beaumont Hospital's chief executive, Liam Duffy, stated there was little the hospital could do. Beaumont Hospital is not funded for bilateral implants - how could it be when one must fund multimillionaires to get them out of a hole - but recognises it is best practice to perform simultaneous bilateral implants and second implants for those children who already have received one. The hospital has been in contact with the HSE since 2009 regarding the funding necessary for bilateral services and submitted a business case in October 2012. Since the programme commenced 17 years ago, 346 people have received cochlear implants, with ten receiving bilateral implants and at present, 350 children await a second implant.

I know Members on this side of the House are only a rabble and, according to the Government, do not really represent anyone. However, I have an amazing piece of technology in my office called a calculator. I tapped into the calculator to find out what it would cost to give good quality hearing to these 350 children in order that they would not need an special needs assistant, SNA, in the classroom and the State would not be obliged to spend additional money on them or to provide a special stereo for them in their classrooms. How much would be needed? The refrain of the Government is it must make choices but guess what choice it must make? We have a choice of funding the multimillionaire media moguls to the tune of €12.5 million to €13 million or giving a second cochlear implant to every single one of the aforementioned children. It is the Government's choice and it should make it. It is a choice between the children and the multimillionaire media moguls. I have a suspicion about who the Government will choose.

Deputy Seamus Healy: This Finance Bill continues the programme of austerity the Government has embraced since it came to power, having promised and committed otherwise during the general election campaign. It targets low and middle-income families, is deeply unjust and regressive and deepens the divide in Irish society. It is important to remember what this austerity means in practice. I have to hand recent figures, which are not mine but come from the Central Statistics Office, stating that 7% of the population now lives in consistent poverty, which is up from 4.2% in 2008. It tells one that in the third year-on-year increase, 733,000 people, or 16% or the population, are at risk of poverty. It tells us that 90,000 children live in consistent poverty and 230,000 children live in relative poverty at a time when a so-called Minister for Social Protection has cut child benefit and has recently instructed community welfare officers nationwide not to pay any grants to needy families who might need a few bob for their children's communions or confirmations. This is what austerity means. It means there are 180,000 people in mortgage distress and that 430,000 people are on the live register, more than 50% of whom are long-term unemployed. Moreover, that figure of course would be much larger but for the 250 people per day who emigrate.

Austerity also means the Finance Bill does not contain a single provision that creates employment. Figures have been thrown out recently by various Ministers suggesting jobs have been created. However, independent assessment by the Central Statistics Office has demonstrated repeatedly that there has been a net reduction in jobs in the economy since the Government came to power. This is a Government of jobs destruction, not of job creation. The figures are clear that at the end of last year, there were fewer people at work in the economy than was the case a year previously. The numbers employed have fallen from 1.845 million in 2011 to 1.841 million in 2012. This Bill is predicated on a reduction in employment in 2012, which happened, and stagnation of employment in 2013 but, unfortunately, it looks like it will be worse than stagnation because to tackle the unemployment problem, the Government needs to create jobs and not only the environment to create jobs. The Government needs to engage in job creation because private enterprise has failed and companies have been on an investment strike for the past number of years.

We are repeatedly told that there is no choice, but there are clear choices. The Minister for Finance recently informed the House by way of reply to a parliamentary question that the top 10,000 earners in the State had a total annual income of €5.95 billion, an average of €595,000 each. He also said that the top 1% of income earners or 21,650 high earners, had a gross annual income of €8.742 billion, an average of €403,760 each per annum. These people are not being targeted or being asked for one additional cent in this Bill. None of them probably works in the public sector and the Taoiseach is not even included in that figure. The Government does not propose in the legislation to target additional revenue from these people. We could easily, without causing difficulty for them, generate €1 billion in additional taxation from them. The Government parties propose to extract €1 billion from public servants over the next three years, the vast majority of whom earn close to the average industrial wage but they will not touch people who have incomes of €595,000 or €403,000 per annum. This is a Government which supports the wealthy and powerful in this society similar to the old buddy system where a small minority of people are in a golden circle.

The CSO also points out that the figure for net personal assets, which does not include business assets, farms or homes, is higher than it was in 2007, having increased from €111.675 billion to €120 billion in 2011. In addition, wealthy people have increased their income and assets during the recession. For instance, a recent report by Nick Webb in a Sunday newspaper highlighted that the 300 wealthiest people in the State increased the value of their assets by €12 billion in 2010 and 2011. Wealthy people have made money during the recession while the vast majority of people lost income. They have significantly increased their assets but they are not being asked to pay their fair share. The Government has choices but it has chosen to target lower and middle income families with cutbacks and increased taxation and it is allowing wealthy people with significant income and assets, which have increased during the recession, to get off scot free. James Connolly would turn in his grave. In a year that is the centenary of the 1913 Lockout, that is a sad reflection on the Labour Party.

Minister of State at the Department of Health (Deputy Alex White): I thank the many Deputies who have made considered and useful contributions to this debate. On Tuesday, Members asked why were we bringing in the Bill so late at night. The phrase "in darkness" was used as if people could not work or journalists could not report on us after sundown. The reason was that the Minister for Finance wanted to make the opening contribution on Second Stage and his schedule meant that this would not have been possible otherwise.

I would like to address the sale of Irish Life to Great-West Lifeco ,which was raised by Deputies Michael McGrath, Doherty and Boyd Barrett. Following completion of the sale, all decisions on employees will be a matter for Great-West Lifeco whose chief executive officer has stated that any job losses that would occur following the acquisition of Irish Life would be on a voluntary basis. The State will recoup in full the investment made by the taxpayer and will also receive a dividend from Irish Life, an asset which the State did not intend to hold for the medium term. We do not expect Irish Life to be asset stripped. Great-West Lifeco views Ireland as an important strategic market and, through its Canada Life subsidiary, has operated here since 1903.

With regard to budget measures generally, a number of Members referred to fairness. Ireland has been consistently assessed highly by the OECD for the progressivity of its taxation system. It is estimated that in 2013, the top 5% of income earners will pay 44% of the total income tax, with those earning €50,000 or less, comprising 78% of income earners, paying 19% of the total. Furthermore, it is estimated 841,000 individuals, some 40 % of the income tax base, will be exempt from income tax. When marginal rates of tax are high, jobs are lost. That has been the experience and that is the evidence. Indirect and capital taxes have a less adverse impact on employment. However, that does not mean that the wealthy should not carry the principal burden of tax. The minimum effective tax restriction on high earners is designed to ensure this.

The question of tax justice cannot be resolved simply by dealing with income tax. Other taxation measures are being taken by the Government, which will bring about further equity across the board. The property tax is one such measure, which will assist in ensuring fairness throughout the tax code. I agree that the tax code is an instrument to bring about equality and fairness, to which the Government is committed. It is not all about income tax, as other taxes can achieve those outcomes as well, which is often ignored by Members opposite, including those who proclaim to be left wing or socialist in their thinking. One of the great contradictions, and there have been many, that has been thrown up by this crisis is the spectacle of socialist commentators and politicians opposing property taxes. Their position is extraordinary and counter-intuitive of my understanding of socialism and social democracy. In any case, I digress.

Deputies Michael McGrath and Doherty referred to the lack of a stimulus programme for the domestic economy. In striving to restore sustainability to the public finances the Government has always been mindful of protecting the emerging recovery. We outlined a number of steps in budget 2013, including a ten point plan for small and medium-sized enterprises. At the same time, Ireland is in a programme of financial assistance and we have made firm commitments to bring down our deficit to sustainable levels by 2015. We have consistently achieved these commitments and remain committed to achieving the overall deficit reduction objective by 2015.

Capital expenditure was addressed, particularly by Deputies Michael McGrath and Doherty. The Minister for Public Expenditure and Reform was determined to avoid further reductions to the capital budget for 2013 over those already agreed as part of the review of the public capital programme for 2011. A number of adjustments were made which led to the overall ceiling being increased by more than €60 million. The Exchequer capital programme will be augmented by a €2.25 billion infrastructure stimulus package announced by the Minister for Public Expenditure and Reform in July 2012.

Deputies Doherty and Boyd Barrett commented on the effective rate of tax paid by companies in Ireland. It is worth restating that all companies in Ireland pay the standard 12.5% rate on their trading profits which are generated in Ireland. In general, the ability of companies to lower their worldwide rates of tax using international structures reflects the global context in which all countries operate. We have seen much commentary and information recently about the types of procedures and techniques that have been used by companies throughout the world to circumvent national tax codes. The only way to combat such arrangements is for countries to work together to consider how international rules can be amended to ensure fair levels of taxation. It is self-evident that it is not possible for one country to address this issue on its own because it involves a set of techniques and approaches which is international in its effect and can only be combated by a concerted international approach. In this regard, Ireland is an active participant in the OECD project on base erosion and profit shifting. With regard to Deputy Ross's suggestion that the rate of corporation tax be reduced, it would be impossible to justify such a measure as it would have a significant deadweight cost and any change would contradict the Government's stated commitment to the 12.5% rate.

In response to the points made by Deputy Michael McGrath on the National Asset Management Agency and the hotel sector, NAMA does not own or operate hotels. The agency's role in respect of the properties securing its loans is that of a secured lender. Other than properties that have been enforced, all of which are listed on NAMA's website and managed by the appointed receivers or administrators, properties, including hotels, continue to be managed by their existing owners or their professional managers or agents. More than 900 hotels are operating in Ireland and NAMA has exposure to only 13% of the sector.

To respond to Deputy Colreavy's comments about State revenue from oil exploration, this is an expensive business with significant upfront costs. Government policy is based on the need to strike a balance between the need to give sufficient encouragement to those who would search out and extract natural resources and the need to ensure the State secures an appropriate return.

A number of Deputies referred to the local property tax. The Finance (Local Property Tax) (Amendment) Bill 2013 will be considered by the Oireachtas shortly. Deputy Michael McGrath and others suggested that no account has been taken of ability to pay the tax. On the contrary, a range of provisions exist within the Finance (Local Property Tax) Act for exemptions and deferrals which are income related and take account of difficulties faced by people in mortgage distress.

A number of Deputies have also referred to valuing residential properties prone to flooding. As a self-assessment tax, it is, in the first instance, a matter for the property owner to calculate the tax due under the local property tax, based on his or her assessment of the market value of the property. The impact of serious and regular flooding on a property is one factor a property owner would take into account.

With regard to Deputy Michael McGrath's comments about the research and development tax credit, the cost of the regime in 2010 was €224 million. The suggestion to remove the 2003 base year would have a minimum additional cost of €45 million per annum. However, this and other issues will be considered as part of the review being carried out by the Department of

Finance.

Deputies Michael McGrath and Doherty made reference to analysis of the outcome of previous Finance Bill measures, particularly the special assignee relief programme. We should have data in respect of the programme's first year of operation later this year.

An Ceann Comhairle: The Minister of State should note that we are obliged to bring the debate to a close at 2.30 p.m. For this reason, he may wish to adjust his notes.

Deputy Alex White: Deputy Timmins raised the issue of funding for companies in areas that are considered to be non-assisted for the purposes of the employment and investment incentive. The guidelines governing this scheme state that aid is restricted to providing financing up to the start-up stage for medium-sized enterprises located in non-assisted areas.

Deputies Michael McGrath, Doherty, Mattie McGrath and Lawlor commented on vehicle registration tax, VRT, and road tax. The revised VRT rates and structure were agreed following consultation. Given that the industry has been calling for a second registration period, it is prudent to monitor the impact of these changes. While the increase in motor tax rates is a matter for the Minister for the Environment, Community and Local Government, it is important to note that the CO2 based system introduced in 2008 has worked well. The re-registration of vehicles, an issue raised by Deputy O'Donovan, has been proposed previously. The various stakeholder agencies involved were consulted and are not in favour of such a measure.

Deputies Doherty, Boyd Barrett and Stanley raised concerns about the living city initiative. The objectives of this modest pilot initiative are to encourage people back to the centre of cities to live in historic buildings and encourage the regeneration of the retail heartland of central business districts. I find it difficult to understand how any serious objection could be made to such a scheme. I do not know if the Deputies' concerns are born of any particular objection to assistance being given or allocated towards our Georgian heritage. I cannot speculate as to whether this is the motivation for the concerns expressed by certain Deputies but the idea that we should not take such a progressive step to protect the fabric of the architectural heritage of our cities is strange.

Deputy Timmins asked about the reduction in the level of tax relief provided for donations of heritage property to the State from 80% of the market value to 50%. This measure is in recognition of an extension of scope of the scheme and to provide better value for money for the State in respect of donations of property.

Deputies Michael McGrath and Mattie McGrath suggested tax relief for home improvements. Tax relief available on interest paid on loans for home improvements until this year was not effective in stimulating such activity.

Deputy Michael McGrath raised queries about the arrangements to give effect to the commitment in the programme for Government to cap taxpayers' subsidies for pension schemes that deliver income of more than €60,000 per annum. The Minister indicated that these changes would be put in place next year. The Deputy also referred to the pension fund levy and expressed doubts about its cessation. The legislation is clear on this point and the Minister made a specific commitment in his budget 2013 speech that the levy would not be renewed after 2014.

Deputy Michael McGrath stated he would press for an extension of the pre-retirement access to additional voluntary contribution provisions and Deputy Kyne also raised issues in this regard. Deputy McGrath also expressed doubts about the tax yield. We have to be cautious in this area. The Minister has deliberately restricted this measure to a proportion of contributions made by pension scheme members above their regular or compulsory contributions. The estimates included in the budget arithmetic are based on pension sector figures of the value of additional voluntary contributions and on the assumption that 10% of these contributions would be encashed over the three year period of the access option.

Deputy Pringle suggested the sale of alcohol in off-licences be examined, while Deputies Michael McGrath and Mattie McGrath drew attention to a proposal to apply a levy to such sales. Legal advice received from the Office of the Attorney General suggested this could not be introduced without breaking European Union rules. Further examination of this issue is continuing. I have a particular interest in this area. As I indicated previously, I intend to introduce measures on alcohol, alcohol policy and legislation to deal with these issues, including alcohol pricing. My proposals will be brought to Government in the near future.

Deputy Michael McGrath referred to the stamp duty levy on health insurance contracts. This provision is only one element of the permanent risk equalisation scheme provided for in the Health Insurance (Amendment) Act 2012. The scheme is linked to the principle of community rating, which needs to be supported by a scheme that subsidises the cost of health care for older and sicker people across the market of health insurers where one or more companies have a greater share of such customers. The support system currently in place, known as risk equalisation, is a vital element of Government policy on the health insurance system.

I note that time does not permit me to address all the issues raised in the past couple of days. A small number of matters remain under consideration for inclusion on Committee Stage and the Minister for Finance looks forward to another informed discussion at that stage. Consideration will also be given to any constructive suggestions put forward during this debate.

Question put:

The Dáil divided: Tá, 71; Níl, 41.	
Tá	Níl
Barry, Tom.	Adams, Gerry.
Breen, Pat.	Boyd Barrett, Richard.
Buttimer, Jerry.	Broughan, Thomas P.
Byrne, Catherine.	Calleary, Dara.
Byrne, Eric.	Collins, Joan.
Cannon, Ciarán.	Cowen, Barry.
Coffey, Paudie.	Crowe, Seán.
Conaghan, Michael.	Daly, Clare.
Conlan, Seán.	Doherty, Pearse.
Connaughton, Paul J.	Dooley, Timmy.
Conway, Ciara.	Ellis, Dessie.
Corcoran Kennedy, Marcella.	Ferris, Martin.
Creed, Michael.	Flanagan, Luke ‘Ming’.
Daly, Jim.	Fleming, Sean.
Deasy, John.	Fleming, Tom.

Deering, Pat.	Grealish, Noel.
Doherty, Regina.	Halligan, John.
Donohoe, Paschal.	Healy, Seamus.
Dowds, Robert.	Higgins, Joe.
Doyle, Andrew.	Kirk, Seamus.
Durkan, Bernard J.	Kitt, Michael P.
Farrell, Alan.	Mac Lochlainn, Pádraig.
Ferris, Anne.	McConalogue, Charlie.
Fitzpatrick, Peter.	McDonald, Mary Lou.
Flanagan, Charles.	McGrath, Finian.
Flanagan, Terence.	McGrath, Michael.
Gilmore, Eamon.	McGuinness, John.
Griffin, Brendan.	McLellan, Sandra.
Hannigan, Dominic.	Martin, Micheál.
Harrington, Noel.	Moynihan, Michael.
Harris, Simon.	Murphy, Catherine.
Hayes, Tom.	Ó Fearghaíl, Seán.
Heydon, Martin.	Ó Snodaigh, Aengus.
Hogan, Phil.	O’Brien, Jonathan.
Humphreys, Kevin.	O’Sullivan, Maureen.
Keating, Derek.	Pringle, Thomas.
Kehoe, Paul.	Ross, Shane.
Kenny, Seán.	Shortall, Róisín.
Kyne, Seán.	Smith, Brendan.
Lawlor, Anthony.	Troy, Robert.
Lynch, Kathleen.	Wallace, Mick.
Lyons, John.	
McHugh, Joe.	
McLoughlin, Tony.	
McNamara, Michael.	
Maloney, Eamonn.	
Mitchell, Olivia.	
Mulherin, Michelle.	
Murphy, Dara.	
Nash, Gerald.	
Naughten, Denis.	
Neville, Dan.	
Nolan, Derek.	
Ó Ríordáin, Aodhán.	
O’Donovan, Patrick.	
O’Mahony, John.	
O’Reilly, Joe.	

Penrose, Willie.	
Phelan, John Paul.	
Quinn, Ruairí.	
Reilly, James.	
Ryan, Brendan.	
Shatter, Alan.	
Stagg, Emmet.	
Stanton, David.	
Timmins, Billy.	
Tuffy, Joanna.	
Twomey, Liam.	
Wall, Jack.	
Walsh, Brian.	
White, Alex.	

Tellers: Tá, Deputies Paul Kehoe and Emmet Stagg; Níl, Deputies Michael Moynihan and Seán Ó Fearghaíl.

Question declared carried.

Finance Bill 2013: Referral to Select Committee

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

> That the Bill be referred to the Select Sub-Committee on Finance pursuant to Standing Orders 82A(3)(*a*) and (6)(*a*) and 126(1) of the Standing Orders relative to Public Business.

Question put and agreed to.

Sitting suspended at 2.45 p.m. and resumed at 3.15 p.m.

Motor Vehicles (Duties and Licences) Bill 2013: Order for Second Stage

Bill entitled an Act to amend and extend the Finance (Excise Duties) (Vehicles) Act 1952 and the Finance (No. 2) Act 1992 in respect of certain duties or licences leviable or issuable thereunder; and to provide for related matters.

Minister for the Environment, Community and Local Government (Deputy Phil Ho-

gan): I move: "That Second Stage be taken now."

Question put and agreed to.

