



DÍOSPÓIREACHTAÍ PARLAIMINTE
PARLIAMENTARY DEBATES

DÁIL ÉIREANN

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

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DÁIL ÉIREANN

Dé Máirt, 23 Aibreán 2013

Tuesday, 23 April 2013

Chuaigh an Ceann Comhairle i gceannas ar 14.00 p.m.

Paidir.
Prayer.

Ceisteanna - Questions

Priority Questions

Retail Sector

88. **Deputy Dara Calleary** asked the Minister for Jobs, Enterprise and Innovation if he has had any recent meetings with RGDData; and if he will make a statement on the matter. [18972/13]

Minister of State at the Department of Jobs, Enterprise and Innovation (Deputy John Perry): I am acutely aware of the importance of the retail sector in the Irish economy. The combined wholesale and retail sector in Ireland employs 273,000 people which is one in every seven working in Ireland at the end of 2012. The sector also supports employment in other related services such as transport and logistics. A number of bodies represent different parts of the retail sector, with RGDData representing independent family-owned grocery shops, convenience stores, forecourt stores and supermarkets. I launched the first of AIB's series of outlook reports for the SME sector on Friday, 19 April. It is a very detailed report on the retail sector. As that report was focused on the retail sector and undertaken in conjunction with RGDData I met with the director general of RGDData at that event and on numerous other occasions. In addition RGDData was part of the local jobs alliance delegation which met with the Minister for Jobs, Enterprise and Innovation, Deputy Richard Bruton, in September 2012. In addition, a representative of RGDData, the Retail Grocery Dairy and Allied Trades Association, sits on the high level group on business regulation, which I chair, so we engage regularly on issues relevant to the retail and small business sector through that forum, including the meeting on 30 January last. RGDData has been active in making input in many areas affecting the business climate and many of the reforms introduced by the Government have responded to these concerns.

In recognising the importance of the retail sector to the economy, the 2013 Action Plan for

Jobs contains several measures aimed at supporting the sector. We are currently introducing new initiatives including the rationalisation of 25 retail licences and provision of a single retail licensing system which will cut down on regulation; promoting a proposed competitive voucher scheme to assist retailers to go online and strengthening the Credit Review Office to deal with problems in getting access to finance.

Additional information not given on the floor of the House

There will also be the integration of local authority business support into a stronger local enterprise office to support the emergence of a better local environment for micro and small businesses. In addition, the Government has committed to establishing an interdepartmental group to undertake a short examination of possible further measures to assist the retail sector, which could, for example, be considered in the context of the budget or the 2014 Action Plan for Jobs. The group will comprise key Departments and will consult with relevant stakeholders across the retail sector as part of its work. RGDATA will be one of the representative bodies which is consulted as part of that examination of the retail sector.

Deputy Dara Calleary: I acknowledge the work the Minister of State is doing in tidying up the licensing side of matters. Concerns have been expressed by RGDATA and other small business organisations about the practices adopted by AIB and Bank of Ireland regarding banking charges. For example, there has been a 165% increase in lodgment fees by AIB, the State-owned bank to small business. I know of a practice by Bank of Ireland, one I suspect also used by AIB, of designating certain days for lodging coin and others for lodging cash. As an experienced businessman, the Minister knows a small business will not know what day it will have to lodge notes or what day, coins. Has the Department expressed concerns to the banks about these kinds of decisions? The banks are making day-to-day business banking more expensive and more awkward. Has the Minister had any interaction with the banks on this? Is the RGDATA report quoted by the Minister earlier sponsored by AIB?

Deputy John Perry: Yes, it is a joint report.

Many concerns have been raised about the quadrupling of the charge for the handling of every €100 to 14 cent. I plan to raise this issue with the banks. It, as well as cheque clearances, is a significant charge for a small business's bottom line. I am disappointed they raised the charges for handling cash. Representatives from AIB and Bank of Ireland will attend the advisory group on small business, which RGDATA sits on too, to discuss access to credit. This matter can be raised with them as a follow-on question.

The report on retail trends launched last week by RGDATA pointed out how there has been a seismic shift to discounters. It found that three out of four retailers are seeing consumers buying more items on special offer. Up to 57% of retailers experienced a decrease in turnover between 2011 and 2012, while 16% reported an increase. A key finding from the survey was that half of those who took part in it plan to improve or expand their business in the next three years while one out of five expects their business to be taken over by a family member.

I intend to raise the issue of increased bank charges and stacked up hidden costs for small businesses with the banks at the next advisory group meeting.

Deputy Dara Calleary: It would be better if AIB did fewer glossy reports telling us what we know and took business seriously to give them a fair pitch in financing day-to-day business. What is happening is ridiculous. The banks are doing the bank robbery and robbing business.

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As the Government is the prime shareholder in AIB, will the Minister point out forcefully that these practices are not helping the growth of the economy and are actually destroying businesses trying to create jobs?

Credit Availability

89. **Deputy Peadar Tóibín** asked the Minister for Jobs, Enterprise and Innovation the initiatives taken by his Department to address the market failure of bank lending to small and medium enterprises; and the cost to date of these initiatives. [18627/13]

Minister for Jobs, Enterprise and Innovation (Deputy Richard Bruton) (Deputy Richard Bruton): My Department has introduced a range of targeted initiatives to support an additional flow of credit into the economy by filling gaps where specific market failures exist. The credit guarantee scheme and the microenterprise loan fund are among those initiatives.

The credit guarantee scheme has been live since 24 October and is intended to address market failure affecting commercially viable businesses. It provides a 75% State guarantee to banks against losses on qualifying loans to firms with growth and job creation potential.

A total of €299,981, including VAT, has been paid to the operator of the scheme. The cost of the scheme will be partially offset by receipts from the 2% premium paid by borrowers. To date, loans of over €3 million have been issued under the scheme, as a result of which over 200 jobs are expected to be created or maintained.

The second initiative is the microenterprise loan fund which was established by Government and began operating at the beginning of October to improve access to credit for entrepreneurs and micro-enterprises and to facilitate the growth and expansion of viable businesses.

The State provided a grant of €10 million in 2012 to Microfinance Ireland, the company established to administer this scheme. I can report that the cost for 2012 was €461,000, which includes once-off set up costs of €278,000. To date, applications of over €2.5 million have been made under the scheme and €700,000 has been approved, as a result of which over 110,000 jobs are expected to be created or maintained.

In relation to the cost of both schemes, Exchequer gains in terms of employment sustained and created, savings on welfare payments and increased direct and indirect taxes have been calculated at over €20,000 per job. On this basis I am satisfied that both schemes are more than balanced by the potential benefits.

In addition to these initiatives, the seed and venture capital scheme, the Innovation Fund Ireland and the development capital scheme are helping Irish companies, including SMEs, access funding in the current difficult environment.

Deputy Peadar Tóibín: It might be noted that I tabled a number of questions to the Minister on the stimulus package and the jobs likely to be created from it. I also tabled questions on legacy debt for small businesses but his Department decided not to answer those and they were forwarded to the Department of Finance. I ask the Minister to request that these job-centric questions be answered properly by the Department in future.

Deputy Dara Calleary: I am in the same boat, so to speak. We tabled questions about

legacy debt for the Department of Finance also. They are specifically tailored for this Minister.

Deputy Peadar Tóibín: One of the major breaks on this economy is debt overhang and the ability to access credit. It is one of the reasons we in Sinn Féin have insisted time and again that stimulus by the Government is necessary. In other words, when private investment is paralysed, the State must invest. There is no doubt in my mind that the Government will come around to that view but the issue is how long it will take it to do that and the damage that will be done in the interim.

It is important to state that the Government has given a number of responses with regard to credit but we should examine the size of the problem. The Minister has put €64 billion of our money into the banks. Fiona Muldoon from the Central Bank of Ireland has stated that 50% of €58 billion of impaired debt is due to the small and medium enterprise, SME, sector. If construction is taken out of that, we are talking about at least €8 billion, or 35%, of SME debt which is impaired. It is impossible for those healthy businesses to survive. Spicers in Navan, for example, had a functioning business, a product that would sell and a customer base but, unfortunately, it had diversified into property and the entire business was sunk.

We have asked the Government time and again to deal with this issue through the banks, the organisations that got the money, but it has refused to do that. It has brought forward a number of smaller projects and funds which make up €200,000 here and €2 million there but do not come near the billions of euro hampering this economy. What has the Minister done to get the Economic Management Group to go to the banks to get this issue resolved?

Deputy Richard Bruton: I understand the Deputy's frustration but there are issues that are not dealt with by my Department. The presentation of a stimulus package, whether it be PPPs, infrastructure funds or whatever, is not the responsibility of my Department. The Deputy could table a question and receive a response from the Minister for Public Expenditure and Reform. The situation is similar with regard to impaired loans. I know the Financial Regulator is talking about setting targets for the small business sector in the same way as targets have been set for mortgage holders in terms of dealing with problem loans. However, responsibility for that lies with the Minister for Finance. I am not being obstructive; that is just the situation.

I agree we must be innovative in the way we create a stimulus. If we tot up all the access to funding schemes for SMEs the Government has put in place, that will amount to €2.5 billion. Much of that is now funded from the NPRF. In addition, the Minister for Public Expenditure and Reform has a €2.25 billion stimulus scheme in place, through PPPs and other capital programmes and NAMA has indicated that it is investing €2 billion in its property folio. These are ways - off the balance sheet - for providing a stimulus and the Government is committed to creating opportunities for job creation.

The questions tabled, which I answered, related to the cost of schemes our Department has sponsored and I dealt with that.

Deputy Peadar Tóibín: May I put another supplementary question?

Acting Chairman (Deputy Peter Mathews): Sorry, we have run out of time. I remind the House that the time for supplementary questions and answers is limited to four minutes. The reason I announce there are two minutes remaining is to provide a guideline on the remaining time available.

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EU Directives

90. **Deputy Maureen O'Sullivan** asked the Minister for Jobs, Enterprise and Innovation if he recognises the importance of the EU Accounting Directive as a game changer for the entire relationship between Europe and Africa; if he will push for the best possible standards of Chapter 9 of the Directive under the Irish EU Presidency; and if he will make a statement on the matter. [15825/13]

(Deputy Richard Bruton): I am pleased to say that a preliminary first reading agreement was achieved on 9 April last by the Irish Presidency of the Council on the draft EU accounting directive, which we had set as a priority during the Irish Presidency and which is an important item of EU legislation. The EU Committee of Permanent Representatives approved this preliminary agreement at its meeting on 17 April, thus preparing the way for adoption of the accounting directive on the basis of the present text.

The directive is important in that it updates the EU's accounting legislation and provides for simplification and administrative burden reductions, in particular for small and medium enterprises. It is one of the final outstanding parts of the Single European Market. Also, under specific provisions of this directive, at chapter 9, information on the revenue streams which governments in resource-rich countries around the world receive from European companies active in the extractive industries and in the logging of primary forests, will require to be provided by the industries in question. As a consequence, the populations of these countries will have this information available to them. This acts as an accountability mechanism *vis-à-vis* the governments in question.

In the accounting directive, natural resource companies - large companies and public entities - will be required to report all payments in excess of €100,000 to governments and local authorities in the countries where they operate. This information will facilitate accountability of both companies and governments to citizens of mineral rich countries regarding the contracts that they undertake. It will increase transparency of the moneys that oil, gas, mining and forestry companies pay to governments and local authorities. Under the reforms, companies will need to publish total payments for each country in which they operate and for each project, taxes on profits or production, royalties, dividends, bonuses, related fees and payments for infrastructure improvements. There is no exemption for disclosing these details in countries where this may breach local laws.

The provisions of the accounting directive will take effect in the European Union two years, at the latest, after its adoption.

Deputy Maureen O'Sullivan: My question was submitted just before that directive was signed. I acknowledge the work the Government and officials have done to support the accounting directive. This is something NGOs and civil society have been seeking for some time. The EU Commissioner, Michel Barnier, has said that local communities in resource-rich countries will finally be better informed about what their governments are being paid by multinationals etc. for exploiting oil and gas fields, mineral deposits and forests. This directive must mean more than that they will be better informed, because these communities are losing out big time. They should see the benefits of the resources in their countries.

Some \$1 trillion disappears without trace from developing country, abetted in the main by multinational companies evading taxes. The disappearance of these moneys is also supported

by corruption on the part of officials. This issue has been called the ugliest chapter in global economic affairs since slavery. Will Ireland build on what has been achieved in the directive, particularly in chapter 9, to create and support greater transparency in country-by-country reporting?

Deputy Richard Bruton: Absolutely. I thank the Deputy for her commendation of the officials in my Department, who have done a great deal of work. As she probably knows, painstaking work is required to get these things over the line. I will convey her remarks to my officials. It is clear that abuses have developed in this area. The NGOs have been extremely exercised about it, and rightly so. The directive creates a charter for transparency. I understand that similar provisions are included in the Dodd-Frank legislation in the US. We are beginning to see a commitment on a broad global basis to having more transparency in this area. I hope that reduces the sorts of abuse mentioned by the Deputy.