Motor Vehicles (Duties and Licences) Bill 2013: Second Stage

Minister for the Environment, Community and Local Government (Deputy Phil Hogan): I move: "That the Bill be now read a Second Time."

I am pleased to open the debate in the Dáil on the Motor Vehicles (Duties and Licences) Bill 2013. The primary purpose of the Bill is to give legislative effect to the increases in motor tax rates and trade plate licences contained in the financial resolution on motor tax passed by the Dáil on budget day, 5 December 2012. The new rates apply to motor tax discs and trade licences taken out from budget night for periods beginning on or after 1 January 2013. The Bill provides for the same increases in motor tax as contained in the financial resolution, namely, an increase of 7.5% applied across most categories of vehicle and to trade licences. The average increase for vehicles taxed on the basis of CO2 is 19.8%. It is anticipated that the proposed increases in motor tax rates will raise approximately €86.5 million extra in 2013.

Members will recall that in budget 2012, my colleague, the Minister for Finance, announced a review of the carbon banding applying to vehicle registration tax and motor tax, with a view to having a revised taxation structure in place for the budget. The Government's twin priorities have been to ensure the continuation of the positive environmental impact on vehicle emissions and the protection of the tax base. Under the new motor tax structure, the A band is split into four bands that correspond with the restructuring carried out by the Minister for Finance for VRT purposes: 1-80g/km, 81-100g/km, 101-110g/km and 111-120g/km. There is also an additional zero emissions motor tax category to provide an additional incentive for electric cars. Band B has been split into two 10g bands.

The revised banding recognises that ever more fuel efficient cars are becoming available and allows for the differentiation of the environmental incentive in favour of the most environmentally friendly vehicles now and into the future. The reduction in tax for electric vehicles recognises that there are no emissions at the point of use of these vehicles. The changes ensure a strong environmental incentive remains in place for purchasers of new cars to buy the clean option, and for the motor trade to place the cleanest options on the market in this country. The restructuring also responds to the challenge of maintaining the motor tax base because, while the move to lower emissions cars is welcome from an environmental perspective, it has represented an increasing loss of income to the local government fund for the funding of local services.

Since the introduction of the CO2-based system in 2008, the number of vehicles taxed on the basis of CO2 has increased by approximately 5% year on year. At the end of January 2013, the CO2 fleet contained nearly 448,000 cars comprising 24% of all cars on the road.

Of these, over 403,000 are taxed at the three lowest bands. In 2012, for the first time, over half of all new cars purchases were in the A band, with the lowest rate of tax.

As the number of vehicles based on CO2 has increased, with their attendant low rates of tax for the most energy efficient bands, receipts from motor tax have shown a parallel decline, from €1.06 billion in 2008 to €1.01 billion in 2011. Income would have been in the region of €954 million in 2012 if no increases in rates had taken place in the last budget. This would have been a reduction of 5.5% over the previous year. Once the older cars are all replaced by cars taxed on CO2 over the next 15 years or so, it is estimated that total motor tax from cars would fall by more than 40% if the taxation structures were to remain unchanged. In the current economic circumstances, and given the need to maintain a diversified and stable taxation system, this loss of income must be addressed with a gradual rebalancing of the rates paid on the old engine capacity system and those paid on the CO2-based system.

In 2012, €46.5 million of motor tax income was transferred from the local government fund to the Exchequer. This year, an amount of up to €150 million will be similarly transferred. These are necessary measures towards the reduction of the national debt. The wording of an amendment to the Local Government Act 1998 to allow for the legislative underpinning of this year's transfer is close to finalisation and an additional section to the Bill will be introduced on Committee Stage. It is intended to word the amendment in such a way that the amount of the payment in late 2013 will have regard to the balance in the fund when all commitments provided for in the 2013 Revised Estimates for public services have been met. It should be noted that the projected income to the local government fund from motor tax in 2013 is in excess of €1.15 billion. Accordingly, the balance of funding available to local authorities will be the same as last year even if the maximum of €150 million is transferred.

I should stress that the Government is committed to supporting the local government fund and it will retain the bulk of the income from motor tax to be used to fund local services. Deputies will be aware of the significant role the local government fund has played in the financing of local government since it was established in 1999. The establishment of the fund and its funding from motor tax receipts has created an important link between the amount of tax paid by motorists and the visible and concrete service they get for that tax in terms of investment in the road network.

In seeking to maximise income to the fund, I will be bringing forward a Bill shortly to close off the arrangement whereby a vehicle owner can declare retrospectively that his or her vehicle was off the road. Provision will be made for a declaration to be made in advance that a vehicle will be taken off the road. This change is designed to close off a loophole that disadvantages compliant taxpayers, and it is expected to bring in an additional €55 million in a full year.

Turning to the provisions of this Bill, it contains six sections and a Schedule. Sections 1 and 6 are procedural. Section 2 sets out that the rates apply to licences taken out for periods commencing on or after 1 January 2013. Section 3 provides for the Schedule to the Bill, with the new rates, to replace the existing Schedule in motor tax legislation. Section 4 provides for the increase to apply to vintage or veteran vehicles. Section 5 provides for the increases that apply to trade plates and replacement trade plates.

I would like to highlight to the House what the new tax rates mean in real cash terms in relation to private cars and goods vehicles which make up over 91% of the national fleet. For private cars, taxed on the basis of engine size, the extra cost will be between €14 and €38 a year for vehicles up to 1700 cc. This cohort covers 69% of all cars taxed on engine capacity. For cars up to 2.5 litres, the annual increases will be from €44 to €75 and for those from 2.5 litres upwards, which account for 2.4% of the engine capacity fleet, there will be an additional €90 to €126 per year.

Rates for private vehicles taxed on the basis of CO2 are increased by between €10 and €92, with the level of increases graduating upwards from the most environmentally efficient A bands to the least environmentally friendly G band. The increase for the lowest band, the new band A1 below 80g/km, is the lowest of any increase in motor tax, and the rates of increase up to band A3 at 110g/km are below the average applied to the CO2 tax structure. This continues the message, in place since 2008, that the lower emissions vehicles will attract the lower rates of motor tax.

For goods vehicles, the effect of the 7.5% increase will vary depending on the size, in weight terms, of the vehicle. Some 90% of vehicles in this category are at the lowest level of charge, meaning that owners will pay €333, representing an annual increase of €23 or 44 cent per week.

The vehicles that make up the remainder of the national fleet consist mainly of agricultural tractors - 2.6%, motorcycles - 1.5%, vintage vehicles - 1.1% and small public service vehicles - 1%. All these vehicles have a separate tax class with a concessionary rate of tax on or under €102 after the increase of 7.5% has been applied.

A 7.5% increase is also proposed for trade licences, or trade plates as they are known. These are the registration plates used by motor traders on vehicles which are temporarily in their possession in lieu of taxing such vehicles. While there are strict restrictions on the use of the plates, they are transferable between vehicles. The increase for a pair of trade plates will be €48 per annum.

I also want to point out a couple of minor technical amendments from the financial resolution. One is in section 3 relating to the amendment to Part I of the Schedule to the Act of 1952. Prior to 1 January 2011, passenger cars were categorised as category A vehicles for VRT purposes. Section 102 of the Finance Act 2010 amended section 130 of the Finance Act 1992 to provide that a category A vehicle means a category M1 vehicle. While the financial resolution referred only to category M1 vehicles in the paragraphs setting out the new rates for private cars, some of the later paragraphs in the Schedule, which are not being amended in this Bill, refer to "a Category A vehicle or a Category M1 vehicle, as the case may be". Accordingly, for consistency throughout the Schedule, the amendments to subparagraph (*d*)(i) and (*d*)(ii) of paragraph 6 to the Schedule have been amended to reflect the latter wording. Also, and again this relates to section 3, rather than replace Part I of the Schedule to the Act of 1952 in its entirety, as has been the practice arising from previous rate increases and carried through to the financial resolution, only those paragraphs that contain rate increases are amended. This keeps the Bill as concise as possible.

A further technical amendment on Committee Stage may be necessary to increase from €99 to €119 as the threshold below which tax is payable on an annual basis, and this is being considered in conjunction with the Attorney General's office. This provision applies to vehicles that are charged concessionary rates of tax, such as agricultural tractors, island vehicles, small public service vehicles, school buses, etc. The intention would be to maintain the *status quo* for vehicles in this category.

This is a short Bill with the purpose of giving permanent legal standing to the increases in motor tax introduced by the financial resolution passed by Dáil Éireann on 5 December 2012. I commend the Bill to the House.

Deputy Barry Cowen: Ordinary motorists who are already struggling with increased fuel costs have been hit by significant increases affecting all 1.359 million motor owning households in the country. These increases in the Bill to give effect to the changes announced in the budget are expected to yield an additional €100 million yearly. The choice to buy clean and green vehicles has been hit with further increases on top of last year's hikes. The purchaser of a band A car has seen hikes of almost €100 since 2011 in their tax while band B cars have seen an increase of up to €130. The average rates of motor tax will be €315 for vehicles based on CO2 emissions compared with €512 for cars taxed on the basis of engine capacity. These costs are disproportionately borne by those motorists who in good faith availed of incentives to buy low CO2 emission vehicles in the past.

We believe that we must have a motor taxation system that is not simply a revenue grab by the Government. There must be fair, transparent and predictable motor taxation frameworks which incentivise families to purchase environmentally friendly cars and provide a stable revenue base for Government. The continued targeting of environmentally friendly cars on top of last year's changes is a regressive move by Government that cannot be defended on purely revenue-based grounds.

In our pre-budget submission we earmarked an overhaul of the motor taxation system that would also yield a €100 million increase but not rescind the environmental platform that we built up while in government. Our vision for the motor taxation regime is one that recognises the fact that motorists contribute around €4 billion to the Exchequer through taxation, VAT and excise duty. They need a fair and transparent system that allows them to make long-term decisions on car purchases without the fear that the Government will hike up their taxes in the near future.

The decision to incentivise low CO2 emission vehicles is having a real impact on Ireland's efforts to contribute to tackling climate change. A total of 88% of new vehicles registered since 2008 are in the A to C bands, as motorists have responded to the incentives and switched from high-emission cars to low CO2 emission vehicles. The switch was made on the basis of the financial incentives provided. The Government is now further jeopardising that progress. The connection between the rate of tax one pays and the CO2 emissions from one's car was at the heart of the introduction of the CO2 based bands in 2008. It ensured a link in the motorist's mind between driving an environmentally friendly car and paying a low motor tax rate. This Bill obviously further erodes that connection. It downgrades the importance of environmentally sound practices at the heart of broader public policy.

The measures designed to incentivise clean and fuel-efficient cars were a direct response to the growing threat of climate change as laid out in detail in the seminal Stern report. Unabated climate change could cost the world at least 5% of GDP each year. If more dramatic predictions come to pass, the cost could be more than 20% of GDP per annum. The cost of reducing emissions could be limited to around 1% of global GDP and people could be charged more for carbon-intensive goods. What we do now can only have a limited effect on the climate over the next 40 to 50 years but what we do in the next ten to 20 years can have a profound effect on the climate in the second half of this century.

A recent Eurobarometer survey found that the issue that Irish people ranked as being "most important" to them personally was the cost of living, which was ranked highest by 44% of respondents. Car sales dropped by 12.5% last year, illustrating the challenges the motor industry faces, which this Bill will only serve to worsen. How seriously can we take future promises on incentivising environmentally friendly purchases when previous commitments are not being honoured? Rising fuel prices in recent years are a growing concern for motorists and these motor tax increases further hit already hard-pressed households. Fears about the potential impact of the Iranian embargo and the volatile situation in the Middle East, exacerbated by the euro crisis, mean that the €2 barrier for a litre of petrol could potentially be breached this year. The proposed tax increases further penalise motorists on top of these broader global developments.

The assessment of those involved in the industry is quite clear. AA Ireland stated the following:

> There is no way to dress it up: the car tax increase announced today will push up the cost of living for car owners affecting almost every household in the country. For vehicles bought from next year onwards there is some justification for an increase or fairly soon every car on the road will be tax band A, such is the progress being made on emissions. However for the cars already on the road this is a tax increase, pure and simple.

In addition, Mr. Conor Faughnan, director of consumer affairs with AA Ireland, said:

> Drivers of older vehicles will feel harshly treated. Those pre-2008 cars are already highly taxed and they are not luxuries; in many cases ordinary motorists can barely afford to keep them on the road. For anyone who bought a low-emission car on a low tax promise, this is the day when that promise was broken. It is clearly an act of bad faith affecting over 300,000 motorists who believed the promise and bought a cleaner-greener car in the last four years.

The Society of the Irish Motor Industry, SIMI, stated that the "motorist is already paying enough tax to be on the road and new car sales are down 10,000 on last year. We have always said that more tax would be generated from increasing the sale of cars rather than increasing taxation".

My party is opposed to the Motor Vehicle (Duties and Licences) Bill. It marks a continued Government attack on motorists struggling to make ends meet, with rising living costs betraying the incentives set out in 2008 to purchase environmentally friendly cars. The financial incentives put in place in July 2008 to encourage drivers to switch to fuel-efficient cars with low CO2 emissions were a core feature of efforts to tackle climate change. This Bill exacerbates last year's increases and further erodes the progress made in placing environmental concerns at the heart of public policy. It penalises those motorists who took the decision to use environmentally friendly cars by shifting the goal posts in the middle of the game.

I wish to focus on the Minister's comment to the effect that the bulk of road tax will go back to local authorities. It is important to remember that the road tax take is diminishing. The provisions to be enacted next week on the property tax will also form the basis for the funding of local authorities. The Minister expects to obtain a specific amount of money from these measures but in the event of him not achieving his targets, can he say today that local authorities will be subvented? Can he assure the House that they will not be penalised in the way they were last year for the failures *vis-à-vis* the household charge, despite the inadequacy of the preparations put in place prior to the authorities collecting that charge? Let us look at the various forms of income for local authorities. The road tax take will be down, the property tax may not meet the Minister's expectations, commercial rates will definitely be down, as will development charges and planning fees, and any other income streams for the local authorities will be insignificant, whether they be library fines, fire service charges and so forth. That being the case, will we see a further erosion of funding to local authorities?

I am particularly conscious, in this debate, of the difficulties local authorities are facing in terms of their road maintenance and restoration programmes. We all know of the progress that was made on the national primary routes throughout the country in the past number of years. We also know that there has been much progress with regard to many secondary roads. In recent years, however, with the fall in the level of funding being provided to local authorities for basic road maintenance, let alone restoration or resurfacing, the detrimental effects on our road infrastructure are becoming very evident. This is particularly true with regard to non-national, county and local roads. Some of my constituents have turned up at my advice clinics with invoices for repairs to their cars. I know from talking to councillors that this is the most pressing issue in my local authority area. Will the Minister give a commitment to address this? Will he carry out an audit across the local authority system? The situation is reaching crisis point. What procedures will the Minister put in place to address this? How can local authorities access funding to address these problems? In County Offaly, for example, 40% of the roads have a peat foundation, which is not the case with the roads in many other counties. Obviously, the maintenance and restoration costs associated with peat-based roads are higher than with other roads.

What equalisation process can be put in place by directing centralised funds to local authorities? Could the fund from the road tax take be used? Has the Minister devised a mechanism to address this issue, which is now approaching crisis point? In Athboy, for example, a St. Patrick's Day parade cannot take place because of the state of the road in the town. This is merely the tip of an iceberg that is coming towards us. It is incumbent on the Minister to give a commitment to the House, in the context of the Bill which continues the practice of using income from motor taxation to fund roads throughout the country, to consult the relevant authorities throughout the country, assess the situation nationally and devise a mechanism by which this issue can be tackled as soon as possible in order to stop the rot. There must be a constructive effort to address this issue and the means provided to do so. There must be a greater and fairer distribution of resources to those who need them most.

I use County Offaly as an example. Roads in that county are affected by their peat foundations. Other counties are affected by excessive rainfall, development or sand pits. In some cases planning requirements are not adhered to and there are poor enforcement regimes, leading to poor road conditions. Improvements in these areas must form part of the overall solution. A solution must be proposed, debated and agreed very soon before matters get out of hand, because we are at crisis point.

Fianna Fáil agree that savings need to be made, but we do not believe this can be done simply by increasing tax and regressing the progress on low CO2 emissions in recent years. That progress will be negated by what was done last year and by what is proposed in the Bill

Deputy Dessie Ellis: The Irish motorist, the motor industry and businesses that rely on private transport vehicles have sharply felt the effects of the recession in terms of motor related costs, car sales and employment in the industry. Budget 2013 included new measures that will have a further effect on both consumers and car dealers.

The Irish motor trade was and remains a significant employer in this State. The sector accounted for 49,600 employees at the beginning of 2009 but had shed 14,300, or 29% of its workforce, by the end of that year. Sales of both new and used cars are down as the customer feels the bite of lower disposable income, restricted lender financing and higher motor related charges.

It is essential for our economy that people can operate vehicles to get to work and to do business. A balance, of course, must be struck with the need to raise revenue and protect the environment. The balance in this Bill has been set wrong. It puts too much burden on motorists and does not target fuel inefficiency enough.

Successive changes in motor tax, VRT and excise duty costs have added to the strain on the industry. Fuel duty on petrol and diesel has already seen five changes since 2008. Irish motorists will be spending €1,400 a year more on fuel than they did just three years ago if current forecourt prices are maintained. In total, motorists are paying 23% VAT on motor fuel in addition to mineral oil tax and carbon tax of 58.8 cent per litre on petrol and 47.9 cent per litre on diesel.

The motor tax system received a significant overhaul in 2008 as the Government moved from an engine based tax to a carbon emissions based tax, in line with most other western European states. The number of EU countries with CO2 related car taxation went up to 15 in 2009 and Germany moved to the system in 2010. This move from engine capacity to emissions based taxation had the intended effect of shifting consumption towards more environmentally friendly vehicles.

However, it also had the effect of collapsing motor tax receipts and negatively impacting on the used car sales market, as cars registered before 2008 stayed in the old tax system based on engine size. The motor tax system is currently attaining its desired outcome, that of directing consumers away from fuel inefficient cars. The system must be made to take into account the carbon emissions of an engine, engine capacity and the value of a car in a fair, progressive, tax positive manner.

This must all be done in conjunction with a target based climate change policy like the one recently published by my colleague Deputy Brian Stanley. It must also find ways to support motor based industries which may make the shift to greater fuel efficiency but will still have to deal with a high and rising cost of doing business.

Over the last few years the cost of staying on the road for many motorists has climbed considerably while public transport alternatives have also risen in cost and services have been cut. There are many more people today who need private transport more than ever. This is a problem from an environmental point of view which is key to all our policies in the face of climate change, but this problem is precipitated by the large cuts to public transport which is more environmentally friendly and efficient but requires political will, planning and vision if it is to be provided properly.