Deputy Maureen O'Sullivan: An effort needs to be made at UN level to highlight the issue of tax justice and to tackle the illicit movement of taxes from particular countries. Did the Government support the inclusion in the review clause of additional sectors, such as telecommunications and construction, that could be included in the directive? While I accept what is being done with regard to oil, gas and mineral reserves, I think similar efforts could be made in other areas. It is interesting that at a recent climate change conference, President Higgins outlined some figures to demonstrate the extent to which multinational companies dominate particular sectors, such as the food sector, in the developing world. There is great scope for action to be taken in this huge area. There is great scope for Ireland, as a well-respected country, to do more to build on what has been done with regard to tax justice.

Deputy Richard Bruton: I will have to get back to the Deputy on the wider sectors she mentioned. I understand there has been broad-based support from the Council, the Parliament and the NGOs for what has been achieved here. One always has to get all of one's supporters together in order to get an item such as this through. I know my Department was keen to deliver this and I congratulate those involved in getting it across the line. I will get back to the Deputy on her supplementary question.

Economic Competitiveness

91. **Deputy Dara Calleary** asked the Minister for Jobs, Enterprise and Innovation his assessment of the recent Forfás report *The Costs of Doing Business 2012*; if he has prioritised any of the issues highlighted; and if he will make a statement on the matter. [18971/13]

Deputy Richard Bruton: A Forfás report that was published recently, *Costs of Doing Business in Ireland 2012*, indicates that business costs have decreased significantly in recent years, with overall prices in the economy falling back to levels last experienced in 2002. This is an important report in the context of our need to continue to build an export-led recovery. It examines the relative importance of different areas of cost for different sectors. The improvement in business cost competitiveness has been driven by dramatic reductions in property-related costs, in terms of purchase and rent levels, and falling prices across a range of professional and business services. We have also seen relative improvements in labour costs in Ireland, which fell by 0.9% per annum between 2008 and 2011. By contrast, labour costs in the euro area increased by an average of 4.6% per annum in the same period. While these improvements are welcome and indicate that we are moving in the right direction, we must continue to focus on actions to

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promote further cost reductions across the economy. The report advises that over half of recent cost competitiveness gains are attributable to favourable exchange rate movements. The report also indicates that upward price pressure is beginning to emerge in some areas, while rigidities persist within the economy.

The report highlights the fact that Ireland is still out of line with our key competitors on a range of business inputs. Despite the reductions achieved to date, labour costs remain relatively high and are over 6% above the euro area average. Energy costs remain a cause for concern, particularly for the SME sector, with Ireland as the fourth most expensive location in the euro area for electricity. Waste costs in Ireland are higher than those elsewhere in Europe. Despite the recession, legal service prices are 11% above 2006 levels. The report shows that Irish consumer prices are 12% above the euro area average. This is a significant indirect cost for business because it puts upward pressure on wage expectations. Another issue highlighted in the report is the impact on our competitiveness of labour taxation. The marginal rates of income tax are 52% and 55% for employees and the self-employed, respectively. This is higher than in many of our competitor countries. In addition, these rates commence at a relatively low level of income. Tax rates of over 50% on average incomes damage inward investment and entrepreneurship and can act as a disincentive to work. It was in recognition of this issue that I said the Government must continue to keep its promise by avoiding further increases in the burden of taxes on work if we are to sustain and accelerate the transition in our economy and the jobs recovery that has begun. We must begin to reduce the income tax burden as soon as possible, starting with hard-pressed families on average incomes.

Additional information not given on the floor of the House

I draw a comparison with our nearest neighbours in the UK, where one pays 20% tax up to approximately €37,000 and then a marginal rate of tax of 40% on income up to €175,000. The contrast highlights the mistake, in my opinion, of previous Administrations, under which 80% of fiscal correction was made through increases to income tax. The Forfás report makes a number of recommendations aimed at further improving our cost competitiveness position. Part of the Action Plan for Jobs has been the development of proposals each year that can improve our competitiveness. This report will be a valuable input into developing further proposals. Forfás is undertaking detailed work in areas such as licensing and regulation, ease of doing business and wider measures that would enhance competitiveness. This is intended to develop proposals that can be enacted in the years ahead. The implementation of these actions, combined with the Government's broader agenda to enhance productivity, will play a key role in improving our competitiveness and realising our ambition of making Ireland the best small country in the world in which to do business.

Deputy Dara Calleary: Electricity costs for SMEs in Ireland are now among the highest in the euro area and the fourth most expensive behind Cyprus, Malta and Italy. The cost of credit for new loans to Irish enterprise exceeds costs in the euro area for a range of loan types from the banks, but also from a State scheme, the microfinance scheme, which at over 8% is far higher than many euro projects. A warning contained within the report, as the Minister will have read, is that Irish consumer prices are 12% above euro area prices. What we are paying for food in particular is far in excess of the average in the euro area, which, in itself, is an indirect cost for business.

The Minister mentioned 2002. Between 2002 and 2006, in particular, the consumer price index and costs rocketed. It was very difficult to do anything after costs had gone up but the

Minister now has the chance to intervene before those costs begin rising again. It will be difficult to lower the consumer price index unless we tackle the cost of our utilities - for example, our excessive water costs. In light of the Forfás report, has the Minister brought specific concerns or plans to the Government with regard to our utility costs and the cost of banking in Ireland? With regard to the agencies within his Department, has he any proposals for controlling the consumer price index, particularly the cost of food, at a time when labour costs have come down and people are being paid less while the cost of living is actually going up?

Deputy Richard Bruton: As the Deputy knows, the Government has a series of initiatives in the area of water and waste which are designed to produce a more cost-effective and efficient delivery of water and waste to the industrial sectors. The report seeks the rapid implementation of those. In the case of electricity, while the Deputy might be better tabling a question to the Minister with responsibility for energy, I understand the ESB has been implementing a process of cost reduction. Some of the disadvantage is in the fuel mix we have. No doubt the ambition to diversify sources of fuel is an important aspect of long-term delivery of cost-effective electricity.

In the area of consumer prices, I have beefed up the Competition Authority, which will be merged with the Consumer Agency later in the year, and I have put additional staff there to look at areas in which there is potential or real abuse of competition. I am determined to see effective implementation of our competition legislation. The issue with regard to banking is one we can discuss and I acknowledge the point that has been made.

Deputy Dara Calleary: Forfás also points to the difficulties arising in the property sector, particularly the lack of availability of high-quality office space and the implications this has for enterprise. Is this something the IDA is dealing with or aware of? Are there specific proposals in this regard?

Deputy Richard Bruton: The IDA is very much aware of this and its chief executive, Mr. Barry O'Leary, has pointed out that there are now potential scarcities in respect of high-quality office space for new developments in Dublin. The issue is whether the margin is there for speculative building and whether it is willing to do that at this point. I know the IDA has, in certain cases, lodged and obtained planning applications in areas in which it feels the issue of property opportunities could hamper development. The IDA is very alert to this issue and will pursue it in every possible way.

Company Closures

92. **Deputy Catherine Murphy** asked the Minister for Jobs, Enterprise and Innovation his views on the closure of an ocean energy research company (details supplied) in County Kildare which had received funding from Enterprise Ireland; and if he will make a statement on the matter. [18359/13]

Deputy Richard Bruton: As Minister for Jobs, Enterprise and Innovation, I regret any job losses. It is an unfortunate reality that businesses can find themselves in difficulty for a wide range of reasons. The company in question was an ocean energy research project in the pre-commercialisation stage of development. The Deputy will be aware that policy responsibility for energy research falls within the remit of the Department of Communications, Energy and Natural Resources.

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The ocean energy development unit established in the Sustainable Energy Authority of Ireland in 2009 is charged with co-ordinating the relevant activities of State agencies and initiating other measures to promote and develop this sector. Companies in the early stage development of ocean wave energy projects are assisted by the SEAI. Where appropriate, Enterprise Ireland works with its colleagues in the SEAI to assist companies in the commercialisation of a validated technology. In such cases, Enterprise Ireland's role is to assist the promoters to develop their business proposition, including their funding strategy, and make introductions to Irish and international seed and venture capital funders.

I understand from the Department of Communications, Energy and Natural Resources that the SEAI was liaising directly with the company prior to its closure. I also understand Enterprise Ireland made itself available to meet the company to discuss ways in which it could be of assistance. Unfortunately, it was not possible to prevent the closure of the company.

Notwithstanding the unfortunate closure in this case, ocean energy research remains a priority area for the Government. This is reflected in the Action Plan for Jobs 2013 under which the Department of Communications, Energy and Natural Resources has committed to finalising the offshore renewable energy development plan and related strategic environmental assessment and natural impact assessment. This will provide a clear framework for marine renewable energy project development.

Deputy Catherine Murphy: The company about which I am talking - Wavebob - is well known. I realise it is piloting this technology which the Minister included in the Action Plan for Jobs and Delivering Our Green Potential. Several documents have been produced by bodies connected with the Government. The NESC produced a document on the Climate Change Bill in which it stated Ireland's offshore wind energy resources offered a significant export opportunity. When we are talking about frontier technology, it is clear that it takes time to develop. Significant expertise has been built up by this flagship company. I accept that it was in the development stage, but does the Minister accept that it is very short-sighted not to retain the expertise built up in this company over more than a decade? It appears there were significant delays before the SEAI made a decision, which was part of the problem. Does the Minister also accept that the loss of this frontier technology company costs us connections with other parts of the world in which there is a significant academic input into such work? I question whether the Government is really serious about ocean or marine energy projects or whether it is just ticking boxes. We all accept that it will take time to develop such projects, but when one loses a company with more than a dozen years of experience that has been able to leverage European and US funding, in addition to Irish funding, it does not bode well for the future in terms of the focused approach required. I would like to hear about the Government's response about an area in which large numbers of jobs could be created and a new export industry could be created.

Deputy Richard Bruton: The Deputy is raising a very large question in terms of the development of ocean energy resources which is, more properly, the area of my colleague, the Minister for Communications, Energy and Natural Resources. As I said in my initial reply, this sector has significant potential. It is also one in which the risk is very high. When allocating funds, any State body must do so in the knowledge that funds are limited and seek to support technologies that show the best promise. Criteria will be set for the allocation of funding. In this case, funding was provided for Wavebob by the SEAI and Enterprise Ireland - over €1.8 million was invested in the project. It is not the case, therefore, that there was no willingness to support it during the development phase. From my Department's perspective, a commercial business plan must be presented before Enterprise Ireland would be willing to make a further investment.

That is the ultimate test. Many technologies are being tested and developed and in some cases are in successful test-beds. The development of a coherent strategy for ocean technologies is about seeking to create an environment in which technologies can be tested. However, this does not mean every single case can be successfully supported in all circumstances. While it is regrettable that this case did not meet the criteria for the allocation of additional funding, this is inevitable in an area such as ocean technology in which the technologies are wide-ranging and the risks are clearly very significant.

Acting Chairman (Deputy Peter Mathews): That was a good question, but we have run out of time and must move on to other questions.

Other Questions

Job Creation Issues

93. **Deputy Seán Ó Fearghail** asked the Minister for Jobs, Enterprise and Innovation the actions he has taken to promote employment creation in Ireland and in Europe in the course of Ireland's presidency of the EU Council. [18656/13]

Deputy Richard Bruton: Stability, jobs and growth are the central themes of the Irish Presidency of the European Union. The issue of employment creation is one that is challenging all member states across the Union. During our Presidency we have made progress in a number of areas that can create the right environment for growth and employment. For example, agreement has been reached on the youth guarantee which promises to provide young people with a good quality offer of employment, continued education, an apprenticeship or a traineeship within four months of becoming unemployed. The European Globalisation Fund co-finances education and training support programmes for redundant workers. The Irish Presidency will continue to progress the draft regulation governing a new funding round for the period 2014 to 2020. Work is also continuing to obtain agreement on the European Union's new €70 billion research programme, Horizon 2020, including the €6.6 billion for key enabling technologies programmes and the proposed €2 billion programme for competitiveness and SMEs, COSME. I will be looking for every opportunity to further the interests of Irish and other SMEs and ensure they can extract the greatest possible benefit from the funding available under these programmes, particularly with regard to expanding the scope for participation in research and innovation activity. Deputies will also be aware that Innovation Fund Ireland and the micro-finance fund are part of the measures within the Action Plan for Jobs and these are helping Irish companies to access finance in the current difficult environment.

Together with Government colleagues, I am also working to create a genuine digital single market by building confidence in cross-border transactions and services, including reform of data protection measures and providing a pan-European framework for e-signatures. I will continue to fully engage in the development of the European Union's common commercial policies, which I believe provides a strong stimulus for growth and job creation. Completing the trade agreement with Canada and launching the US negotiations would be an important step in boosting exports. Next week I will host an informal meeting of EU competitiveness and research Ministers in Dublin, the focus of which will be measures to increase employment in the SME sector, including improving access to finance. The recent agreement on the draft ac-

counting directive will see a reduction of the administrative burden on firms.