Many people are left with no alternative but to use private transport and they are being forced to pay more now for something they have no choice in.

On average, motor tax on private cars registered from July 2008 will go up by €53 a year. These vehicles have already had their motor tax raised in previous years and considering those increases, this is quite a large hike. For some people this will be the last straw that makes private transport unavailable to them, given the very tight budgets many people operate on today.

Businesses also are on tight budgets. Small businesses which employ many people across the State and which the Government claims to want to help will be hurt also by this budget. Goods vehicles which are needed for doing business and for employing people will be, on average, taxed €117 more a year. This might not put goods vehicles off the road but could have the negative effect of workers getting fewer hours or pay cuts in order to shore up profit for the business, as is unfortunately a far too regular practice.

Vehicle registration tax, VRT, is also set to go up by as much as 3%, making it more difficult for people to upgrade to more environmentally and economically friendly vehicles which would be liable for less motor tax. This is a particular problem for many of the taxi drivers I am in contact with through my office. They will, through new regulations, have to upgrade their vehicle regularly to keep up with more regular testing after nine years. These are people who are already struggling to pay their electricity bills and fill their taxis with petrol. It is also worth noting that higher VRT makes upgrading to more fuel efficient and environmentally friendly vehicles more difficult for motorist who otherwise would like to do so.

Ordinary people seeking to drive to work, small businesses seeking to transport their good, even school buses, tractors, hearse and construction vehicles are now less affordable and people are once again hit harder by this Government, for no other reason than its unwillingness to tackle those on high earnings.

The system of taxing motor vehicles must be reviewed and future-proofed by redesigning the motor tax bands to reflect carbon emissions, engine capacity and vehicle value. This will make the system progressive. The more expensive and inefficient the car, the more motor tax is paid. This will also maintain the incentive to purchase environmentally friendly vehicles.

This reviewed system would, I believe, generate more revenue and this increase on current revenue take could and should be redirected in order to reduce excise duty on petrol and diesel. Fuel costs are having a detrimental effect, not just on consumers but on businesses as well. Hauliers, for example, last year pointed out the need for a rebate on fuel costs in Ireland. The Government listened, and I welcome that. I believe coach owners are also being listened to. Cost pressures on the haulage sector have seen haulage licence numbers drop by 1,300 in the last three years, leading to an estimated 10,000 job losses. Similar helpful measures must be looked into for other businesses for which petrol and diesel are a large part of their expenses. In its budget submission, Sinn Féin put forward a budget-neutral way of cutting excise duty on fuel by 5%. This was not adopted but would have had a very positive effect on the balance sheets of many businesses and household budgets.

Increasing motor tax revenue can be done in a way which is fair and continues to encourage a move to more environmentally friendly vehicles if we follow the approach of scaling rates on the basis of vehicle price, CO2 emissions and engine capacity. Doing this would allow the State to help struggling businesses, which would only further help the local economy, protect jobs and stimulate further the motor industry.

People do not see the benefits of these taxes. There are now numerous taxes attached to the motor industry, with tolls, metres, VRT, road tax and others but people do not see any benefit in local authority areas. We will drive people out of work because we will prevent them from using their own vehicles because costs are too high. We will cut down on revenue income by making it too expensive to drive.

There is a disparity in pricing between garages. The north side of Dublin seems to be dearer than the south side of Dublin, I do not why. The Minister should examine this and tackle garages, bringing them into the committee to explain the disparity across the city and State as a whole. Other European countries have moved towards tax based on emissions but we are moving away from that. We gave motorists a kick in the teeth in 2008 when we incentivised them to have CO2 friendly cars but now we have reneged on that in a further blow to motorists. This is being driven by a loss of revenue not environmental considerations on emissions.

Sinn Féin opposes this Bill because it is out of proportion to what is needed to generate proper revenues in the industry, to address problems the industry as a whole and to make it fairer. It is not fair to look at this as a revenue raising exercise, we must look at it in terms of emissions and our meeting European targets in this area.

Deputy Catherine Murphy: This Bill is about charging more and delivering less, the hallmark of this Government. The cost of going to work, leisure or school, particularly for those in rural areas without access to public transport, has reached a stage where people cannot afford to travel. At the same time, public transport is being withdrawn. In my constituency, 30 people have contacted following the withdrawal of a school bus service. That will result in 20 parents having to drive their children to school.

The major increase in motor tax in the Bill is more of the same, taking money from people's pockets and causing the domestic economy to deflate even further. Last year, motor tax rates increased by as much as 40% in some cases and here we see further increases.

Originally motor tax was ring-fenced for the local government fund to provide services. Since its peak in 2009, the local government fund has fallen by €348 million, from €1 billion to €652 million and the Minister told us in his opening remarks that a further €150 million will be transferred back to the Exchequer this year. That leaves €500 million, the exact figure due to be taken in at best by the property tax. Local authorities have lost income from commercial rates, metered water, development contributions, planning fees and many other areas. Their incomes have fallen substantially but at the same time, motor tax costs have risen. Taking into account increases in lower emission bands last year, some categories saw increases of as much as 92%.

I debated the ring-fencing of the carbon tax fund with the Minister for Communications, Energy and Natural Resources. I was told that was never done and it was not possible. We both know that the local government fund was taken from a ring-fenced motor taxation fund. This is not about motor tax or carbon tax or property tax, it is general taxation under a different name. The property tax might be predominantly spent at local government level but there is no guarantee that it will all be spent at that level.

The Minister said in his opening contribution that there would be increases for the lower categories of up to 1,700 cc of between €14 and €38 per year. My car is smaller than that and I had an increase of €50 so I do not know where he is getting his figures from.

Deputy Phil Hogan: The car must have high emissions.

Deputy Catherine Murphy: It is a Yaris, a small car with an engine that is less than 1,000 cc and it went up by €50. I doubt it will destroy the planet on its own. The numbers appear to be wrong.

Deputy Phil Hogan: Was that last year?

Deputy Catherine Murphy: No, it was in the last month.

The Minister also mentioned how an increase of €23 per year is just 44 cent per week. The problem here is a failure on the part of the Government to look at the cumulative effect of all of these charges. People were genuinely insulted when the Minister came out with the remark that the household charge is €2 per week. It is not the Minister's money, it is the money in the pocket of a person who is struggling, who has an income that is falling and utility bills and mortgage or rent payments that are going up. The cumulative effect of those increases is destroying families. It is insulting to reduce it to that sort of statement, as if nothing else was happening. The Minister should consider the impact on people's households.

Many people have no choice but to use their cars. Many public transport services are being discontinued or towns are being bypassed as a cost-saving measure. The like of the national transport provider is in a serious deficit position. Some of these services can only be viably delivered if they are subsidised and there is not the ability to subsidise them.

4 o'clock

Although not of the Minister's making, there is an unsustainable settlement pattern. For its size, Ireland has one of the largest road systems in the world because of how our settlement pattern has developed. That brings with it a need for road maintenance that must be taken into account. In the region of 700,000 people travel to and from school or work by car every day. In parts of Kildare, approximately two thirds of people commute. Combined with high fuel prices and falling wages, this imposes serious additional financial pressure. RTE broadcast a programme not that long ago about Rochfortbridge, which, ironically, is seen as a dormitory town. It showed how people are failing even to be in a position to seek work because of the prohibitive cost of transport. Most of them can only rely on private transport. We must look at this in a broader context.

On the Local Government Fund, the Minister is stating that this year €150 million of motor tax income is being taken from the Local Government Fund to the Exchequer. I recall the advertisements that were placed by the Department last year when there was pressure on residents to pay the household charge and there were all sorts of wrong claims made about how this would go towards maintaining parks, playgrounds and all sorts. The local authorities now have very significantly less, and they will have less again. Essentially, people will be asked to pay more and they will see a reduced service.

Roads all over the country are failing. Deputy Cowen pointed to the type of foundations in the road system in parts of the midlands, which includes parts of Kildare, and the level of usage. We have not really recovered from the two recent severe winters. If the roads are neglected in the way they were, I see us in years to come going back to do what a predecessor of the Minister did, that is, waging a war on potholes. We are starting to see them appear in numbers and as the Minister will be aware, around the country there is competition on the more extreme cases.

Grants for road maintenance have fallen from €363 million in 2007 to €232 million this year. Local authorities contributed €406 million from their budgets to regional and local roads in 2008 and this has fallen to €175 million last year. They are not willingly decreasing the amount. They have no choice but to decrease it because in many cases the level of discretionary funds is such that they simply do not have the money to spend. After wages, heat and light, insurance, running waste water treatment plants, etc., are decided, one sees what is available for the roads fund.

The Minister for Transport, Tourism and Sport, Deputy Varadkar, on Question Time the other evening, spoke of the considerable difference in the amounts spent on road maintenance and improvements by local authorities across the country. Some spend as little as 8% of their budget on it while others spend as much as 66%. That comes down to the level of discretion available. At this stage, one of the issues that needs to be considered in that context is the needs and resources model, which is a most discriminatory model because it looks at the historical situation and areas which are rapidly developing simply do not have those needs counted. In the case of the disabled person's grant which is being examined, for example, some local authorities cannot come up with the necessary local contribution. One can see that the level of discretion is better in some local authorities than in others. Often the local authorities that are regarded as wealthy are not wealthy at all because those are the ones which have a limited ability to draw down funds. That may account for the low level of funding that is distributed to road maintenance from some local authorities. The matter needs to be looked at seriously.

The major issue of the destruction of the environment is the other really important element of the Bill to which others have correctly drawn attention. The way this tax is designed, it will not reward good behaviour. In fact, it reverses what had been done on the culture change in the kind of vehicles people choose. It is immediately clear from the changes being made that no good deed will go unpunished by the Government. As I stated, motor tax has increased several times since the Government came to power and in each case those who made the conscious move towards lower-emission engines were punished severely. This Bill continues that trend. A 92% increase, as I mentioned earlier, applies to those in band A for emissions. If one did good several years ago by trading down the emissions bands, one is severely punished today. Encouraging positive environmental behaviour through taxation is a tried and tested method and there are wider societal advantages in doing so. It makes good economic sense because at some point if we do not meet our targets, we will have to buy carbon credits. Whether or not such targets are included in a Bill, Ireland has international obligations. However, such taxation requires trust on the part of the taxpayer and that trust is being destroyed by the approach adopted because we are not rewarding positive behaviour.

The approach on carbon tax is the same. Essentially, putting it into a general fund rather than ring-fencing it means it is not a carbon tax at all. It is merely another tag that the Minister puts onto general taxation. The revenue it generates should go into a fund to provide for retrofitting, wind energy etc.

The Government is also placing our obligations to reduce emissions in serious jeopardy. Transport makes up 21% of the national emissions profile and most of it falls outside the emissions trading scheme. We are expecting a climate Bill. Last week we were told it would be next week. We will wait for that. On the example of today's behaviour, it is obvious that the priority for Government is not being backed up by the practical delivery of measures that change people's behaviour.

I will finish on a couple of points. On the settlement pattern, it is intended to produce a new national spatial strategy.

It is clear, if it was not previously, that the way we have gone about our settlement has caused and will cause us very serious problems in future. I do not believe it is possible to dissociate that from the kind of provision in the Bill. There may be a way to unpick that. Clearly if cars are going to be put beyond people's reach given the costs, on the other side we must provide public transport to allow people to function. Clearly we are doing neither.

Deputy Seán Kenny: The primary purpose of this Bill is to give a permanent basis in law to the increases in motor tax rates and trade-plate licences contained in budget 2013. For licences commencing on or after 1 January 2013, flat-rate increases of between €10 and €92 apply to private vehicles taxed on the basis of carbon emissions. Rates for private electric vehicles were reduced to €120 per annum. Increases of 7.5% apply to all other vehicles. Trade-plate licences also increase by 7.5%. The Bill provides that the new rates of motor tax and fees for trade plates apply to licences taken out for periods beginning on or after 1 January 2013, and that veteran and vintage vehicles will be exempt from the new regimes.

A review of the carbon banding of vehicles for VRT and motor tax was carried out in 2012. Following the review, the lowest emitting bands A and B were broken into six separate bands for motor tax purposes, along with a further zero-band for privately owned electric vehicles.

The proposals under budget 2013 will result in an across-the-board increase of 7.5% on cars registered before 2008, meaning cars with a 2 litre engine will see the annual tax bill jump from €660 to €710. A more modest 1.4 litre car will increase from €358 to €385. The smallest cars with a 1 litre engine, such as mine, will go from €278 to €289 per annum. In pure monetary terms, it is true that cars with higher emissions will continue to see their tax bill increase, with the least eco-friendly cars seeing an increase of €92 per annum. The owners of cars with lower or no emissions will see their tax bills fall. Emission-free cars bought since 2008 or electric cars bought before then will see their tax fall by almost a quarter, to a flat rate of €120 per year.

While increased taxes on cars are required given the economic situation the country is in, I suggest that they are heading in the right direction, given that those with the most environmentally friendly cars are still required to pay less tax. People who will be looking to buy cars in the future should consider smaller cars that have smaller engines and therefore emit less carbon dioxide, help our climate and make a contribution to dealing with climate change. People should also consider purchasing electric cars where possible. I call on the manufacturers of these cars to work towards making them cheaper to own and easier to purchase than they are at present.

We should also consider the alternatives available for commuters who travel to work by car. People who avail of public transport can avail of the tax-saver commuter-ticket scheme, which was established as an incentive for the use of public transport. These public-transport commuter tickets can be availed of when travelling to work by public transport bus or rail services. The scheme extends to include Luas services and also applies where a ticket covers more than one operator, for example, an integrated ticket covering Luas, DART, Dublin Bus and Bus Éireann services. This is an incentive to encourage people to switch to public transport and reduce traffic congestion.

Employees receive tickets either as part of their salary package, in lieu of an annual cash bonus, or as a benefit-in-kind. Savings arise because tickets are not subject to tax or PRSI. Employees only have to pay tax and PRSI on the "money" portion of their salary. Employer PRSI is also calculated on the "money" portion of the employee's salary. There is a benefit to both the employee and the employer through the scheme.

Leap cards, which were introduced during the lifetime of the Government, are another incentive towards using public transport and are proving to be a huge success in their use across multiple public transport modes across Dublin. I understand that leap cards will eventually be extended for use outside Dublin, which I welcome.

Another alternative to travelling to work by private car is the cycle-to-work scheme, a tax-incentive scheme which aims to encourage employees to cycle to and from work. It also has health benefits and will help in tackling the problem of obesity. Under the scheme, employers can pay for bicycles and cycle equipment for their employees and the employee pays back through a salary-sacrifice arrangement of up to 12 months. The employee is not liable for tax, PRSI, levies or the universal social charge on his or her repayments.

Where possible, people should use public transport, particularly in cities. Where public transport is not available, I encourage the Government to examine major public transport solutions for areas that are clearly in need of such solutions, as well as previously proposed projects that have been put on ice.

Deputy Seamus Healy: The Bill provides for more taxation, pure and simple. It is additional taxation for almost every household in the country, effectively targeting lower and middle-income families once again. The AA has stated:

> There is no way to dress it up: the car tax increase announced today will push up the cost of living for car owners affecting almost every household in the country... However for the cars already on the road this is a tax increase, pure and simple.
>
> "Drivers of older vehicles will feel harshly treated" says [Conor] Faughnan. "Those pre-2008 cars are already highly taxed and they are not luxuries; in many cases ordinary motorists can barely afford to keep them on the road."
>
> "For anyone who bought a low-emission car on a low tax promise, this is the day when that promise was broken. It is clearly an act of bad faith affecting over 300,000 motorists who believed the promise and bought a cleaner-greener car in the last four years."

We know that the greatest percentage increase in motor taxation was for those driving carbon-inefficient vehicles who will experience the greatest distributional advantage brought about by the changes in the Bill. This is simply a tax measure - another method of extracting tax from ordinary householders. We have a 19.8% increase on the back of huge increases last year - I recall them being between 40% and 50%. Some 82% of households will be affected by this increase. There are 1.8 million or 1.9 million owners of cars in the country. Recent statistics indicate that the purchasing power of a typical family has reduced by 10.8% in the past two years. That does not take into account, for instance, the cost of electricity and gas, the new water charge from 1 January 2014, and refuse charges. Nor does it include the cost of clothing, footwear or replacement furniture. The typical family with huge reductions in their purchasing power in recent years must now endure another tax targeted at them.

It also calls the Government's commitment to the motor industry into question. As everybody knows, the motor industry is hanging on by its finger tips. There was a reduction of 10,000 in the number of cars purchased last year and a further reduction in cars purchased at the end of January this year. The Minister will probably refer to the re-registration of cars in July. As stated, the motor industry is on its knees. This additional tax will not be of assistance to the industry in terms of the sale of new cars or the retention of jobs. It will result in fewer cars being purchased and put more jobs in jeopardy.

The Minister referred to the roads fund. I am sure I heard him say that €150 million will be taken from that fund to pay down debt. We are already servicing debt that is not and should not be ours. This means the road funding available to the local authorities will be reduced again this year. Deputy Catherine Murphy mentioned that so far funding has been reduced from €363 million to €270 million. Road funding available for South Tipperary County Council, which is in my constituency, has been reduced significantly this year. Many county and minor roads throughout the country - this is particularly true in south Tipperary - are in an atrocious condition. I am regularly visited at my constituency office by people with invoices in respect of car repairs. I was recently visited by a man whose vehicle had been through an NCT and was deemed roadworthy, but had to be consigned to the breakers yard because of damage caused by potholes in the roads in his area. I went with him to see these roads, which were almost continuous potholes. This is evident throughout the country. We heard in the media today that a St. Patrick's Day parade has been abandoned because of potholed roads. Road funding should be used for the repair of roads throughout the country by the local authorities.

Deputy Seán Kenny's reference to alternative modes of transport caused me to smile. It is obvious the Deputy lives in Dublin. Unless one lives in a large urban area or city, there is little public transport. In most other areas, there is no public transport. People are dependent on their cars to get them to work, if they have work, to take their children to school, to go shopping or attend a football match. They do not have the option of the DART, Luas or bus services. These services are simply not available. Where they are available, they have been reduced. The Limerick-Clonmel -Waterford rail line was closed recently. This is happening not only in south Tipperary, but throughout the country. Alternative transport might be an option in Dublin but it is not an option throughout the country, particularly in rural areas.

I ask that the Minister communicate with his colleague, the Minister of State, Deputy Kelly, in regard to the rural transport initiative. The rural transport service in south Tipperary is well run. The Minister of State, Deputy Kelly, proposes to dismantle this service, which is community operated and run. It is an effective and excellent service, in particular for elderly people living in rural areas where there is no public transport. The Minister of State, Deputy Kelly, should keep his hands of the rural transport initiative that is working effectively in south Tipperary.