Deputy Dara Calleary: I ask the Minister to outline the implementation procedure for the youth guarantee. Will his Department or the Department for Social Protection be the lead Department? More importantly, where is the budget line for the implementation of the guarantee? What is the current position on COSME? Is an agreement on a budget for it imminent? At the beginning of the Irish Presidency in January the Minister, the Taoiseach and others put great store in the fact that the Presidency would be a jobs-related one. We are now in the final months of the Presidency, or the final stretch of the marathon. How many jobs will have been created across Europe and here in Ireland as a result of Presidency initiatives?

Deputy Richard Bruton: One should consider the potential of the US trade agreement. If it can be negotiated and successfully launched, the figures indicate that 500,000 jobs could be created across the European Union and, proportionately, 4,000 in Ireland. Obviously, this will take time to deliver. Similarly, completion of the trade agreements with Japan and Canada will be significant in terms of job creation. These agreements could lead to the creation of 2 million jobs in Europe. The completion of the digital market has been estimated to have had a very significant impact. A figure of up to 4% of GDP could be generated by having an effective digital market. Many of these initiatives have associated job targets, but they tend to be longer term, pending completion of a range of measures. A fund of €6 billion has been earmarked for the youth guarantee scheme for the 2014-20 period. As the fund is for areas such as apprenticeships and job placement, the primary initiative will be with the Departments of Education and Skills and Social Protection. COSME has a budget of just over €2 billion and a formal set of proposals will be developed.

Deputy Peadar Tóibín: We have been talking about this issue since the formation of the current Dáil. We are seeing a lost generation of young people leaving our shores. People have referred to the reduced voter turnout in the Meath East by-election, but if one looks at the statistics, one will see that approximately 5% of the electorate have left the constituency owing to emigration. This shows how serious the jobs issue is.

Will funding for the youth guarantee scheme be dependent on the European Union? When will the scheme happen and is the Government of a mind to push ahead with a youth guarantee scheme if there is no EU funding or if there is a waiting period? We made a strong point at the joint committee that a youth should not just be provided with training and reactivation programmes but that a job should be part of the opportunity.

Deputy Richard Bruton: A job.

Deputy Peadar Tóibín: Yes. It should not just be about putting people on schemes but actually getting people back to work.

Deputy Mick Wallace: Over 40,000 jobs have been lost in the retail sector since 2008 which shows that there is a direct link between the reduction in disposable income and job losses in the domestic economy. It is not a phenomenon that is peculiar to Ireland. Austerity has had a massive impact on the level of youth unemployment across Europe. The retail sector has traditionally been a great outlet for young people to start off in jobs. There was a time when it also provided a secondary job for many women. It is now becoming a primary occupation and source of income for many households. Will the Minister admit that as long as austerity continues, it will be difficult for the retail sector to recover and job losses to be reversed?

Deputy Richard Bruton: The European Union has set aside money for the youth guarantee scheme. It might be better for Deputies to table questions to the Minister for Social Protection, Deputy Joan Burton, on the operation of the scheme. I understand programmes will be developed at EU level, with national governments seeking to develop initiatives within programme guidelines. As always, EU funds will be supplemented by national contributions in the draw-down. The Minister for Social Protection can give Deputies additional data on the development of the scheme.

The retail sector is, undoubtedly, a very important employer. The Government has shown that it is alert to the needs of the sector through cuts in PRSI and VAT, the readjustment of wage settlement mechanisms, its new initiative to get businesses to go online and the initiative of the Minister of State, Deputy John Perry, to reform licensing arrangements for retail businesses. Deputy Mick Wallace is correct that a recovery in demand is crucial and the Government has been building a sustainable basis on which to rebuild the economy. That involves correcting the public finances, as well as an expansion into export markets and building employment. We are seeing the creation of, on average, 1,000 jobs per month in the private sector. We are building a strong economy which can support a retail sector. It is work in progress and a great deal remains to be done.

Microenterprise Loan Fund Application Numbers

94. **Deputy Billy Kelleher** asked the Minister for Jobs, Enterprise and Innovation the latest uptake with regard to the micro enterprise fund; the number of jobs that have been supported by this investment to date; and if he will make a statement on the matter. [18668/13]

129. **Deputy Peadar Tóibín** asked the Minister for Jobs, Enterprise and Innovation the targets for loan applications and rates of successful loans under the Microenterprise Loan Fund; and the cost to date in the administration or management of this scheme. [18609/13]

130. **Deputy Gerry Adams** asked the Minister for Jobs, Enterprise and Innovation the steps taken to ensure that the targets for additional leveraged funds for the Microenterprise Loan Fund are realised. [18610/13]

Deputy John Perry: I propose to take Questions Nos. 94, 129 and 130 together.

Microfinance Ireland, or MFI, was incorporated pursuant to the Microenterprise Loan Fund Act 2012. MFI has just compiled its report for the first six months of the scheme's operation, from 1 October 2012 to 31 March 2013. The full report will be published shortly on my Department's website and the website of Microfinance Ireland. In the spirit of openness and transparency, it is my intention to ensure reports will in future be compiled on a quarterly basis. When presenting the legislation to the Oireachtas, the Government indicated that over the lifetime of the ten-year scheme it was expected that over €90 million in additional lending would be provided to 5,500 microenterprises with the creation of an expected 7,700 jobs. From the report of the first six months of operation, of the 149 applications received by Microfinance Ireland, some 44 were approved, 58 were declined, 13 were withdrawn, two were appealed and 32 are works in progress. To the end of March, the scheme has supported 116 jobs and 44 microenterprises.

This is a new scheme and it has yet to achieve its potential. The Minister for Jobs, Enter-

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prise and Innovation, Deputy Bruton, has been actively promoting the scheme in the context of area meetings he is conducting across the country as part of the Action Plan for Jobs. He is also taking the opportunity to meet the local enterprise offices that will promote the service in every county to discuss its promotion and their experience with it. The Minister has discussed its progress with the chair of Microfinance Ireland and he is shortly meeting Microfinance Ireland to evaluate its experience and how the scheme can be made more accessible. The key to promotion of the take-up of this, and other initiatives, is the establishment of the first stop shop at local level. Work on this is well advanced and the new approach will soon be rolled out in a number of early mover centres.

Microfinance Ireland is a private limited company, a subsidiary of Social Finance Foundation, SFF. Its day to day costs are an operational matter for the company and the board. In accordance with the provisions of the Microenterprise Loan Fund Act, the accounts of the company will be audited by the Comptroller and Auditor General and will be laid before the Oireachtas. The cost for 2012 was €461,000, which includes one-off set-up costs of €278,000.