The increases proposed in this Bill will I am sure result in increased taxi fares in Dublin. The €100 million raised through this tax will result in a further €100 million being taken out of the economy. It is a continuation of austerity which will result in people having less money in their pockets to spend and less money to keep businesses open and people in employment. This is the wrong policy, which has been the hallmark of this Government since taking office.

I recently met a constituent who has owned a motor home for a number of years, which was purchased in England and imported into Ireland. The cost of registering the vehicle here at the time of import was €200. When the constituent inquired about the cost of registering such a vehicle now he was told it would be 13.3% of its market value, or €4,000, which is a very significant increase. I ask the Minister to look into that. It does not appear right that registration of such a vehicle could have increased from €200 to €4,000.

As I stated, this Bill is simply another form of general taxation targeted at families.

Minister for the Environment, Community and Local Government (Deputy Phil Hogan): I thank the Deputies who contributed to this debate. I have noted what they had to say. As I stated earlier, any increase in taxation is unwelcome, in particular when it is the second increase in a few short years. It is an unavoidable fact that the new CO2 based system introduced in July 2008 by my predecessor resulted over time in a decline in motor tax receipts. As rightly pointed out by Deputy Healy, the manner in which this was implemented did not help the motor trade. While the stated intention was that the switch would be revenue neutral and provide an environmental incentive towards more fuel efficient cars, the tax was structured in such a way that in the absence of budget increases the effect by the time the switch to CO2 tax was completed over the next decade and a half would have been a shrinking of the tax base by 50%. Where do we get the money to fund local services if that fund shrinks by 50%? This will be exacerbated as technologies improve and, as mandated through the EU, a greater proportion of cars are ever more efficient in the future. As I stated, the majority of new registrations are in the lowest tax band. This year, for the first time, this is apparent. Without restructuring the lower CO2 bands, progressively more cars would be in the lowest taxation classes and differentiated rates of tax and a mechanism to drive further environmental improvements would no longer be available. The changes we have made with an 80g/km floor for the A1 band will continue to provide an incentive to the trade and consumer to buy the lowest emission cars. A car at 80g/km represents a 33% increase in fuel efficiency and the same decrease in CO2 emissions compared with a 120g/km car. We are refreshing the signal to the market that maximum ambition in reduction in emissions continues to be the aim. Despite the negative impact on the public finances, the net result of the introduction of the CO2-based system is that the average car entering the national fleet is 22% more energy efficient than was the case prior to rebalancing vehicle taxation in 2008. This is welcome and will continue to be an essential objective of motor taxation, but maintenance of the revenue base is also essential in current circumstances.

Some purchasers of cars taxed on the basis of CO2 emissions may describe themselves as feeling cheated. It should be borne in mind that despite this being the second increase in two years, the vast majority of cars taxed on the basis of CO2 emissions still have tax rates which remain below the tax that would have been paid under the old system based on engine capacity. In restructuring the carbon banding we have also maintained the basic structure of the tax and improved the relative benefits of those who have bought or will buy the most efficient cars available in the market. For the budget increases to generate the necessary revenue as part of our approach to expenditure savings and tax increases, it has not been possible either to exempt from increases those older cars based on engine capacity which still make up three quarters of the private car fleet or to exempt commercial vehicles. However, it should be noted the rate of increase for these categories is less than the average for the CO2 fleet.

Deputy Cowen and others raised the issue of climate change, and these matters will be dealt with in the near future. We will bring forward a secretariat report as part of our publication of the heads of the Bill, which we hope will be next week. Deputy Cowen also raised the issue of fuel prices. The budget for 2013 did not include an increase in the price of petrol or diesel, nor was there an increase in VAT or a carbon tax on transport fuels which would also affect the price at the pumps.

Deputy Barry Cowen: There was no decrease either.

Deputy Phil Hogan: In the budget for 2013, my colleague, the Minister of Finance, announced a rebate on diesel, which is a decrease, with effect from 1 July 2013 for the transport sector and extended it to the bus sector in the recent Finance Bill, and this is welcome.

The Government is very committed to the local government fund. Despite the fact that the amount to be transferred from the fund to the Exchequer is higher than last year, income retained in the fund for local services following the transfer will be the same as last year. As the fund is not permitted to run an overdraft, the payment to the Exchequer will be limited to the balance of the fund at the end of this year when all other funding commitments have been met or to €150 million, whichever is the lesser. The amount will be decided later in the year in consultation with the Minister for Public Expenditure and Reform, Deputy Howlin.

Many Deputies spoke about various methods of getting the necessary resources for local government. I thank those who contributed to the household charge in 2012, as 72% of the people, the silent majority, decided to accept what the Government wished to do and paid in excess of €117 million against the wishes of Deputy Catherine Murphy and others. The money is for the purpose of providing local services.

Deputy Catherine Murphy: There are 200,000 missing houses.

Deputy Phil Hogan: Deputy Murphy should not reorientate the debate now that she has lost.

Deputy Catherine Murphy: I am just telling the Minister.

Deputy Phil Hogan: The silent majority is on our side, with 72% having paid, and those people want to ensure they are legally compliant.

Deputy Catherine Murphy: There are 200,000 more houses than the Minister said there was.

An Leas-Cheann Comhairle: We will stay with the Bill.

Deputy Phil Hogan: I am sure Deputy Murphy's constituency includes people living in rural areas, and 82% of people registered for their septic tank and those who advocated non-payment of the septic tank charge last September have cost people €45.

Deputy Catherine Murphy: I do not know why the Minister is telling me this.

Deputy Phil Hogan: I did not hear Deputy Murphy mention this. People have paid €50 in recent weeks when they could have paid €5 last September, but people advocated that they should not do so.

Deputy Catherine Murphy: Not me.

Deputy Phil Hogan: The Technical Group did so.

Deputy Catherine Murphy: Yes, it is a technical group.

Deputy Phil Hogan: Is Deputy Murphy a member of the Technical Group?

Deputy Catherine Murphy: I am.

Deputy Phil Hogan: I see.

Deputy Catherine Murphy: It is not a political party.

Deputy Phil Hogan: It is when it suits.

Equalisation remains a core principle of the general purpose grant allocation process. The amount of funding for equalisation in 2012 reflected the need to ensure that in an environment where all local authority revenue sources are under pressure, local authorities have the resources to provide a reasonable level of services. I remain committed to the principle of equalisation in the allocation of general purpose grants. In the current difficult financial circumstances for local authorities, it is critical that all citizens and all customers can expect a reasonable level of service provision from the local authority notwithstanding what we mentioned with regard to property tax, that 65% will be initially retained by the local authority.

I agree with all Deputies who mentioned the difficulties with local roads. It is a very serious problem which is getting more difficult. I have been in discussions with the Minister for Transport, Tourism and Sport about even greater flexibility on projects and the expenditure he allocates to the local government system. Local authorities already have much discretion over certain funds but not over all funds. The Minister has been in contact with the County and City Managers Association recently to see what can be done to ensure we have a basic level of maintenance for roads. The point was articulated in particular by Deputy Cowen, but the situation is replicated throughout the country because of the very difficult weather conditions we have had, particularly the rainfall in recent winters. This is now taking its toll on the condition of local roads. We are very conscious of this and we are seeing how we can help local authorities within their existing financial framework.

I asked somebody to check out the Toyota Yaris about which Deputy Murphy asked.

Deputy Catherine Murphy: Was I overcharged?

Deputy Phil Hogan: For a pre-2008 Yaris or equivalent below 1,000 cc, the rate of increase in the budget is €14, but for a post-2008 Yaris or similar taxed on the basis of CO2 the increase for a rate of 111g/km to 120g/km is €40 and for a rate of 121g/km to 130g/km is €45. Deputy Murphy has confused me by mentioning €50.

Deputy Catherine Murphy: It was not €23 for a 1,700 cc engine.

Deputy Phil Hogan: Perhaps the Deputy may have to review the situation with the local authority. Perhaps she is entitled to a refund based on this information. I hope she is. Every little helps.

Deputy Healy mentioned the rural transport service and I am very conscious of the good service provided in Tipperary, Kilkenny and surrounding counties where the rural transport programme is administered by Pobal on behalf of the National Transport Authority. A total of 35 rural transport groups are funded under the programme. These are managed mainly by voluntary management committees and Pobal makes specific funding allocations to the individual groups. The Minister of State, Deputy Kelly, is examining how we can integrate some of these services through the local government system. We have established a working group to see how local government and the existing service-----

Deputy Seamus Healy: Unfortunately reviews always mean reductions.

Deputy Phil Hogan: The Deputy is reading too much into it, and reading too much in the local newspaper.

Deputy Seamus Healy: I am not. Medical cards and SUSI were complete disasters.

Deputy Phil Hogan: If the Deputy listens he might learn a little bit. He is making a statement in the absence of information. We have established a national committee to examine this. I am very conscious of what the Deputy said. It is an important service and people in rural areas should expect a basic level of service in transport in the absence of even a good road from Clonmel to Kilkenny.

Deputy Seamus Healy: Absolutely, or in the opposite direction.

Deputy Phil Hogan: There is the potential for local government to have a positive role in its involvement in many local services and I do not think Deputy Healy would disagree with this, unless he is going to abandon his support for Clonmel Borough Council.

Deputy Seamus Healy: The Minister could close the road from Clonmel to Kilkenny if he wishes. Too many things have gone in that direction recently.

Deputy Phil Hogan: What direction?

Deputy Seamus Healy: To Kilkenny from Clonmel, such as the barracks and our acute psychiatric unit.

Deputy Phil Hogan: We are making up for lost time.

An Leas-Cheann Comhairle: We can have this debate again, I am sure.

Deputy Phil Hogan: Many Deputies want more finance, which is understandable, and perhaps more ways of raising money, but they do not like the one we are discussing now. I suppose this is understandable in politics. Protecting and providing the funds we have to make the necessary improvements in the service or maintain the level of service we have is exactly what the Bill is about. If we did not have this legislation we would not have the money in the fund to do the type of work advocated by Deputy Healy. There is no easy way.

Deputy Seamus Healy: The Minister is not doing it.

Deputy Phil Hogan: I know Deputies Murphy and Healy advocate increases in income tax and putting more on the working person to get the level of finance necessary to run our services.

Deputy Seamus Healy: No, the 595,000-----

Deputy Phil Hogan: We know where the so-called socialist parties stand on these issues.

Deputy Seamus Healy: The Minister will not tax them.

An Leas-Cheann Comhairle: Deputies should allow the Minister to conclude.

Deputy Phil Hogan: I know Deputy Healy is against property tax, but I am surprised that socialists are against such a tax. I have not come across any easy way of raising revenue to provide services.

Deputy Seamus Healy: He will not take it off the rich anyway.

Deputy Phil Hogan: I have not come across any suggestions either from Deputy Healy or anyone else, except to increase income tax. If Deputies are against everything, including property tax and motor tax, I suppose that is life in politics, but they will not provide services for citizens which is what this measure seeks to do. I commend the Bill to the House.

Question put and declared carried.

Motor Vehicle (Duties and Licences) Bill 2013: Referral to Committee

Minister for the Environment, Community and Local Government (Deputy Phil Hogan): I move:

That the Bill be referred to the Select Sub-Committee on the Environment, Community and Local Government pursuant to Standing Order 82A(3)(*a*) and (6)(*a*) and 126(1).

Question put and agreed to.

Topical Issue Debate

Regeneration Projects

Deputy Catherine Byrne: I thank the Ceann Comhairle for agreeing to take this issue. Since 1999, when I was elected to Dublin City Council, I have been deeply involved in regeneration projects across the south inner city, including locations such as St. Michael's estate, Fatima Mansions, St. Teresa's Gardens, Dolphin House and many more.

I am concerned that, due to the collapse of public private partnerships, some regeneration did not happen, particularly in St. Michael's estate where I live. A wonderful job has been done on Fatima Mansions and work has now commenced on St. Teresa's Gardens. In the 1950s, Dublin Corporation built St. Teresa's Gardens with 346 flats in 16 blocks, as well as ten houses and ten shops. At the time it was heralded as the greatest place to live. I know many people who grew up there over the years and they would still say the same thing today.

Since those years, however, many problems have occurred within the flat complex, including dampness, mould and sewerage. The area has fallen into a poor state of repair. These problems are at times compounded by serious anti-social behaviour, criminal activity and drug dealing. The situation has become a nightmare for the 120 residents living there.

The regeneration board was established in 2005 and spent several years working on a masterplan for redeveloping the flats complex. The project was to be completed through a public private partnership. In 2009, however, the plan was abandoned as that regeneration project and four others in the city fell victim to the recession and the demise of the developer Mr. Bernard McNamara who was supposed to complete the projects at that time. It was devastating news for the residents, public representatives and the wider community.

Since then, the remaining residents of St. Teresa's Gardens have been left in limbo. The council has been unable to proceed due to lack of funding, as the Minister knows. Conditions have worsened and the tenanting process has come to a halt. This is because the city council is finding it difficult to re-house the other 120 residents.

Last October, Dublin City Council started to demolish two of the housing blocks, and that work has now been completed. In recent months, residents have been called to meetings about the rebuilding of St. Teresa's Gardens. They have been asked to consider the refurbishment of three of the blocks there - which did not go down very well at one of the meetings - and the development of 57 new units, including 27 houses and 30 apartments. This is still not progress because no masterplan has been produced for the people living there.

Can the Minister clarify whether this project will proceed in future and, if so, how will his Department support it? Rumour has it that the Department of the Environment, Community and Local Government will supply funding to develop 57 housing units, which are included in a plan shown to local residents. Because of the time that has elapsed since 2009, people feel that answers are required. I look forward to the Minister's reply in this regard.

Minister for the Environment, Community and Local Government (Deputy Phil Hogan): I know that Deputy Catherine Byrne has taken a great interest in this issue and has raised it on many previous occasions. I want to assure her that my Department also has a great interest in seeing this commenced and completed to the satisfaction of the residents.

The national regeneration programme targets the country's most disadvantaged communities. My Department supports the ambitious programme of regeneration projects which seeks to address the causes of disadvantage in communities through a holistic programme of physical, social and economic regeneration.

Of the €397 million spent under the 2012 housing capital programme, some 25% was used to progress regeneration projects. Almost €50 million of this was spent on regeneration projects in Dublin, including Ballymun and the former PPP projects such as St. Teresa's Gardens, O'Devaney Gardens, St. Michael's Estate and Dolphin House.

Dublin City Council previously intended carrying out the redevelopment of St. Teresa's Gardens by way of a public private partnership. To the great disappointment of everyone, including public representatives and local tenants, the PPP model became non-viable.

With the support of my Department, the city council established a special housing taskforce to examine alternative redevelopment options. As a result of this, the city council submitted a draft schematic regeneration proposal, developed in consultation with the regeneration board for St. Teresa's Gardens, to my Department last year. The Department is continuing to work closely with the city council to try to develop those proposals further.

Last December, the Minister of State, Deputy Jan O'Sullivan, visited St. Teresa's Gardens to discuss the proposals with the relevant city council officials. She impressed on them the absolute necessity to finalise the master planning process and get the demolition and refurbishment programme underway. As Deputy Byrne has said, initial works were carried out at St. Teresa's Gardens.

The Department has received the draft 2013 regeneration work programme from Dublin City Council. This includes a programme of demolition and refurbishment works at St. Teresa's Gardens. There are no firm proposals for the construction of the new homes yet, in advance of the master plan. However, departmental officials will meet with Dublin City Council shortly to discuss this year's work programme. The regeneration proposals for St. Teresa's Gardens will be high on the agenda.

Deputy Catherine Byrne: I acknowledge the Minister's commitment to regeneration and the social agenda nationally. His reply did not contain the news I was expecting, but we are where we are. The fall of the public private partnerships, while disappointing, is a reflection of what happened in the economy. As someone who served on the regeneration boards, I feel it was a reflection of the many community groups which really put the nail in the coffin of many such boards that were supposed to go ahead at that time.

I welcome the fact the Department has received the new works programme from Dublin City Council. I look forward to working with the Minister and the city council to keep the hopes of those still living in St. Teresa's Gardens alive. Hopefully, they will be able to have new homes in St. Teresa's Gardens and in the wider community also. This regeneration programme is long overdue so I hope some pressure can be put on the board to get on with the job. The board members do not live there, but the local people do.

Deputy Phil Hogan: I am giving Deputy Byrne an undertaking to make representations on her behalf to the relevant officials in the Department's housing and planning unit, as well as to Dublin City Council, to express the community's concerns on the need to accelerate the regeneration project for St. Teresa's Gardens. I wish to reiterate the commitment by the Minister of State, Deputy Jan O'Sullivan, and myself to see that the project is implemented.

Despite the funding challenges facing the Government, we are committed to tackling the root causes of disadvantage in many of our large social housing estates and flat complexes. Regeneration is critical in this regard and I hope the Department will be in a position to announce details of the capital allocations for the regeneration programme very shortly. I assure Deputy Catherine Byrne that the level of funding for the Dublin city projects in 2013 will not act as a brake on progress.

Rights of the Child

Deputy Robert Troy: I thank the Ceann Comhairle's office for giving me the opportunity to raise this important issue. First, I acknowledge the Children's Rights Alliance gave the Government an "A" grade for the passage of the children's rights referendum. However, I wish to point out that the referendum was not just a Government initiative, but had the support of 165 of the 166 Deputies in this House, as well as the support of the Senators and many children's organisations. Furthermore, given the debacle over the Department's referendum website and leaflets, it could legitimately be argued that the Minister could have jeopardised the passage of this much-needed measure. However, it has passed and I welcome this development. I also note the Government gets a good mark in respect of education.

Nonetheless, there are areas for concern and in responding to the concerns I intend to raise, the Minister should concentrate his reply on them. Despite the "A" grade on the referendum, the overall grade for the Government has slipped and if ever a Government were to receive a high grade, it should be in the direct aftermath of the passage of this referendum. This is the first full year of a full Cabinet Minister for Children and Youth Affairs but it has seen a reduced overall rating, which hardly constitutes an endorsement of the Department and indicates to me that the Department is not working.

The key failing concerns child poverty, with budget 2013 continuing on the progressive social policies of the current Administration. Child protection was discussed at great length during the course of the referendum debate and surely protection from poverty is a key form of child protection. As the foreword to the report card states:

> [the] Government's successful – or unsuccessful – implementation of the Programme for Government fundamentally alters the climate in which children live and prosper. It plays an integral role as to whether a child thrives or wanes. The Government has the power to turn a series of events into a crisis, to escalate or de-escalate a problem. Budget 2013 is a good example of this. The Rollercoaster Budget ... including [the] cuts to the Child Benefit payment and the Back to School Clothing and Footwear Allowance, devastated families. Consequently, [the alliance] had no choice but to award the Government a FAIL – an 'F' grade on this issue.

This is the lowest grade given.

In her introduction, the alliance's chief executive, Tanya Ward, goes on to state "cutting supports and services to vulnerable children and their families without any other reforms is short-sighted and will impact negatively on the lives of many vulnerable children and families". The blanket cuts across the board had a severe negative impact and it is worth noting that this blanket cut was carried out despite the fact that prior to the introduction of the Government's first budget, the Mangan progress report of November 2011 stated it "considers that the consequences of an uncompensated reduction in child benefit rates would be significant in terms of child poverty". The Mangan progress report made this point before the Government introduced such a cut in its first budget and in its second budget.

Health also is downgraded this year from a "C" grade to a "D" grade. In respect of primary care, there was an ongoing political debacle during 2012, slow progress in establishing primary care teams and the funding for GP care was reallocated to make up for other financial deficits in HSE. The positive steps in mental health were overshadowed by the fact that of the €35 million allocated, only approximately €6 million was spent. In respect of children with special education needs, that category also saw a downgrade from "C" to "D". This was to reflect the lack of action on the commitment to further the implementation of the EPSEN Act. This is despite the commitment in the programme for Government to publish a plan for the aforementioned Act's implementation. Moreover, the Government scored a grade of "E+" in respect of the right to equality and non-discrimination. This was as a result of the delayed reform of family law and a failure to address the inequalities faced by children of unmarried parents, children with single fathers, etc. In addition, little has been done to vindicate the rights of the Traveller communities and of migrant children.

In conclusion, it is true that many of the failings identified in this report fall outside the immediate departmental remit of the Minister for Children and Youth Affairs. Nonetheless, there is a case to be made that she is lacking in influence, that the failings identified in this report show her advocacy for children to have been inadequate and that were it not for the passage of the referendum with the unanimous support of political parties and the children's rights agencies, the grade for this report would have been a great deal worse. I wish to hear the Minister outline how the Government will address the failings identified in this report with specific reference to the Government's failure to honour its own commitments in the programme for Government.

Deputy Phil Hogan: I thank Deputy Troy for raising this issue and I am pleased to respond on behalf of my colleague, the Minister for Children and Youth Affairs, Deputy Fitzgerald. The Minister, who is the first such Minister at Cabinet level, is returning from Russia following discussions on the possibility of a bilateral agreement on inter-country adoption with the Russian Federation. I am disappointed with Deputy Troy's negativity regarding many issues relating to children and his questioning of the existence of the Department itself.

Members will be aware that the Children's Rights Alliance, CRA, is a coalition of more than 100 organisations working to secure the rights of children in Ireland by campaigning for the full implementation of the UN Convention on the Rights of the Child. The most recognised piece of stand-alone work in recent years has been the children's rights report card series, which examines the Government's performance or non-performance in respect of its own commitments to children in the areas of education, health, material well-being and safeguarding childhood. The CRA published its annual report card, Report Card 2013, on Monday last. This is the fifth edition of its annual report card series. Report Card 2013 evaluates the Government on its progress during 2012 in meeting its commitments to children as set out in the 2011 programme for Government. It is awarded an overall "C" grade. The Department of Children and Youth Affairs has positive working relationship with the CRA and the wider NGO body it represents. The CRA is represented on a number of committees relating to the work programme of the Department and the Government's wider programme of work for children and young people. The Department provided information to the CRA on many of the items that relate to its specific areas of responsibility and this is reflected in the final report.

Overall, the grades reflective of the work of the Department of Children and Youth Affairs are positive, such as an overall grade "B" for the activities covered by chapter 5, and in a number of cases demonstrate improvements on previous years. This is reflective of the priority attaching to this issue both in the Department of Children and Youth Affairs and across Government, as articulated in the programme for Government. Notably, the Government was awarded an "A" grade in respect of the children's referendum. I wish to thank Deputy Troy for his party's support on that matter. It had not been put to the people previously and one might wonder why.

I now wish to comment on some of the different areas referred to in the CRA report card that relate specifically to the Department of Children and Youth Affairs. The child and family support agency is at the heart of the Government's reform of child and family services. The Government has decided that child welfare and protection services will transfer from the Health Service Executive to this new agency. It has also decided that the services of the family support agency will similarly transfer. The establishment of a single agency incorporating key children's services will provide a focus for the major reforms already under way. The agency, upon establishment, will assume full statutory responsibility for a range of child and family services currently provided by three separate agencies; namely, the HSE, the family support agency and the National Educational Welfare Board.

Last July saw the publication of the report of the task force on the establishment of the child and family support agency. Following consideration of the task force's detailed recommendations, the Government in November approved the general scheme and heads of the Bill. Drafting of the legislation to establish the agency in line with the general scheme is at an advanced stage. This will be comprehensive legislation, providing as it does for subsuming functions from three separate agencies and assigning onerous responsibilities regarding the care and protection of children and the promotion of their welfare. Subject to finalisation and approval by Government, it is the Minister's intention to present the legislation to the Oireachtas during the current term. When established, the agency will constitute one of the largest public agencies in the State with staff of more than 4,000 employees and a budget of more than €550 million. It represents one the largest and most ambitious areas of public sector reform currently under way.

An Leas-Cheann Comhairle: I must inform the Minister that just one minute remains to him to conclude his lengthy reply.

Deputy Phil Hogan: The Minister has asked me to convey a number of points to the House on this matter. I refer to her activities since assuming responsibility for the children detention system in January 2012.

5 o'clock

The Minister for Children and Youth Affairs has worked with her colleagues in Government on a range of actions to improve conditions for children in detention and in particular, to end the practice of detaining children in St. Patrick's Institution and to transfer them to Oberstown. She announced a capital investment package in April 2011 to achieve that in Lusk, County Dublin. This will result in sufficient capacity to extend the child care model of detention to all young people under the age of 18 years by mid 2014.

In consultation with her colleague, the Minister for Justice and Equality, the Minister extended the remit of the Ombudsman for Children from July 2012 to include all boys less than 18 years of age detained in St. Patrick's Institution. A number of other measures have yet to be implemented as part of the Government's programme and we look forward to working with the Children's Rights Alliance and other NGOs to achieve those objectives.

Deputy Robert Troy: I acknowledge and welcome the positives in the report but the overall C grade awarded to the Government is a slip on the grade it achieved last year. This happened in a year we had for the first time a full Minister with responsibility for child and youth affairs sitting at the Cabinet table. Why is that? The slip would have been much worse were it not for the passage of the children's referendum, which had cross party support and the support of NGOs and the Children's Rights Alliance. The Minister did not once mention child poverty, for which the Government was given a fail, or mental health issues. He referred to the new child and family support agency, the establishment of which we support. The legislation to put the agency on a statutory footing was meant to be passed by December 2012. We have yet to see the heads of this important Bill, let alone have it pass through the Oireachtas. The Minister also referred to the Children First guidelines. The heads of the Bill relating to them were brought before the joint committee last May but the legislation has yet to come before the Houses to be implemented. The Minister, with all due respect, is not up to her job. She is not the advocate of children's right she should be. The greatest issue of all is the inability of the Government to keep children out of poverty. It is a sad reflection and it is a very poor reflection on the Minister that he has not even acknowledged this in his contribution.

Deputy Phil Hogan: As the Deputy will be aware, the most effective way to get any individual out of poverty is to provide employment. The pattern of difficult decisions the Government has had to make arising from the legacy we inherited from his party has made it enormously difficult to ensure we have an expanding domestic economy because of the measures that have had to be take to deal with our public finances. Child and adult poverty are linked to the provision of jobs and I look forward to working with the Deputy to ensure we increase economic activity arising from recent decision made by the European Central Bank and the Government to give us breathing space on the financial side.

Child benefit rates have been reduced, as they were by Fianna Fáil in 2010 when times got difficult in the context of our public finances. The increases of previous times have been eroded but substantial support is still being given to children notwithstanding the difficult financial position.

The establishment of the child and family support agency will provide the focus the Deputy advocates. Mental health and other issues that have not been addressed yet will be dealt with over the next year in the context of legislation. I explained where the suite of legislation is at. The principal legislation will be published this session and I look forward to the Deputy's support for it.

Penalty Point System

Deputy Thomas P. Broughan: Section 63 of the Road Traffic Act 2010 requires that when people are alleged to have committed a road traffic offence, they must produce their driver's licence and a photocopy of the licence when they appear in court. There are also fines of between €1,000 and €2,000 for failure to produce and-or imprisonment to a term not exceeding three months. This important legislative measure, which was enacted on 28 October 2011, closed a loophole in earlier legislation where a person who was convicted of a road traffic offence could avoid having it recorded on his or her licence and, therefore, avoid penalty points by simply failing to bring his or her licence to court. Without the licence, the awarding of penalty points cannot be recorded on the National Vehicle and Driver File, NVDF. There were even outrageous suggestions that people were advised sometimes not to bring their licence to court in order that points could not be applied.

In April 2012, *Evening Herald* investigative journalist, Niall O'Connor estimated that 85,000 motorists had managed to avoid penalty points by arriving in court without their licence. This was a particularly unacceptable situation for repeat offenders who may have been getting away without any penalty for numerous speeding offences and who subsequently may have ended up in a serious crash. It has also been noted that the relatively low number of drivers on 12 points - 133 drivers on 31 March 2012 - could be influenced by the fact that there is a high level of avoidance of points through the non-production of a licence.

Since the enactment of section 63 in 2011, PARC, the national road safety campaign group outstandingly led by Ms Susan Grey and Ms Ann Fogarty, has battled to have it implemented across the courts system. They have attended District Court hearings around the country. In a report they made to me and to the Ministers for Justice and Equality and Transport, Tourism and Sport on the matter, they state, "We found a vast difference in procedures in some courts with little consistency". The application of penalty points seems to be a geographically lottery. For example, in Donegal, Galway and Cork District Courts, many drivers who were summonsed on road traffic penalty point offences, including speeding, were convicted but none was asked to present his or her licence or a photocopy of the licence to be passed on to the NVDF. PARC representatives attended Cork District Court earlier this month and said that, "no drivers (were) asked to hand up their licence in court although many were convicted on penalty point offences". There seemed to be no procedure in the court for taking licence details or sending information to the NVDF. Similarly, during sittings of the Donegal and Galway District Courts, the same thing appeared to be happening.

In contrast, at sittings of Dublin District Court in 2011 and 2012, drivers were requested to bring up their licence and a copy at beginning of court and, on conviction, the clerk took the licence details and returned it to the driver. Similarly, at a number of Dún Laoighaire Court sittings, which were witnessed, all drivers were requested at the beginning of the court day to hand up their licence and, on conviction, the court clerk took all licence details manually. There is a huge discrepancy in this regard and it is disappointing that this difficulty continues, even though from 16 May 2012 last, all summonses were amended to inform drivers that they must produce their licences in court. I understand that, subsequently, courts put up notices to this effect about section 63 but, as campaigners note, this will make little difference if drivers are not being made to produce their licences and are not aware of the related fines for failure to do so.

The Courts Service staff are under extraordinary pressure due to the economic policies of the Government but this is a key area, given the significant increase in road fatalities over the past two months. Unfortunately, we are heading back to the higher figures we had in earlier years. The licence issue seems to be geographical lottery. It is unfair, for example, that professional drivers, who may have acquired 12 points in the greater Dublin region, are put off the road and I am sure the Minister of State and other Members have had representations about what they would do for a living. However, there is a different standard in other parts of the country. District Courts should obey the law.

Minister of State at the Department of Health (Deputy Alex White): On behalf of the Minister for Justice and Equality, I thank the Deputy for raising the matter. As the Deputy will be aware, legislation in this area is the responsibility of my colleague, the Minister for Transport, Tourism and Sport. Section 63 of the Road Traffic Act 2010 provides that it is an offence not to produce a driving licence or permit and a copy of the licence or permit to the court when appearing to answer an accusation or a charge of commission of specified offences under the Road Traffic Acts, 1961 to 2010. The Deputy will also appreciate that the courts are, subject to the Constitution and the law, independent in the exercise of their judicial functions and the conduct of any court case is a matter for the presiding judge.

Since May 2012, the Courts Service has put in place arrangements to ensure the summonses issued include wording to advise persons charged with an offence under the Road Traffic Acts to bring their driving licence together with a photocopy of the licence when they are attending court. The Minister is informed that the service has communicated with the Judiciary to facilitate an arrangement whereby defendants who appear before the court are requested in court to produce their driving licence and a copy thereof to the court registrar for the purpose of having the driving licence number recorded. In addition, registrars have been requested to record irrespective of whether the licence or a copy thereof was produced to the court. Where the driving licence number is recorded and on conviction, the details are provided to the Department of Transport, Tourism and Sport.

The Courts Service has advised the Minister that the revised summonses issued from May 2012 began appearing in court lists in September 2012 and initial statistics show a small increase in the number of driving licence numbers collected since the new procedures were introduced. However, the service also informed the Minister that it is too early to draw definitive conclusions as the systems put in place require further time to become fully effective.

In relation to cases where the driving licence number has not been produced, the service has indicated it is continuing to evaluate the systems in place to ensure they are fully functional to provide the Garda Síochána, in due course, with the necessary information to initiate prosecutions. The service has informed the Minister that work is ongoing in this area and it has undertaken to provide a further update on the arrangements by the end of July 2013. The Minister will consider the matter further when he receives this report. He hopes the Deputy will appreciate that the every effort is being made by the Courts Service, as is proper, and in so far as is possible within its remit, to ensure the robustness of the systems in place to ensure compliance with the provisions of section 63 of the Road Traffic Act 2010.

On behalf of the Minister for Justice and Equality, I thank the Deputy for raising the matter. The Minister appreciates his interest in the administration of the courts.

Deputy Thomas P. Broughan: I ask the Minister for Justice and Equality to contact me with information on how many penalty points have not been recorded on the national vehicle driver file as a result of the non-production of a driving licence, which is a scandal that has been ongoing for some time. In September last, the Minister informed me he would have a report on the implementation of section 63 Road Traffic Act 2010 by the end of November 2012. He subsequently stated the report would not be available until July 2013. What is the reason for this delay? Why can the information not be provided as soon as possible?

Has the Department of Justice and Equality made an effort to observe court proceedings, as the PARC group has done? PARC, a group of citizens who are making a social contribution by doing this work, sent a detailed submission on this matter to the Minister for Transport, Tourism and Sport, Deputy Varadkar, a few days ago and is seeking a prompt reply.

Similar problems to those I have described arise when drivers are disqualified in court for serious or repeat driving offences. In such circumstances, the driver sends his or her licence to the local motor tax office. Surely it would be better to produce the licence again in court?

The failure to implement section 63 is a huge waste of Garda resources. Gardaí do excellent work in bringing to court drivers who commit road traffic offences. While sanctions are applied, the courts system has let us down. Surely there is a case to answer in this regard in light of current controversies surrounding the operation of the Garda Síochána?

On the issue of insurance, the Minister for Transport, Tourism and Sport has indicated he will make the database containing information on penalty points available to insurance companies. Is this proposal not highly unfair, especially to drivers in regions where penalty points have been implemented given that it appears that drivers in some areas did not receive penalty points despite having committed offences? The Minister must examine this aspect of his proposal as it is grossly unfair.

Deputy Alex White: As I indicated, the report to which the Deputy refers, or at least the relevant statistics, will be available in July 2013. The difficulty is that the procedures have not been in place for long enough to allow the data to be collated and properly presented. We all agree that the law and requirements should be applied uniformly across the State.

With regard to the Minister's role, the Deputy will acknowledge that he is doing everything in his power. He has emphasised to the Courts Service that a legal requirement is in place and should be enforced. However, the courts are subject only to the Constitution and law. The Minister does not have a supervisory role over the courts in the way that has been suggested and it is not open to him to supervise them in the way other people may monitor or keep on eye on them. He will, however, prepare the information in question and make it available in July. We must all accept that the system is still bedding down. The Deputy's view that there should be uniform and proper application of procedures and the law is shared by the Minister.

Garda Transport

Deputy Derek Keating: I thank the Ceann Comhairle for giving me an opportunity to discuss a matter of national interest, one which has been the subject of considerable scrutiny, discussion and, I regret, misinformation in this House and beyond. I am reminded of some of the comments made by Deputy Mattie McGrath on Garda transportation and the Garda fleet. What is the current position regarding the upgrading of the Garda fleet and other equipment gardaí require in the performance of their daily duties? Is it not the case that the previous Fianna Fáil led Administration put Garda lives at risk by allowing many Garda vehicles to become so run down that they would have failed the national car test?

Following the comments of the Taoiseach during Leaders' Questions yesterday, what provision has the Minister made to upgrade the Garda fleet? Will the Minister comment on the position he inherited on taking office in respect of Garda vehicles and equipment? Will he outline what are his plans to correct the mess he inherited and the timeframe for doing so? What works does he have planned in this regard? I am disappointed, given the serious nature of this issue and the problems the Minister inherited, that no Fianna Fáil Party Deputies are present to bear witness to this discussion, especially given some of the comments that have been made on the issue.

Deputy Alex White: The Minister for Justice and Equality has asked me to thank the Deputy for raising this matter. Decisions on the provision and deployment of Garda transport are principally matters for the Garda Commissioner. Such decisions are based on the Commissioner's identified operational requirements and the availability of resources.

At Garda divisional level, it is for the chief superintendent to make appropriate arrangements for the distribution of vehicles throughout the division in response to policing demands. The Deputy will appreciate that a degree of flexibility in allocating and re-allocating vehicles among stations, so as to best match the allocation of resources with policing priorities, is crucial to the efficient management of the Garda fleet.

The Minister has been advised by the Garda authorities that the deployment of Garda transport is determined on the basis of ongoing analysis and review of the policing needs of each division to ensure resources are utilised to optimum advantage to meet the operational demands on the force. Garda patrol vehicles are taken out of service for a variety of reasons, including as a result of accidents or where the odometer reading reaches the safety limit set by the relevant manufacturer. In that regard, the safety of Garda personnel and members of the public is a priority for the Garda authorities.

The Minister has also been informed that there are 111 Garda vehicles attached to the Dublin metropolitan west division, of which 23 are allocated to the Clondalkin Garda district. With specific regard to the issues raised by the Deputy, the Minister has been informed by the Garda authorities that the current allocation of vehicles provided for the Clondalkin district makes the best use of the available resources. In addition, they have indicated that a comprehensive policing service is being delivered within the district and to the communities it serves.

To provide some of the information sought by the Deputy, the Minister is aware of the demands placed on the Garda fleet. In this context, he made an additional €3 million available the Garda towards the end of last year to enable the Garda Commissioner to procure a further 171 vehicles. This brought total investment in the fleet in 2012 to €4 million and resulted in a total of 213 new vehicles being procured during the year. The introduction of the most recently purchased transports is ongoing and the Deputy can be assured that the vehicles will be deployed as effectively as possible, in line with operational circumstances, including the policing needs of the Clondalkin district.