With regard to the cost of both microfinance and the credit guarantee schemes, Exchequer gains in terms of employment sustained and created, savings on welfare payments and increased direct and indirect tax payments have been calculated at €23,000 per job. On this basis, I am satisfied that the costs of both schemes have already been more than offset. In respect of leveraging additional private sector funds to supplement the State's injection in MFI, MFI through its parent SFF has begun discussions with three banks about leveraging further funds this year.

Acting Chairman (Deputy Peter Mathews): I remind Members that one minute is allowed for questions and one minute for answers.

Deputy Peadar Tóibín: Three questions were taken together. Does that not mean the cumulative amount is greater?

Acting Chairman (Deputy Peter Mathews): It does not matter. The supplementary questions, per Deputy, are for one minute, with one minute for answers and Deputies can come in as many times as they like on that basis.

Deputy Dara Calleary: I beg the forgiveness of the Chairman. Many questions have been referred to different Departments and there is a suggestion in the replies that we should table questions to different Ministers. The whole notion of the Action Plan for Jobs was a whole of Government approach. Deputy Peadar Tóibín and other Deputies cannot be coming in to the Chamber three days every week trying to ask questions of individual Ministers. Is there some way we can co-ordinate questions so that the Minister of State with responsibility for jobs can bring the information back? We can discuss this again.

I did not get the exact figure for the money lent. Some 116 jobs were created. Advertisements have started running to promote the micro-finance scheme only in the past two weeks even though we are six months into it. Since it was launched, I have been calling for wider promotion of the scheme. Yesterday, at a meeting of the jobs committee in Ballinasloe, the feedback on the scheme was that it is too expensive. I have said this before and I am aware of the issue concerning unsecured loans, which means it must be expensive. However, it is more expensive than what the banks are charging.

A point that can be addressed quicker is the three-year payback. Many people are reluctant to commit to a three-year payback given where their businesses are. If that issue can be exam-

ined, it may make the scheme more accessible. There remains a complete lack of awareness about the scheme. It is too expensive and the conditions frighten people away. What is the target in terms of the delivery of jobs? Has the target been revised downwards given the poor take-up to date?

Deputy John Perry: Taking the last question first, the number of applications was 149 and the total value was €2.78 million. It was set up as a private limited company but the intention is to deliver on the ambition of the target over a ten-year period. The Minister will launch the roll out of the one-stop-shop in every facility and obviously its promotion is very important. That will probably generate engagement on the ground. In regard to the cost of the scheme, it is a not-for-profit one. The rate is at 8.8%. There is a high risk to the loan. People have been refused by the banks. Very good evaluation is being carried out. To ensure it is successful, it is very important there is a level of monitoring for the applicant once he or she gets the funding. It is not the intention to erase current bank lending but loans for less than €25,000 are available for sole traders who cannot avail of conventional banking.

People with start-up companies are delighted to get it. There was a company in my office last evening which is very much depending on getting the €25,000-----

Deputy Dara Calleary: Not enough people are getting it.

Deputy John Perry: I think people have been very reluctant to make applications.

Deputy Dara Calleary: People do not know about it.

Deputy John Perry: It is about engaging on the ground. The local enterprise offices will be the promoters on the ground engaging with businesses initially to get them started and leveraging with other banks as well.

Deputy Dara Calleary: What is the term of the loan?

Deputy John Perry: There is a three year term currently. It is a recyclable loan. It should be possible to return €25,000 over three years, based on the business plan. That is approximately €8,000 per year.

Deputy Peadar Tóibín: Every second week we hear of another plan to create so many jobs. When the Government came to power it said it would create 100,000 net new jobs. In fact, in the past year, 1,200 net new jobs were created. It also said it would create 10,000 net new jobs in financial services but approximately 10,000 net jobs have been lost in this sector. This week we heard about 20,000 new jobs in manufacturing but there is no net money being brought to the table in that regard.

It is very important that we are honest and do not over-egg what is happening here. In the press statement on this ten months ago, the Minister promised that €19 million would be made available and that 7,700 new jobs would be created. In his reply, the Minister said 116 jobs were supported. He never once told us about the jobs created. Has one job been created from this so far? If he does not have that information now, can we put in place a mechanism whereby we can measure how many new jobs are created from this?

Deputy John Perry: Jobs have been created because these are new start-up companies. One must remember that 250,000 jobs were lost before we came into Government and 12,000 jobs were created by Enterprise Ireland and the IDA last year alone.

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Deputy Peadar Tóibín: How many new jobs have been created in the ten months of this scheme?

Deputy John Perry: We are basing it on these figures. In the first six months of its operation, 149 loan applications were received by Microfinance Ireland. This includes 44 applications which were approved and 58 applications which were declined. Some €2.78 million has been given out. To the end of March, the scheme has supported 116 jobs.

Deputy Peadar Tóibín: Supported jobs are not created jobs. Supported jobs are already in existence and are being supported.

Deputy John Perry: The company I met last evening will create eight new jobs. It is waiting for the application to be processed. I expect that a large percentage of the jobs supported are new jobs.

Deputy Dara Calleary: It has not put in an application yet.

Deputy John Perry: It will be going in on Friday and I hope it will be successful. It intends to establish eight jobs in a software facility. Half of the jobs are definitely new jobs. The scheme is about supporting new jobs. We are talking about creating additional jobs over a ten-year period and 12,000 jobs were created last year.

Deputy Peadar Tóibín: I agree there can be value in this project. I am not arguing that point. Sinn Féin welcomes and supports this project. We do not believe it should be a supplement for what should be happening in the banking industry but we see the value in it. The question I asked, and which the Minister has not been able to answer, is how many new jobs have been created in the ten months of this scheme. He said 116 jobs have been supported but these are jobs which could very well have been in existence. The Minister of State may not have the answer today but, in future, we would like-----

Deputy John Perry: There were 60 new jobs created directly.

Deputy Peadar Tóibín: That is the information I was asking for.

Deputy John Perry: I met representatives of banks in recent weeks. They are very much determined to support small companies. People are using the simplified application procedure operated by Bank of Ireland and Allied Irish Banks and they can appeal the banks' decisions. The banks are clearly supporting viable companies and, naturally enough, are not supporting non-viable companies.

It is very easy to come up with simplistic solutions but the problem is not that simple to resolve. Obviously, one must have an understanding of the position of employers. It is not just a case of getting money to establish a job, as the company must have sufficient capacity and a sufficient base.

Deputy Peadar Tóibín: There are nine people emigrating from the State every hour; the Government's programme has created six jobs every month.

Deputy John Perry: I do not know how the Deputy arrives at statistics indicating how many people are emigrating per hour.

Deputy Peadar Tóibín: The Central Statistics Office.