In addition, a further allocation of €5 million has been provided for the purchase and outfitting of Garda transport in 2013. This represents a considerable financial investment in Garda transport, particularly at a time when the level of funding available across the public sector is severely limited. It is a clear indication of the Minister's commitment to ensuring that, to the greatest extent possible, the Garda is supplied with the appropriate resources to enable it to provide an effective and efficient policing service.

Deputy Derek Keating: I thank the Minister of State and ask him to convey my thanks to the Minister for Justice and Equality. Not only was the Minister of State's reply comprehensive, but it was also revealing. An additional €3 million was provided last year, the total figure being €4 million. In addition, an estimated €5 million will be provided in 2013. I am mindful of the pressures that the Minister and other Departments are under thanks to the limited resources available to them in trying to put our public finances in order, a situation inherited by the Government, while recognising the need to provide the Garda with additional resources, given the pressures facing many people in Dublin and beyond in terms of personal safety. I hope that the Minister of State's reply will put paid to unhelpful misinformation, which has been of little comfort.

Given the important days that are in it, I will make a point in conclusion. I have worked in community development, particularly the voluntary sector, for the past 35 years, including 14 years while in public life - two years in the Dáil and 12 years on a local authority. At all times during that period, I have worked closely with the Garda. While we are prioritising our work and putting our finances in order, I am saddened by the concerns expressed by many of the gardaí with whom I have worked and whom I respect. I know of their situations. It is important that everyone focus on entering the discussions, leaving aside the placards and protests and giving the negotiations every possible opportunity. If everyone plays a part, there is every chance that we will have the opportunity to hear and find solutions to groups' concerns.

Deputy Alex White: I cannot put the matter any further than the Deputy has. I emphasise that these are additional resources. Perhaps the most important resources required by the Garda to do the job we expect of it are mobile resources, given the nature of policing.

I am unsure of whether the provision on the record of accurate information is likely to put paid to the dissemination of inaccurate information. I share the Deputy's hope in that regard, but I will not hold my breath.

Ceisteanna - Questions

Priority Questions

Action Plan for Jobs

1. **Deputy Dara Calleary** asked the Minister for Jobs, Enterprise and Innovation the date on which the next action plan on jobs will be published; if it will align job creation targets with each initiative for each Department; and if he will make a statement on the matter. [9430/13]

Minister for Jobs, Enterprise and Innovation (Deputy Richard Bruton): In recent months, I have been working with my colleagues in government on compiling the 2013 action plan for jobs. The plan has been approved by the Government and will be launched in the coming days. I should point out that the current plan was introduced against a background of an average of 90,000 jobs being lost in the economy per year.

The challenge is to facilitate a transition from an economy built on unsustainable pillars of property and debt to one built on enterprise, innovation and exports. It has always been made clear that this will not mean a fixed number of new jobs in each of the years of the plan. Too many elements of the economy need to be fixed in this early period to undo the damage caused.

Some measures in the action plan for jobs will include specific job creation targets whereas others will contribute to improving the operating environment, which will support the creation of jobs by the enterprise sector. The objective of the action plan for jobs process is to create a supportive environment for businesses so that they can retain existing jobs and create new ones. We are transforming our economy step by step by taking measures across all Departments and many State agencies to remove administrative burdens on businesses, improve their access to finance, further improve our export performance and support the development of key growth sectors.

One of the significant benefits of the approach taken in the plan is that it has required agencies and Departments across government to put forward measures that are making it easier for enterprises to develop opportunities and create employment. However, most of these actions are not of a character where Departments would have a specific job target.

Deputy Dara Calleary: I thank the Minister for his answer. He stated that the action plan for jobs was a series of broad measures without specific targets, but the difficulty lies in the fact that he and his colleagues in government made a commitment in the programme for Government to create 100,000 new jobs by 2016. The live register figures are not moving. The 400,000 or so people who are on the live register are looking to the action plan to see whether it contains some sort of pathway for them.

I gather that the 2013 edition is being launched tomorrow. There will be great fanfare and great talk, but what specific provisions can be shown to the person on the live register who wants to work to give him or her hope? Tomorrow's launch and fanfare will clash with the medium-term fiscal strategy, which seems to take a more sober assessment of net job creation in 2013. Is the Government's target still 100,000 net jobs created by 2016?

Deputy Richard Bruton: The action plan for jobs contains concrete measures that show improvement. Consider the economy's overall employment performance. When we entered into government, the average figure for job losses in the private sector was 90,000 per year. In the past 12 months, private sector employment has expanded by 12,000. This expansion is being driven by the export-oriented sectors on which we have placed our main emphasis in the plan, for example, ICT, pharmaceuticals and digital gaming. We have targeted growth in these sectors and they are performing well. We need to build upon this expansion. That Irish exporting companies added more than 3,000 jobs in 2012 is a turnaround.

There are pathways for individuals. We also have a "pathways for work" approach, in which the Ministers, Deputies Quinn and Burton, are providing JobBridge, the new momentum scheme and the Springboard scheme. These initiatives are aimed at assisting people who are out of work to access the areas of employment that we are opening up through our enterprise approach. There is a clear momentum and route. People can see that the plan is working.

We continue to have the ambition of creating 100,000 jobs. We know that we must do better and continue to build. However, turning around a situation in which 90,000 jobs were being lost per year to one in which jobs are being added in the private sector is a significant change.

Deputy Dara Calleary: The live register figures are stuck at where they were two years ago despite all of the Minister's talk of job creation. I welcome JobBridge and the other initiatives, but the CSO's end-of-year figures show that just over 5,000 new places were created in 2012 whereas 300,000 people were seeking places on those schemes. This is not a political charge, but a systemic one. What elements does the action plan for jobs contain to bring the Departments of the three Ministers - Deputies Bruton, Burton and Quinn - together, to get them to set their divisions aside and to put a proper activation system in place? A proper activation system is not 5,000 extra places when we have 400,000 people on the live register.

Deputy Richard Bruton: A significant number of training places are available. FÁS provides 90,000 and the VECs provide more than 100,000. SOLAS, which comes under the remit of the Minister of State at the Department of Education and Skills, Deputy Cannon, will bring a new strategic focus to the delivery of training that is relevant to emerging job opportunities. Much change is ongoing to deliver a more effective service to those who are out of work. The Deputy should table his questions to the Ministers who are driving the reform.

In the situation in which we found ourselves, much work was involved in fixing the banks. Credit had collapsed for SMEs. We had the second highest refusal rate throughout Europe. A considerable amount of work was required to fix what was broken in the crash we inherited. That is why one cannot have a neat calculus and say that so many actions will generate so many jobs. Much work remains to be done to fix what was damaged. The work is being done and we are seeing the success of the plan in the figures in employment. The IDA has had its best year in a decade. Enterprise Ireland has had its best year in five years. Exports are reaching record levels. There is double-digit growth in exports by indigenous companies. Those are a measure of the changing performance.

Job Statistics

2. **Deputy Brian Stanley** asked the Minister for Jobs, Enterprise and Innovation the number of jobs created and the number of jobs lost in Industrial Development Agency and Enterprise Ireland supported companies in counties Laois and Offaly for the year 2012. [9407/13]

(Deputy Richard Bruton): Employment in agency-supported companies in Laois and Offaly have been very severely affected by the economic crisis. In the three years 2008 to 2011, the net loss in employment in these companies was 1,247, representing a 21% loss in employment in this group of companies. In 2012, net job loss in agency companies was 64. While this is still disappointing, it represents a substantial improvement in the trend. It comprised 54 gross jobs created and 24 job losses in IDA companies and 215 gross jobs created and 309 job losses in Enterprise Ireland, EI, companies.

The two counties have a small base of foreign-owned companies, employing fewer than 1,000 in total, mainly concentrated in engineering and mixed manufacturing. In recent years, it has proved challenging to maintain and attract overseas manufacturing companies into these counties as much of this investment globally is going to low-cost destinations such as eastern and central Europe and China. As a result of the locational shift in global manufacturing, both Laois and Offaly have seen a number of closures within the multinational sector. In order to reposition the counties to a more knowledge-based economy, IDA Ireland is marketing Portlaoise as a key location for investment in the globally traded services sector and Tullamore as a key location for investment in the medical technologies sector, where Ireland has the capacity to win new investment.

Irish-owned companies represent almost 80% of the exporting base of the two counties and have been more resilient in the face of the economic crisis. EI has been actively working with its base of 136 companies in Laois and Offaly, assisting their transition to specialise, innovate, develop skills and value and scale up, including through the launch of the new potential exporters division, the lean business offer which enables manufacturing clients to increase productivity and competitiveness, and the launch of a new development capital scheme aimed at addressing a funding gap for mid-sized, high growth indigenous companies. In the last quarter of 2012, EI launched a €200,000 competitive feasibility fund in the midland region aimed at sustaining start-ups in the area.

Deputy Brian Stanley: The reason I tabled the question is because of figures I received a month ago on the number of jobs created and lost in Laois and Offaly. I did not believe the figures when I first saw them. The Minister outlined that two new jobs were created in Laois in IDA-supported companies while 23 jobs were lost. Enterprise Ireland created 76 jobs in Laois while 138 jobs were lost. There have been significant job losses in County Laois. In Offaly 31 new jobs were created and one job was lost. County Offaly has fared slightly better than County Laois. A total of 139 jobs were created in Enterprise Ireland-supported companies while, unfortunately, 171 jobs were lost. The net loss in Offaly was two jobs but Laois has been more badly affected.

In November I inquired how many visits the IDA had made. I was informed that not one single visit had been made to IDA client companies in Laois in the first 11 months of the year. The agencies have lost jobs in spite of the significant resources available to them. In the case of the IDA, its budget in 2012 was more than €80 million.

The Minister outlined the figures for the three years, 2008 to 2011, which are bad. It is not as if we have had good years. The latest figures come on top of a series of bad years. The number of net jobs created in Cork, for example, was 1,833. In the case of Dublin it was 4,012 jobs. A two-tier system appears to be in operation. Since the Government came to power, 3,100 net jobs have been lost in the midland region and 3,700 have left the labour market in the four midland counties, mainly due to emigration. The unemployment level in the region is at the incredibly high level of 17.4%. The situation is serious and we are most concerned about it.

Those of us who try to project the midlands in a positive way and to get things moving there are discouraged by the figures. The situation looks bad. I have discussed the issue with the Minister in the past. At local level, people are doing their best, yet there is an unemployment rate of 17.4% in the four midland counties. The negative IDA and Enterprise Ireland figures do not follow on from a number of good years. They continue the trend of the appalling statistics from recent years due to the crash. We must get on top of the situation. Could the Minister indicate whether a two-tier system is in operation by IDA and Enterprise Ireland?

Deputy Richard Bruton: As Deputy Stanley is aware, at the request of Deputy Charles Flanagan I arranged a delegation involving himself, other Deputies and local authorities to meet the IDA and discuss the challenges. IDA Ireland has a clear strategy. It has invested €3.2 million in the business park in Portlaoise. It is targeting the location on the basis of the scope it has to deliver in the internationally traded services sector. That is its offer. It also has a significant flagship business park in Tullamore and it has required planning permission for three 10,000 sq. ft. advance technology units. It is positioning Laois and Offaly to be competitive.

It is not IDA Ireland, however, that decides where companies locate. Companies make decisions on the basis of many criteria. Often they are looking for the best fit with their sector. We must build a competitive advantage in the various regions to exploit the areas of opportunity. There is strength in Laois and Offaly in indigenous companies in the food sector, which is doing exceptionally well and has good prospects for growth. It is not always a case of looking to the IDA. It is also important to build on sectors where we have inherent strengths. Engineering is a strong sector, as are forestry and food. There are opportunities to build on them. We are seeking to make Laois and Offaly competitive and to market them effectively. I do not have the figures on visits but I think there were three visits to Laois and Offaly last year.

Deputy Brian Stanley: There were no visits to Laois.

Deputy Richard Bruton: Is that the case? I do not have the figures to hand.

Deputy Brian Stanley: On the three units-----

Acting Chairman (Deputy Olivia Mitchell): The time is up.

Deputy Brian Stanley: Could the Minister inform me of the location of the three proposed new IDA units? There is a target of 50% foreign direct investment to be located outside of Dublin and Cork. Currently, the level is 35% nationally but Laois and Offaly are much lower than that.

Acting Chairman (Deputy Olivia Mitchell): I am sorry, Deputy, but the time is up. We must move on to the next question from Deputy Healy.

Industrial Development

3. **Deputy Seamus Healy** asked the Minister for Jobs, Enterprise and Innovation the number of visits by industrialists to south Tipperary in 2012, facilitated by his Department and the various job development agencies; the number of visits specifically targeted at vacant advance factories and vacant private facilities in 2012 and 2013; and if he will make a statement on the matter. [9406/13]

(Deputy Richard Bruton): I am informed by IDA Ireland that during 2012, there were five site visits by potential investors from overseas to south Tipperary. Also during 2012, Enterprise Ireland, whose focus is on assisting indigenous companies, dealt with 77 client companies in south Tipperary which employ 2,151 people.

South Tipperary forms part of IDA Ireland's south-east region along with counties Carlow, Kilkenny, Wexford and Waterford. In south Tipperary there are eight IDA Ireland supported companies employing 3,400 people. The key industry sector for south Tipperary is life sciences, which accounts for almost 90% of employment. The largest employers are Abbott and Boston Scientific, followed by MSD, Pinewood Laboratories and Suir Pharma.

As part of its offering to potential clients, the IDA has invested in the provision of an extensive portfolio of property solutions countrywide. In Tipperary, the availability of the former J&J Cordis facility is an important offering which the IDA is actively promoting. In addition, the ongoing development of the 300 acre park at Ballingarrane in Clonmel is an important asset.

As the Deputy is aware, I established a South East Forum, following the publication of the South East Action Plan in December 2011. That action plan was initiated following the TalkTalk job losses in Waterford and in recognition of the serious unemployment situation in the south-east region generally. Part of the remit of the forum, comprising representatives of relevant agencies and stakeholders, was to examine ways of ensuring better synchronisation of effort in order to avoid duplication and produce synergies that would lead to job creation. The action plan has a number of recommendations which the agencies and stakeholders are charged with implementing. I am satisfied that all these key players in the region have been working together, from within existing budgets, to pursue the plan's recommendations.

Deputy Seamus Healy: Our first thoughts this evening are with the 245 staff in Abbott in Clonmel who have just heard the devastating news of job losses this afternoon. I ask the Minister to intervene personally to ensure the staff affected get a good financial package, the required training and upskilling to enable them to take up future employment, to intervene with the company - which is a large one that has a large number of workers remaining on the site - to ensure its continued commitment to the site and to replace the jobs that are being lost with new initiatives and developments at the site. As the Minister will know, Abbott is a significant employer and flagship industry for the country and beyond it.

In view of the closure of Kickham Barracks, St. Michael's psychiatric unit, other closures in the area and these job losses announced this afternoon, I ask the Minister to establish a task force to prioritise employment for the south Tipperary area. As the Minister will be aware, the area has been hit by significant levels of unemployment during the years, with the number unemployed rising from 3,524 in 2008 to 9,173 today, almost a trebling of the figures. I hope the Minister will intervene in respect of the job losses at Abbott, as I have requested, and establish a task force to prioritise employment for the county as a result of this news this afternoon.

Deputy Richard Bruton: I thank the Deputy for raising this matter. I absolutely agree that our first thoughts must be with the workers. This is a really tough day for them. I have spoken to the company and I am reassured that it will give full support both in terms of the package of support and assistance in terms of retaining. I am also heartened that the company is absolutely committed to this site. As the Deputy will know, it is also making significant investments in the site to develop it further and it has been an award winning site both within the company and externally. The company is absolutely fully committed to it. It is making investments that will see the quality of production in this site improve and grow more competitive for the long-term future.

As the Deputy said, the company is very committed not only to Clonmel but nationally. It employs 3,200 nationally across 11 sites. Although it is a sad day for the 200 affected, I am reassured of the company's full commitment.

In terms of the south east, I have established a South East Action Plan, I have all the agencies working together to promote the south east, which includes south Tipperary, and I am heartened by the progress that is being made. I can assure the Deputy that I will continue to have a focus both on south Tipperary and the wider south-east region because, as the Deputy said, it is one that has been particularly badly affected in recent years and needs the spotlight upon it, as we have given it in the South East Action Plan.

Deputy Seamus Healy: I reiterate the need for a task force for south Tipperary. Unemployment figures for the county are significant and have almost trebled in recent years. The number unemployed in Clonmel has increased from 1,068 to 2,907. In Carrick-on-Suir, which has a population of approximately 6,000, there are 2,007 unemployed. The number unemployed in Tipperary Town, which is a similar size, has increased to 1,732, the number unemployed in Cahir is 1,331-----

Acting Chairman (Deputy Olivia Mitchell): I must ask the Deputy to leave it as that as the time allocated for this question has expired.

Deputy Seamus Healy: -----and the number unemployed in Cashel is 1,196. In view of those figures, today's job losses in Abbott, the closure of Kickham Barracks and other closures, I ask the Minister to consider establishing a task force for the area.

Credit Guarantee Scheme Applications

4. **Deputy Dara Calleary** asked the Minister for Jobs, Enterprise and Innovation the progress made regarding the uptake of the credit guarantee scheme and the microfinance scheme; his views on whether the pricing of both schemes is appropriate to the current economic conditions; and if he will make a statement on the matter. [9431/13]

Minister of State at the Department of Jobs, Enterprise and Innovation (Deputy John Perry) (Deputy John Perry): The Deputy will be aware that both Microfinance Ireland, MFI, and the credit guarantee scheme began operating in October 2012. It is my intention that progress reports on the microenterprise loan fund will be published via the MFI website *microfinanceireland.ie* and updates on both schemes will be published on my Department's website, *enterprise.gov.ie*, on a quarterly basis. Over 100 loan applications have been received by MFI, with 27 loans approved to date to the value of €427,000 supporting 68 jobs. MFI is currently actively promoting the availability of its loan fund and is focusing on a media campaign to raise awareness of the scheme across the country. Other options for promoting the fund are also being examined.

MFI was established as a private limited company with a board of directors. The directors have set the interest rate to be charged on loans under the scheme at 8.8%, taking into account a number of factors including prevailing market interest rates, the economic environment and specific risk factors.

The Deputy will know that lending to microenterprises is high risk due to the high failure rates with business start-ups, little or no track record, the fact that they were refused by banks previously, and no security available. Pricing of loans, therefore, tends to strike a balance between the support of new start-ups and the rapid erosion of the taxpayers' equity put into the scheme.

With regard to the credit guarantee scheme, there are currently 14 approved guaranteed loans resulting in €1.5 million of additional lending being provided to viable companies as of close of business on 15 February 2013. As a result of the sanctioned lending it is expected that there will be 113 new jobs created and 19 jobs will be maintained.

A premium rate of 2% is payable by the borrower. A rate of this nature had to be set to ensure the scheme complied with EU State aid rules and it was set at the lower end of the potential pricing spectrum, to which the Minister, Deputy Bruton, agreed.

In consideration of these categories, and recognising the current situation of the SME lending market in Ireland in the current economic conditions, it would be difficult to justify making the case for a premium rate any lower than 2% for a guarantee of this nature.

I will meet the board of Microfinance Ireland in the next two weeks on the microfinance fund. Also in the next two weeks I will meet representatives of Bank of Ireland, Ulster Bank and AIB who are managing the partial loan guarantee scheme for an update on that.

Acting Chairman (Deputy Peter Mathews): There are four minutes overall for the questions and answers.

Deputy Dara Calleary: I thank the Acting Chairman. That was a nicely done Dublin South turnaround in the Chair.

I raise a couple of issues. The 100 applications to the microfinance scheme is a healthy sign that is to be welcomed but when only 14 have been approved under the credit guarantee scheme it points to a serious problem in terms of awareness of it. When the Minister of State meets representatives of the banks he must bring it home to them that they must do a great deal more in raising awareness of that.

I am aware that in recent years the Minister of State has undertaken tours of the country with chambers of commerce and local business groups on access to finance issues. Would he consider doing that again? He has these two solutions in place but people simply are not aware of them. There is a common problem about awareness across the Department. The poster boys for the Department, the exporters, are dissatisfied. A survey of exporters last year found that 51% were dissatisfied with the information provided on the application process for five schemes. There is no sense in putting so much work into putting those schemes in place if there is a general lack of awareness about them.

The Minister of State spoke about businesses that were previously refused by the banks and that used to be an acceptable excuse but given the level of refusals by banks, with many solid and healthy businesses being refused credit, it is unfair to price in a premium because a bank previously refused a business.

The most important point is that we need to build a greater awareness of these schemes.

Deputy John Perry: I thank Deputy Calleary for raising these very important points about point of sale and engagement. As Deputy Bruton has stated recently, we are totally unhappy with the level of lending by banks, especially given that they have been recapitalised by the taxpayer.

On the issue of the micro-finance fund, there is a very active board in place. It has a charitable company status and is working very proactively with the enterprise offices in every county. I agree with the Deputy that is important to get out on the ground and encourage people to engage with the scheme. People must engage with the enterprise offices in places like Mayo, Sligo and Roscommon to even hear of this scheme.

Bank of Ireland, Allied Irish Banks and Ulster Bank have been guaranteed by this State and I am very disappointed that there has not been more proactive engagement on their part. I will deal directly with the banks to determine why the uptake of this scheme has been so slow. It is not good enough and we have been disappointed that there has not been a greater number of applications. I will certainly give the Deputy an update following the meeting with the banks. We will put an obligation on them to get involved and to give this money out to the business people who need it.

Deputy Dara Calleary: I absolutely agree with the Minister of State with regard to the banks. In fact, I tabled a question asking for his opinion on the banks which was disallowed so I thank him for giving his opinion here that the banks are not lending enough. The two pillar banks have been recapitalised and given targets. The Minister of State is meeting business people every day and is in touch with what is happening on the ground and he can see what is happening. The Department of Enterprise, Jobs and Innovation must tell the Department of Finance to put the pressure on and to put the boot in because this is costing jobs. There is no sense in having all of these schemes and fancy plans if, at the end of the day, profitable and healthy businesses cannot get access to finance.

Deputy John Perry: The Minister, Deputy Bruton, is actively engaging with the banks. The banks are now focused on domestic lending and they also need successful businesses. The onus is now on the banks to step up to the mark, especially in the context of the State guarantee. We expect a lot more tangible results from the banks and proof that they are actively engaging with business people. We have given them taxpayers' money. We want to create jobs and we can have all the plans in the world to do that but if people cannot get the necessary funding for vibrant businesses then jobs will not be created.

Economic Development

5. **Deputy Brian Stanley** asked the Minister for Jobs, Enterprise and Innovation his views on whether local government or existing enterprise agencies are best placed to promote local economic development. [9408/13]

(Deputy John Perry): The micro and small business sector is central to Ireland's overall economic recovery. The purpose of restructuring the current model for the delivery of State supports to that sector is to rejuvenate and enhance the national model. The new model is designed to harness the best elements of local government and the enterprise agencies to support local business and contribute to local development.

To that effect we have decided to dissolve the current 35 separate board structures and create a first-stop-shop at local level for small and micro business. We will bring local enterprise support into an integrated national network of Local Enterprise Offices, LEOs, offering progression to the existing national programmes run by Enterprise Ireland. The plan is to combine enterprise support for small business at local level with the business support service from local authorities into a single LEO and locate this office within local authorities, but operating under a service level agreement with Enterprise Ireland. We will enlist the support of local authorities in creating the best possible environment for small business in their area and benchmark the progress being made. Furthermore, we will work with local business and the wider community to create a supportive network for entrepreneurship.

While I am aware that there are some reservations about bringing the current county enterprise boards within the umbrella of the local authorities, I believe local authorities have great potential to be a vibrant partner for the development of small business. Many local authorities have been very innovative in providing space for start-ups, opening up procurement opportunities, supporting the marketing of local producers, offering incentives, streamlining access to planning and licensing and so forth. However, this is a challenge for the local authorities to do more and to bring the culture of “think small business first” into their work.

The Minister, Deputy Bruton and I have consulted widely in the context of this proposed reform. On foot of a consultation paper we published at the end of last year setting out the road map for the implementation of the reform process, more than 80 submissions were received. Many of the submissions make positive suggestions on how the reform could be rolled out effectively across a range of issues. These responses are currently being examined and will be factored into shaping the operational scope of the LEOs.

Both the Minister and I view the reform as an important opportunity to get a combined effort in behind start-ups and small business and we shall vigorously work to harness the potential of the new model.

Deputy Brian Stanley: I thank the Minister of State for his reply. The changeover from the county enterprise boards system is a substantial move. I agree that some local authorities, including my own in County Laois, have been very active in the areas of job creation and assisting small employment projects through the development of enterprise centres and other supports. The concern is that there seems to be some opposition to this proposal from the SME sector and from ISME and the SFA in particular. They have publicly opposed this and expressed their belief that there is not the expertise within local authorities to propel economic development. They have also expressed a concern about political interference with business supports.

There has been a consultation process but that is now over. Is there a turf war going on and is that causing problems? Has enough work been done with the small business sector to get the message across that this proposal will actually work?

Deputy John Perry: This must work because the whole economy depends on the “think small first” principle and the role of small business in every economy is absolutely critical. Intensive consultation is ongoing with all of the vested interests. I have chaired the advisory group on the role of small business in the economy and genuinely believe that all of the expertise in the 35 enterprise boards will be retained, which is critically important. There is much expertise within local authorities in terms of business evaluation and so forth. I know some are concerned about involving local government in this but I think it makes huge sense. We are talking about putting all of the services together in a one-stop-shop facility. That will involve local evaluation of the projects and the expertise of the county and city enterprise boards will still be there.

Change is not a bad thing in itself. When one looks at the service level agreement with Enterprise Ireland one sees that rather than having separate autonomy in every county, there will be joined-up thinking and the best practices within the local authorities will be front of house. If somebody in Laois wants a service, he or she can go to the local enterprise office and get advice on starting a business, banking applications and so forth. The opportunities for business development are enormous, especially with the involvement and commitment of established business people. We fully realise that the backbone of the economy is small business. In the past there was a lacuna in terms of support for companies with over ten but less than 35 employees. That category of business will now be able to access the services. The high-potential start-ups will be very much encouraged by Enterprise Ireland. We must remember that Enterprise Ireland-supported companies employ 175,000 people.

I genuinely believe that we are integrating the knowledge into a one-stop-shop that can only benefit the development and roll-out of new companies as well as the expansion of existing companies.

Deputy Brian Stanley: The Minister for the Environment, Community and Local Government recently suggested that tensions exist between State agencies and Government Departments over this proposal. Is there tension and has it been resolved?

Deputy John Perry: I can assure the Deputy that there is no tension whatsoever. All of us in government and in every State agency have one motivation - to get Ireland back working again. That has been my experience in my dealings with civil servants. They are totally committed to getting people back into business and I am very encouraged by that. What the Deputy is referring to is only hearsay.

6 o'clock

The best evidence of our commitment is that we plan to roll it out as quickly as possible. I look forward to going to County Laois myself to launch it.

Other Questions

Professional Fees

6. **Deputy Éamon Ó Cuív** asked the Minister for Jobs, Enterprise and Innovation the progress that has been made in negotiations with the professional bodies in relation to the provision of advance price quotations; and if he will make a statement on the matter. [9081/13]

22. **Deputy Michael Moynihan** asked the Minister for Jobs, Enterprise and Innovation if he will provide an update on any discussions with the professional bodies on the provision of

advance price quotations; and if he will make a statement on the matter. [9095/13]

(Deputy Richard Bruton): I propose to take Questions Nos. 6 and 22 together.

The Action Plan for Jobs 2012 included a specific objective of increasing price transparency by encouraging all professionals - accounting, taxation, legal, etc. - supplying the business sector and consumers to provide price quotations in advance. In pursuance of this objective, the National Consumer Agency was tasked with "conducting market research and liaising with business representative groups to compile and prioritise a list of professions where sourcing of fees is currently an issue" and "commencing work with representative bodies with a goal to make standard fee lists available for routine services to both consumers and small businesses".

The agency commissioned independent market research to identify professional services where sourcing quotations was an issue for consumers and small businesses. The research also aimed to identify any other issues or difficulties associated with obtaining quotations. One of the main findings of the research was that a significant number of small businesses do not seek quotes in advance when dealing with professions or, indeed, experience difficulties in obtaining quotes when seeking services from providers in certain professions. Among the professions identified as posing difficulties for small business in obtaining quotations were solicitors, banking, accountants and insurance. Arising from its research, the agency apprised the relevant representative business groups of the research findings and, in particular, the finding that a large number of small businesses do not seek quotes in advance when dealing with professions.

Given its remit, the agency has also been involved in a number of price display initiatives with the objective of increasing price transparency and awareness in key sectors for consumers. In particular, the agency has initiated projects to improve price transparency to consumers in relation to dentists, GPs, solicitors and so forth. As of February 2013, the agency has agreed price display initiatives with the Dental Council, the Irish Medical Organisation and Early Childhood Ireland. In addition, the agency is currently in discussions in relation to greater price transparency with the Law Society and the Health and Social Care Professionals Council. The agency intends to target price transparency in other professional services as part of its 2013 work programme.

Aside from the foregoing initiatives of the National Consumer Agency, it is also essential that both consumers and businesses actively seek to achieve the best value for money through, for example, seeking quotations from service providers.

Deputy Dara Calleary: In June 2011, Forfás issued a report, The Cost of Doing Business, which said there was a danger that if structural barriers preventing costs from adjusting are not removed, once an economic recovery kicks in, recent competitiveness gains will be rapidly eroded. The danger is particularly acute on the legal side of things. Various troika reviews have also pointed this out.

The Minister for Justice and Equality came into the House last December 12 months in a blaze of publicity, as is his wont, with the Legal Services Regulation Bill. This time last year, he parked the Bill and we have not seen it since. His boast was that the Bill would reduce legal costs, which are seriously out of kilter in Ireland.

The Minister, Deputy Bruton, spoke about the National Consumer Agency, NCA, engaging with the Law Society of Ireland. I understand the NCA wrote to the Law Society seeking an engagement on initiatives to improve transparency for SMEs. Has the NCA got a response and how stands that initiative?

What is the Minister's Department's view on the Legal Services Regulation Bill? Is it a priority in the 2013 jobs action plan that we get some sort of resolution on lowering costs, as well as providing information? There is no point providing information when costs are out of kilter with international competitors.

Deputy Richard Bruton: I thank the Deputy for raising this issue. There is no doubt that professional fees have been a problem area. Neither is there any doubt that the arrival of the troika has seen change, which had languished over many years. Recommendations of the Competition Authority were not implemented, for example. These have, by and large, been implemented or incorporated in the Legal Services Regulation Bill. There is significant change in access and in the competitive structure of the sector. It is, clearly, an ambition of Government to implement that legislation.

The National Consumer Agency has, indeed, been in touch with the Law Society of Ireland. The agency requested that indicative quotes for standard services be made available to consumers via websites and so on. It was suggested that the Law Society and the agency could draw up standard templates for a range of routine services which consumers could use to detail their requirements for particular services.

The Consumer Agency did an interesting survey of fees charged for various legal services. Its survey on conveyancing, for example, showed that quotes for a standard conveyancing ranged from €750 for the cheapest to €4,000 for the most expensive. There is, clearly, huge scope for more competitive delivery to business and consumers by shopping around.

The National Consumer Agency is, obviously, doing its best to make sure there is more price display, but the message is clear from the survey, which goes through conveyancing, making a will, probate and so on. There are huge savings to be made by shopping around. We are working with small business associations to get that message out to small businesses.

Deputy Dara Calleary: First, it is all very well to tell people to shop around. Figures from the Central Statistics Office to the third quarter of 2012 show a 2% increase in service producer prices. There is no sense in shopping around when the price curve is going up.

Second, there is no Legal Services Regulation Bill. The Minister for Justice and Equality parked it, as though he could not afford to drive it on. He said he is completely rewriting the Bill, so we cannot assess or judge the impact this, as it were, makey-up Bill in the Minister's mind will have on legal services. In what will come out tomorrow for 2013, is getting the Bill through the Oireachtas and enacting it a priority?

Deputy Richard Bruton: I do not agree with the Deputy. I am aware of the figures he points to that show legal services cost have gone up by 2% while the costs of all professional services have come down significantly. By contrast, taking the example of conveyancing, one could get one quote that is 400% cheaper than another by shopping around. While the average fee level may be going up, there is opportunity for people to get better value. We are trying to get that message out, through the National Consumer Agency and the business associations. We are also pressing for greater price display in professional organisations.

The Minister for Justice and Equality is committed to reform in this area. He has embraced the reforms outlined by the Competition Authority as needed to bring about a more competitive environment. We look forward to the implementation of that legislation.

Construction Sector Strategy

7. **Deputy Willie O'Dea** asked the Minister for Jobs, Enterprise and Innovation the measures he has taken or proposes to take in the wake of the Forfás report on the construction industry; and if he will make a statement on the matter. [9100/13]

20. **Deputy Sean Fleming** asked the Minister for Jobs, Enterprise and Innovation the action he is taking to protect the future of the Irish construction sector on foot of the strategy submitted to him by Forfas; and if he will make a statement on the matter. [9084/13]

(Deputy John Perry): I propose to take Questions Nos. 7 and 20 together.

In response to the requirement set out in Action Plan for Jobs 2012, Forfás prepared a draft strategy for the construction sector to 2015 following consultations with industry and other key stakeholders. The draft strategy sets out actions aimed at placing the sector on a sustainable footing for future growth.

The issues facing the sector are broad ranging and cross several Departments and their agencies, including the Department of the Environment, Community and Local Government in respect of housing policy, planning and development issues and building regulations; the Departments of Finance and Public Expenditure and Reform and other relevant Departments in terms of the Government's public capital programme; the Department of Communications, Energy and Natural Resources in respect of energy efficiency issues; and the Departments of Education and Skills and Social Protection in terms of training and education, skills development, retraining issues and employment support services. With regard to my own Department, a key focus for Enterprise Ireland, EI, is the internationalisation of construction services, and EI continues to work intensively with the sector in this regard.

Historically, the construction sector has been a significant contributor to the Irish economy and it remains important, albeit on a more sustainable scale. As we all know, the sector grew to unsustainable levels on the back of a property bubble, resulting in very significant job losses when the market turned and the recession took full hold. A key concern across Government is the scale of those job losses and the need to rebuild the sector along an innovative and sustainable growth path for the future, thereby contributing to the economic and social development of the country. The report on construction was approved by the Forfás board last week and has just been presented to the Department. It identifies key areas for potential initiatives such as improving actions in the domestic market, driving further internationalisation, embedding competitiveness and innovation in the sector and ensuring the sector is skilled to deliver in emerging areas of opportunity. These recommendations will now be considered by the Department and in due course by Government. The report incorporates 30 actions.

Deputy Dara Calleary: Who will be in charge of delivering on those 30 actions? Will it be the Department alone or will it be the usual troika of the Departments of Jobs, Enterprise and Innovation, Education and Skills and Social Protection? How will we measure those actions?

We all know the decline that has taken place in the sector. The Minister for Social Protection has confirmed to me in reply to a parliamentary question that one in four of those on the live register - 109,000 people - formerly worked in construction. Of those, 53,000 had previously worked in a trade, so they had some element of skill. It might be a skill that needs to be updated for use in a new industry so we should focus on them. Plant and machinery operatives made up 10,000 of that number, with 1,500 working as architects, town planners or surveyors. These are high level qualifications and with some creativity they could be used in other sectors of the economy. Construction has fallen to an enormous extent, although there has been some job growth in the sector in the first months of this year, but these are still skilled people. There will be an upturn and there is no sense in our arriving back in the situation we had in the last upturn, where because of skills shortages, labour costs went through the roof.

How many of the 30 actions address re-skilling and updating skills and how many address growth in employment? Will the 30 actions serve to address the background of the cuts in the capital budget that directly impact on the sector?

Deputy John Perry: There is a dedicated unit in Enterprise Ireland, the potential exporter division, that has responsibility for responding to the development or needs of companies promoting the export agenda and proactively promoting a range of services.

The survey acknowledges the sector has made a rapid and dramatic transition from unsustainable boom to bust and it is currently operating at a sub-optimal level. The sector employs 101,000 people directly, which is 5.5% of local employment, with an output of 6.4% of GNP. At the peak of the bubble in 2006, over 200,000 were employed in the sector, accounting for 12% of the workforce. There is a big difference between developers and construction companies. We are fortunate that we have some fine construction companies and while Britain continues to be key export market for construction sector clients, Enterprise Ireland is focusing on a number of key areas, target markets and regions for further growth.

Finally, the 30 actions will go to Government and no doubt a number of Departments will be involved in their delivery. Enterprise Ireland is doing a great job with the construction companies building all over the world and employing Irish people. This sector went through meltdown but it still accounts for 6% of GNP and we want to get it back on its feet. Currently, it employs 101,000.

Deputy Dara Calleary: Is there a timeframe for the publication of the action plan? Will the Minister of State give a commitment that he or another Minister or Minister of State will be accountable for the delivery of those plans.? There is no sense in dividing them across three Departments, because they will not be delivered; they will fall between the cracks.

This brings me back to a common theme of mine. The enterprise agenda is so dependent on skills that we need far greater integration between Departments. Can we have a commitment that someone will be responsible for the delivery of the 30 actions? The export side of the economy is strong and we support investment in it but the domestic economy also needs attention. There are some construction companies that will never leave their own county, never mind go abroad. They also deserve attention.