Deputy John Perry: There are people emigrating by choice. I know several young people who will be quite delighted to go to the United States if they can get in, or to Canada if they have the required qualifications.

Deputy Dara Calleary: Most would be happier here at home.

Deputy John Perry: There is certain balance. For highly educated people, emigration was a matter of choice.

Deputy Peadar Tóibín: Most emigration is forced emigration.

Deputy John Perry: Obviously, we are doing our utmost to sort out the mess in which we found the economy two years ago. One cannot just wave a magic wand. There is a definitive action plan for jobs that is encouraging enterprise. I visit companies all over the country and note it is not all doom and gloom. This morning, I was in Louth to visit an enterprise development company creating jobs. There was an opportunity for workshop development. What the company was doing for jobs on the ground was very incisive. Clearly, there are opportunities in companies that can create jobs. They are very optimistic and it is important that we note that.

Deputy Mick Wallace: It is a bit disingenuous to suggest that many people are actually emigrating by choice. This is probably not the best time to be going to other countries. The vast majority would rather get work in Ireland.

Deputy John Perry: I understand that fully.

Deputy Peadar Tóibín: When one goes from door to door, one learns about the number of people struggling with emigration. I cannot come in here and highlight the negative effects of emigration enough. One might say people between 18 and 21 have chosen to take a few years out and travel the world but many people emigrating are my age and older, and they include people with children. People are taking children out of school and emigrating because both parents cannot get jobs. Emigration has a significant damaging effect on society. It breaks up the families of those affected. Significant milestones in life, such as birthdays, first Holy Communions and even weddings, happen thousands of miles away from grandparents.

Emigration also has a negative economic effect because the youthful energetic element of the economy is being removed from it. Football clubs are finding it hard to field teams. The level of emigration and the pain and suffering it has caused can never be overestimated. Emigration is a real problem and is happening daily on foot of the policies the Government is following.

Proper job creation cannot happen in this State until we get growth levels above 2%. This will not happen on the basis of depending on international markets. The Government must step into the domestic market with investment. Until this happens, we will see a stagnant labour force. The second and important point is that the other element the Government can deal with is the costs faced by businesses, including utility and rental costs and professional fees. These are not being tackled either. The county enterprise boards have been in limbo since 2008 and we still have not seen the issue they face resolved.

Deputy John Perry: The Deputy has all the solutions, but it is not as simple as coming up with a cocktail of solutions. It would be very simple if we could take that recipe on board. Enterprise Ireland has had the best year ever, with exports by companies it supports topping €16

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billion. At the showcase I attended in Drogheda today at 8.30 a.m., there were approximately 35 companies and they are very optimistic about the future. It is a question of confidence.

3 o'clock

We have two economies. While the international economy is doing well, there is, without doubt, a great deal of pessimism about and a lack of confidence in the domestic economy. There is a huge amount of money being saved in the economy because there is not the confidence to spend. We have been left with the legacy of an over-supply of retail developments during the boom time. The Government is doing all it can, including activating the new local enterprise offices and providing start-up funds. The many initiatives taken by the Minister to support job creation are being taken on board. It is easy for Deputy Peadar Tóibín to say nothing is being done, but the Government is doing everything it can to encourage innovation, research and development. Despite what the Deputy says, the many small high potential start-up companies which I have met - I also meet people on the doorsteps - are very optimistic. Has the Deputy met any of the high potential start-up companies? While there are always problems in business, exports are increasing. The Deputy did not recognise the figure of €16 billion in exports achieved last year by Enterprise Ireland-supported companies and the expected €1 billion in additional exports this year.

Acting Chairman (Deputy Peter Mathews): I must ask the Minister of State to conclude.

Deputy John Perry: This is important.

Acting Chairman (Deputy Peter Mathews): I know, but the Minister of State is over time.

Deputy John Perry: We are talking about lifting confidence in the domestic market. The facts are not as depressing as stated by Deputy Peadar Tóibín.

Foreign Direct Investment

95. **Deputy Charlie McConalogue** asked the Minister for Jobs, Enterprise and Innovation if he will request the Industrial Development Agency to produce a report into possible reasons for the poor performance in attracting new investments to County Donegal. [18638/13]

Deputy Richard Bruton: IDA Ireland is the statutory body charged with the attraction of foreign direct investment to Ireland and its regions. I have been informed by IDA Ireland that in County Donegal it supports 14 companies which employ 2,228 people in software development, systems development and the medical technology industry. This represents an increase of 403 persons at work in IDA Ireland companies in the past two years, an increase of 20%.

The industry base in County Donegal is transforming from the clothing and textile industry to high tech, high skill activity. Accordingly, IDA Ireland continues to work with its existing client base to encourage it to transform and expand existing operations, while actively encouraging new investment in County Donegal in knowledge based industries and high-end manufacturing, mainly in companies in the medical technologies sector. In October 2012 KeyedIn solutions announced its plans to establish a software development centre in Letterkenny with the creation of 20 highly skilled jobs over three years.

The challenge facing IDA Ireland is to continue to win top quality investment for Ireland in

a very challenging global environment. International competition for foreign direct investment has become extremely intense and continues to increase. Leading global corporations require a significant population pool, access to qualified talent, world class physical and digital infrastructure, as well as the availability of sophisticated, professional and business support services. This does create difficulties for regional locations and IDA Ireland has to focus on the main regional urban centres which are where the interest of most visiting investors will focus. IDA Ireland continues to seek every opportunity to bring investment to County Donegal.

IDA Ireland has also assured me that it continues to focus on the designated linked gateway of Letterkenny-Derry. This focus involves developing stronger economic links with Invest Northern Ireland which includes initiatives such as the north west business and technology zone, NWBTZ, which aims to promote the linked gateway of Letterkenny-Derry in line with the Northern Ireland regional development strategy 2025.

Additional Information not given on the floor of the House.

I am mindful that, in order to ensure Ireland can continue to compete globally for FDI projects, it will be necessary to undertake an in-depth analysis of our FDI strategy with a view to informing the formulation of an appropriate strategy for the period post-2014. This analysis which will be undertaken later this year will take account of factors such as key trends emerging in FDI best practice internationally, Ireland's strengths in attracting foreign direct investment, changes to the European Union's state aid rules that may be introduced in the near future and our agreed approach to regional development.