Deputy John Perry: There might not have been any joined up thinking in the last Government but there is in this Government when it comes to job creation. The Taoiseach is driving the action plan for jobs. This report will not sit on a shelf; it will be driven forward.

Deputy Dara Calleary: By whom?

Deputy John Perry: By the Government. This is an all-inclusive Government that will deliver on jobs, as we have already discussed today. I have no doubt the action plan will provide evidence of integrated, joined up thinking. Delivering on the 30 recommendations will be discussed in the Dáil and it will be clear that the Government is acting to offer every support to a critical sector of the economy. I am confident the success of Enterprise Ireland with those successful construction companies, not with the developers who brought the country to its knees, will continue. Those companies are doing a great job outside Ireland, building in every region of the world. Those are the companies we want to attract back into the country to grow employment.

Grocery Industry

8. **Deputy Seamus Kirk** asked the Minister for Jobs, Enterprise and Innovation his views that the recent assessment of the Consumer Association that there is not genuine competition in the supermarket sector; and if he will make a statement on the matter. [9090/13]

35. **Deputy Niall Collins** asked the Minister for Jobs, Enterprise and Innovation his views on the apparent lack of competition in the supermarket sector; and if he will make a statement on the matter. [9076/13]

Deputy Richard Bruton: I propose to take Questions Nos. 8 and 35 together.

The CAI survey showed that comparing 16 items across four different multiples found less than 2% price differential between them. This has also been a feature in surveys by the National Consumer Agency. The CAI suggests that special offers appear to be available rather than price differences to win new customers.

It should be said that price matching in itself is not a breach of competition law. The Competition Authority of Ireland has conducted a number of studies of competition in the grocery sector. The long-term trend has seen a decline in the number of independent retailers and growth in the number of multiples. The authority has found relatively weak competition at the wholesale and retail levels of the Irish grocery supply chain. Frequently, competition has been by way of special offers rather than by price. The Irish distribution system has been found to be inefficient compared to Britain. That said, there has been quite an amount of change in the distribution channels that have brought savings but these savings have not been uniform across the sector. The key recommendations made by the Competition Authority of Ireland were to relax the planning guidelines to make it easier for new retailers to contest the market. The Minister for the Environment, Community and Local Government has introduced new retail guidelines which are designed to reduce barriers to entry.

The entry of discount retailers has undoubtedly introduced greater competition into the market. These stores do not typically carry the branded products surveyed by the CAI and were not included in its survey.

As regards food prices, figures published by the Central Statistics Office show that food prices in Ireland increased by over 2.5% over the 20 month period coinciding with the CAI survey which showed that the price of 19 branded grocery items in four major multiples had increased by over 12%. The CSO harmonised indices of consumer prices, which is the accepted measure for comparing price trends across the EU, shows that food prices in Ireland increased by 1.6% in the 12 months to December 2012 as compared with an increase of 3.4% in the EU and 3% for the Euro area for the same period. The harmonised indices also show that food prices in Britain increased by 3.8% in that period.

Deputy Dara Calleary: The Consumer Association of Ireland and the CSO figures have brought the spotlight back on to the supermarket sector. The Minister mentioned relatively weak competition and the difficulty here is that relatively weak competition is impacting on people's day to day existence. Everyone has suffered severe income cuts and they are cutting expenditure to the bone. When we see even a 2.5% increase in staple food products in a year, even if we disregard the 12% increase, it is 2.5% too much at a time when many input costs have been reduced.

Are there any plans in the Department to review the operation of the supermarket industry with a view to benchmarking it against Britain or other European competitors to see what we could do to encourage competition? Is the Minister happy with the supply arrangements that are in place and that there is proper behaviour between supermarkets and their suppliers? Is any work being done in the Department on that? There will be no new entrants to the market in its current state but what are we doing to support independent retailers in the market?

Deputy Richard Bruton: I agree this sector has serious knock-on impacts. Over the past number of years the Irish food sector has become more competitive relative to the EU and there are improvements occurring against international trends. There have been significant new entrants and it is evident that some of them are building significant market share at keen prices.

I am conscious that this sector needs to be kept under review. It has been studied on a number of occasions previously. It remains one that is of interest in the work of my Department and its agencies. These surveys are a useful way of keeping a consciousness of the opportunities.

As regards the supply chains, later in the year I will be introducing competition legislation which will include powers to ensure there are fair relationships in the supply chain. This has been an issue of concern.

On the wider issue of supporting the retail sector, there are opportunities for the retail sector, even in a difficult climate, to evolve. Obviously, going online is an area of potential. The Minister of State, Deputy Perry, has been spearheading our review of all licences for the retail sector to ensure we remove the blockages in it that add compliance costs to small business.

Deputy Dara Calleary: Another issue on which the Minister may not have a briefing is that of alcohol sales within the retail sector. Is the Government any closer to publishing its strategy on that area which will impact on the overall sector?

Deputy Richard Bruton: I am afraid I do not have briefing on the time of that.

Skills Shortages

9. **Deputy Catherine Murphy** asked the Minister for Jobs, Enterprise and Innovation if in relation to his stated aim of attempting to fill the skills gap that exists in the technology industry, he intends to advance proposals that will ensure the bulk of jobs available will go to domestic workers rather than recruiting directly from abroad; if he will identify similar skills gaps that exist in other sectors, if any; and if he will make a statement on the matter. [9034/13]

Deputy Richard Bruton: A large number of companies in Ireland seek graduates with backgrounds in science, technology, engineering and maths. This is not confined to the technology sector. Such skills are increasingly needed in every sector.

Ireland's education and training institutions are currently providing a wide range of courses which qualify graduates to meet these skill needs and to match employment opportunities as they arise. These include technology programmes in computer science, software engineering and computer applications and support.

Overall, Ireland is ranked No. 1 in the world for skills availability, with almost 48% of those aged between 25 and 34 having benefited from third level education. Over half of the students in Ireland graduate with a degree in engineering, science or business.

Nonetheless, skills gaps have emerged, particularly ICT skills, and given global demand, this is not an issue that is unique to Ireland. Demand for the necessary high-level ICT skills is exceeding supply. In response to this problem, last year my colleague, the Minister for Education and Skills, Deputy Quinn, and I launched the joint Government-industry ICT Action Plan: Meeting the High Level ICT Skills Needs of Enterprise in Ireland.

Crucial elements of the ICT skills action plan are the up-skilling and conversion programmes. The conversion programme, in particular, recognises the impacts of the economic recession on the numbers of talented graduates from non-computing disciplines who are unemployed. A key element of these programmes has been the commitment by the industry to provide work experience during the programmes and opportunities for placement on completion. These initiatives are designed to ensure that the maximum possible numbers of jobs are filled domestically. Overall the programme plans to double the number of graduates available in these sectors.

The Joint Oireachtas Committee on Jobs, Enterprise and Innovation, in its recent review of ICT skills demand in Ireland, found that these skills are vital to the successful transformation of many sectors to become innovative and respond to market opportunities. The mix of experience and skill from outside Ireland is essential to build diverse and dynamic clusters in these important areas.

Additional information not given on the floor of the House

It is well known that every new job in an exporting business generates at least one other job in the domestic economy. However, in the case of certain high-skilled and creative employees that return has been estimated at 0.5 to one. We must therefore ensure that our employment permits system is geared towards attracting the skills we need in a managed system which complements the initiatives underway in the training and education sectors.

Deputy Catherine Murphy: Only a few weeks ago an article in the media stated that we may well be losing out on foreign direct investment due to concern about some of the gaps here in this sector. Essentially, the ICT plan is in place. What are the timelines to bring through the kind of numbers so as not to send out such a signal that we may be open for business but there is an inadequate supply of such skills because that has the potential of reducing the number of companies that will set up here? I do not have a big difficulty with employing persons from abroad where the Minister is bringing in new skills but it would be ideal if those skills were made available here through the education system.

Is the Minister, Deputy Bruton, talking to the Minister for Education and Skills about the impediments to returning to education? For example, the cost of part-time education can be prohibitive, particularly for those who are on welfare.

Acting Chairman (Deputy Peter Mathews): There is a question to follow.

Deputy Richard Bruton: As Deputy Catherine Murphy stated, there is a problem here. These are creative persons and there are estimates in other countries that one such person has a knock-on impact of approximately five jobs in the rest of the economy because such persons transform the ability of key sectors to perform to a much higher level. We cannot afford to be without these skills.

While we plan to double the graduate number, that will take a four-year cycle to achieve. In the meantime, we are putting through approximately 700 persons on the Springboard conversion courses in the ICT area and those courses are free to those participating.

There are also approximately 1,200 persons coming in on work permits with these sort of particular skills. Such permits will always be needed. There will always be a need to provide balance with persons of international experience because we need to form strong clusters in these sectors so that they become magnets for skill and enterprise development. It is an area where the balance in being open to bringing in outside skills and developing our internal ones is key. I assure the Deputy that the Minister, Deputy Quinn, is alert to the opportunities in this sector.

Deputy Dara Calleary: A proposal for a high-tech visa for those who bring very specific skills has been with the Minister for some time. It is the one forwarded by Open Ireland. Has the Department advanced that proposal?

What has the Minister done and what consultation has he had with the Minister, Deputy Quinn, on the language deficit, particularly to up-skill persons to the proficiency of a native speaker?

Deputy Richard Bruton: We are working on a significant overhaul of the work permit system. We will make it much more accessible and much easier to deal with. We will broaden the ranges of skills, particularly where ICT staff at present are only regarded as an automatic category if they are working in the ICT sector. We recognise that approximately 75% of them work outside the ICT sector. Therefore, there will be a broader and easier system. We also will introduce trusted partner concepts so that persons can have confidence that they will get permits, although we are not going down the route where anyone can walk in with a visa that is not related to a job opportunity. However, it will be a dramatic change.

Language deficits continue to be a problem. It is not as simple as putting on a few more courses. As Deputy Calleary stated, this refers to ability close to that of a native speaker. It will be a longer-term project. There are concepts such as international marketing and languages which can be of real benefit to indigenous companies seeking to trade overseas, but the gap of those able to speak a language as a native would be a harder gap to fill in the short term.

Acting Chairman (Deputy Peter Mathews): I call Deputy Catherine Murphy because she asked the question.

Deputy Catherine Murphy: On the link between education and availability, for example, the increase in the pupil-teacher ratio at PLCs, which is an important entry route for some into third level, will reduce the number of courses. Although I do not know whether it will impact on the ICT area, would the Minister have had a discussion with the Minister for Education and Skills about that type of issue because there is no point in finding out about it after the problem has manifested itself; it is a matter of anticipating it?

Deputy Richard Bruton: What is exciting about what the Minister, Deputy Quinn, and the Minister of State, Deputy Cannon, are doing is that they are providing not only the courses, but the connections to employers. For instance, the Momentum initiative is a really good initiative. That provides 6,500 places for persons who will have a placement in an education setting but also a matching placement period in a workplace. That is the sort of new thinking that is coming now from the Department of Education and Skills which will join the dots bringing enterprise and the education system closer together. We have learned from countries such as Germany that it is only when those links are forged that one will get quality skill that really is of benefit to people.

Exports Growth

10. **Deputy Martin Ferris** asked the Minister for Jobs, Enterprise and Innovation the efforts that have been made by the Industrial Development Agency and Enterprise Ireland to create jobs deriving from exports to the USA. [9067/13]

Deputy Richard Bruton: The USA is Ireland's biggest trading partner and our largest merchandise export market. In 2011, the total exports of goods and services from Ireland to the USA amounted to €27.4 billion. Goods and services imported to Ireland from the USA in the same year amounted to €30.8 billion. The USA is the second largest export market for Irish-owned companies. There are currently approximately 900 such companies exporting to USA, with approximately 320 having some form of presence in the market, ranging from a single-person sales office to manufacturing operations with thousands of employees. The exports of these companies are crucial in maintaining and growing jobs in every county of Ireland.

Enterprise Ireland has three offices in the United States, in New York, Boston and Silicon Valley. These offices provide a number of support services to Irish exporting companies, including helping them to understand distribution channels and supply chain dynamics and troubleshooting on operational and logistical issues where necessary. The personnel in these offices also facilitate introductions to relevant buyers, provide access to expert advice from mentors and advisory boards, many of whom are drawn from the Irish diaspora, and facilitate the visit of key US procurement and buying personnel to Ireland. Enterprise Ireland's international selling programme, its potential exporters support programme and its leadership4growth programme prepare clients to operate in the US market as well as raising awareness of Irish CEOs of business culture and practices in the USA.

During 2012, Enterprise Ireland provided individual customised services to 645 companies, which resulted in contracts being won with 155 new customers and assisted 58 Irish companies to establish a presence in the USA. In 2012, also, over 450 Irish exporting companies participated in 16 Enterprise Ireland organised trade fares targeted at US buyers, while 122 US buyers visited Ireland at the invitation of Enterprise Ireland to meet Irish clients.

Additional information not given on the floor of the House.

With regard to IDA Ireland-supported companies, it must be borne in mind that US companies establish a presence in Ireland to enable them to grow their international markets. Consequently, over 77% of exports from such companies go to non-US markets, principally Europe and Asia, with 23% going to North America.

To attract inward investment and develop and expand Ireland's exports across a wide range of sectors, I have led seven Enterprise Ireland and IDA Ireland trade missions to the US since March 2011. These missions raise Ireland's profile as a world class supplier of goods and services and contribute to the generation of quality employment.

The advancement of a free trade agreement between the US and the EU is one of Ireland's priorities during the Irish Presidency of the EU. I intend to focus my efforts on facilitating the advancement of the EU-US trade agenda as a priority item and, to this end, I will be hosting a trade ministerial conference, informal council, dedicated to this agenda in Dublin in April.

Deputy Brian Stanley: I thank the Minister for his answer. We are agreed that it is a very important market. I understand it is the largest single export market and accounts for 20% of our exports. The concern is that the value of the exports has reduced by €3.4 billion in the period from 2011 to 2012. What is the Minister's understanding of what is happening with these exports and the knock-on drop in value? What steps is the Government taking to promote Irish products in the USA? How will it go about regaining the lost value of exports?

Deputy Richard Bruton: The drop in value is largely due to a certain number of patented products coming off protection, which has led to a significant reduction in the value of certain pharmaceutical products. Having said that, we have sustained employment in the pharmaceutical sector, so IDA Ireland has been successful in repositioning our overall portfolio within the pharmaceutical sector to maintain and increase overall employment, despite certain products coming off patent.

The Enterprise Ireland figures are very positive. There was an additional €300 million of exports from Enterprise Ireland companies, which represented a 30% growth for Enterprise Ireland - Irish-owned - company sales. I have led seven Enterprise Ireland and IDA Ireland missions to the US. It is a fruitful market for us in foreign direct investment, most of which still comes from the USA, and increasingly Irish companies have the quality products and services to penetrate that market and are doing so successfully. The prospective EU-US free-trade agreement is a priority for us during the Presidency. That could also open additional opportunities by bringing down barriers in the market.

Deputy Brian Stanley: I welcome the use of the Presidency and extra exposure to promote Irish products.

Local Enterprise Offices

11. **Deputy Peadar Tóibín** asked the Minister for Jobs, Enterprise and Innovation if he is willing to revisit the proposals to establish LEOs in view of the opposition of the small business sector. [9046/13]

27. **Deputy Aengus Ó Snodaigh** asked the Minister for Jobs, Enterprise and Innovation his views that the primacy for local small business development should rest within the agencies

responsible to his Department. [9058/13]

Deputy Richard Bruton: I propose to take Questions Nos. 11 and 27 together.

The prepared reply is very similar to the one earlier delivered by the Minister of State, Deputy Perry. Let me paraphrase it rather than reading it again.

Deputy Dara Calleary: The old ones are good and never bad.

Acting Chairman (Deputy Peter Mathews): One can never get too much of a good thing.

Deputy Richard Bruton: We are absolutely committed to the provision of a much better environment for small business and we believe that by integrating the capacity of the local authority with the enterprise boards, we can develop a quality service. As the Minister of State, Deputy Perry, pointed out, one element of that is a first-stop shop. There will be a place for people to go where they can get easy access to State supports across an entire range, including Revenue Commissioners for the seed capital scheme, the Department of Social Protection for back to enterprise and the Credit Review Office. They will have a seamless access at that first-stop shop. They will bring local authority support services to business into one location so there will be both local authority and others. We are building a network that will have service level agreements with Enterprise Ireland and, more importantly, there will be a centre of excellence within Enterprise Ireland designed to drive high quality interventions.

As the Minister of State, Deputy Perry, has already said and it was acknowledged by Deputy Calleary, we have introduced the new credit guarantee and microfinance. We want to make that information available through the local authorities within local authorities. As the Minister of State, Deputy Perry, said, I accept there is criticism. Some people claim these should not be located in local authorities. However, I believe this is a great opportunity for local authorities to demonstrate their commitment to small business in their region because focusing on small business will allow them rebuild their rate base and rebuild the prosperity of their area. We are absolutely committed to deliver this and deliver a quality service. We will go on the road to promote it, as the Minister of State, Deputy Perry, has done, in order to get the optimum service to business.

Deputy Brian Stanley: I am delighted that the Minister, Deputy Bruton, and the Minister of State, Deputy Perry, are espousing Sinn Féin policy. We proposed having local enterprise one-stop shops in a jobs plan we announced four years ago. It is good that it is happening. It does not matter who introduces it. ISME and the Small Firms Association have been very forthright in expressing concerns about this. Our party believes it is a good idea, but the views of ISME and the Small Firms Association need to be considered and the Government needs to sell the idea to them.

Deputy Richard Bruton: I accept we have to sell this. We must ensure there is an enterprise culture in these local enterprise offices - that is absolutely clear. Part of the fear is that there will not be an enterprise culture. In the Deputy's earlier supplementary questions to the Minister of State, Deputy Perry, he asked if this would be politicised. These decisions will not be politicised. The decision making on grants will be done by an independent evaluation committee. Local business people will be on that committee to ensure its professional expertise is brought to bear on the projects.

The county and city managers have 2,000 initiatives that they have mined from different local authorities as positive things they have been doing for business. We want to see that sort of best practice being mainstreamed in our local authorities so that not only are they housing this excellent service, but also bringing considerable added value to it. That is the concept. I accept we need to sell it and persuade small business, but I believe we will demonstrate that it will deliver a good service.

I thank Deputy Stanley. I do not care where ideas come from so long as they work.

Deputy Brian Stanley: We do not mind.

Acting Chairman (Deputy Peter Mathews): I thank the Deputies for their questions, and the Minister and Minister of State for their replies.

Written Answers follow Adjournment.

The Dáil adjourned at 7.40 p.m. until 2 p.m. on Tuesday, 26 February 2013.