Deputy Charlie McConalogue: The Minister has not answered my question, namely, if he will commission a report on the reason County Donegal has not been attracting its fair share of new investments in the past few years. He has rightly pointed to how well existing IDA Ireland companies in County Donegal have been doing, 14 of which between them employ 2,228 workers, an increase of 400 or 20% in two years. This shows the county is a place in which business can be done and that businesses which locate in the county can thrive. However, during the past few years none of the new investments in the country have been attracted to County Donegal. It attracted only one of the 88 new investments nationally last year. Of the 61 new investments attracted to Ireland in the previous year, none was attracted to the county. We have only had 13 visits by companies in the past five years. That record is not good enough. A report investigating the reason we are not getting our fair share of new investments is needed. I have asked the CEO of IDA Ireland the question I am about to ask the Minister, to which I received a response that was non-committal. That is reason I am putting it to the Minister in the Dáil. Will he commission a report on the reason for this poor performance in order that it can be addressed and County Donegal can attract its fair share of new investments in the country?

Deputy Richard Bruton: I am surprised by the Deputy's comments. A 20% increase in employment in IDA Ireland companies is a good performance in my book. It probably exceeds the performance achieved in most, if not all, other counties. It is a strong performance. I agree that we continually need to examine our strategy and IDA Ireland will undertake an indepth analysis of our FDI strategy to inform its formulation for the period after 2014. We continually examine the sectors in which we can seize opportunities. As the Deputy will have noted, earlier in the week I launched our strategy for manufacturing which has the capacity to have a better regional spread. If one examines the make-up of IDA Ireland investments in recent times, there is no doubt that the investments being attracted are in sectors in which there are very deep labour market pools. There is a focus on urban centres, but there is also a real opportunity to develop

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existing and new sectors. Manufacturing is a sector that has further potential which we will be examining, but one cannot pick out one county and say, for example, that one has a strategy for County Donegal. We need to have a strategy for Ireland to win foreign investment and then we need to position the regions to have a competitive advantage whereby they can win investors. That is the approach and we will certainly actively continue to market County Donegal and position our overall policy to create employment in foreign owned companies.

Deputy Peadar Tóibín: The Government has a target of locating 50% of FDI projects outside Cork and Dublin. However, last year 75% of investments in FDI projects were in these cities. Only 9% were outside Cork, Dublin, Galway and Limerick. The Government plays a role in this regard. One might sometimes say it is market-led, but the botox firm located in County Mayo did not choose to locate in that county on the basis that the well turned out people of County Mayo meant it was a good place in which to locate such a firm. German financial firms did not locate in the docklands in Dublin because they thought it was a good place from which to do business. Governments can orientate FDI companies, but it takes political will to do so.

Acting Chairman (Deputy Peter Mathews): The time allocated for this question has expired.

Deputy Charlie McConalogue: I have a brief question.

Acting Chairman (Deputy Peter Mathews): I will allow the Deputy 15 seconds to ask it.

Deputy Charlie McConalogue: Thank you. Will the Minister arrange for the carrying out of a simple exercise, an assessment of the poor performance in regard to first-time investments? We have seen a number of actions by the Government in recent times which have made it more difficult to attract new jobs to my county. We have seen the Minister downgrade the IDA Ireland office in Letterkenny and remove gateway status from the town. There is also a much reduced commitment to the A5 project. There is obviously something that has resulted in County Donegal receiving less than its fair share of new investments compared to other parts of the country. If there are impediments, it is important that they be outlined and addressed in order that those of us involved in the political system can ensure they are tackled over time. I ask the Minister to conduct the simple task of commissioning a report on the reason there has not been the same level of performance in County Donegal considering the number attracted to the country.

Acting Chairman (Deputy Peter Mathews): I have given the Deputy some latitude. We must move on to Question No. 96.

Retail Sector

96. **Deputy Barry Cowen** asked the Minister for Jobs, Enterprise and Innovation the measures contained in the Action Plan on Jobs 2013 to deal with the threat to employment in town centres that is posed by restrictive parking regimes; and if he will make a statement on the matter. [18665/13]

(Deputy John Perry): I understand parking by-laws are a roads function of local authorities and made under cover of the Road Traffic Acts 1961 to 2011. They fall within the remit of the Minister for the Environment, Community and Local Government, Deputy Phil Hogan, and

the Minister for Transport, Tourism and Sport, Deputy Leo Varadkar.

There are no specific measures in the 2013 Action Plan for Jobs related to parking in town centres. However, I am aware that the impact of parking restrictions has emerged as a concern for some retailers in town centres and this concern has recently been outlined to the Oireachtas Joint Committee on Jobs, Enterprise and Innovation by RGDATA.

The 2013 Action Plan for Jobs includes a number of measures which will support the retail sector, including an initiative to introduce a single portal for business licence applications, a new scheme to help more businesses to trade online and the integration of local business supports into a stronger local enterprise office network to provide better supports for micro and small businesses. My Department will also be chairing an interdepartmental committee to consider what measures might be taken to assist the sector in the short term, for example, in the context of budget 2014 or next year's Action Plan for Jobs. In that context, I will ask my officials to examine the recent paper which I have seen on town centre parking prepared by RGDATA in consultation with the Departments with relevant policy responsibility for this issue.

Deputy Dara Calleary: I thank the Minister of State for his reply and for offering to bring this matter to the interdepartmental committee. While they do not fall directly under the jurisdiction of the Minister of State some issues arise from the way this is distorting retail competition. Retailers in town centres are forced to put up with these charges while they do not affect those out of town. There are many other issues surrounding this, with policies differing between towns and counties, and often between streets within a town. It is important that the interdepartmental committee consider this and I look forward to hearing further from the Minister of State about it.

Deputy John Perry: I have seen the report. Town trading is made very difficult by the out-of-town centres and it is important to incentivise people to shop in town centres. This report has been before the Oireachtas Joint Committee on Jobs, Enterprise and Innovation. I will report to the Deputy on the recommendations of the interdepartmental committee.

Deputy Peadar Tóibín: Town centres are facing a really difficult challenge. Many shops in towns are closed. The local government grants which used to fund local authorities have been reduced over the years and local authorities must generate funds from car parking fees. That pressure would not be there if the Government funded local authorities properly. Will the Minister of State consider the Sinn Féin proposal for a progressive commercial rate that takes into consideration the profitability of the business such that more profitable businesses pay higher commercial rates? In the North of Ireland we brought in a commercial rate which shifted the burden from small businesses to the larger out-of-town shops. There is no strategic plan for most town centres. Local authorities and the new local enterprise offices should be sitting down with the retailers in every town in the country and developing a strategic plan to see how they can grow in a healthy, sustainable and uniform manner.

Deputy Mick Wallace: Does the Minister of State agree with me that the problems of the shops in the town centres is more directly linked to the reduction in people's disposable income than to parking problems? Retail Excellence Ireland published a report stating that the introduction of the property tax has negatively impacted on retail sales during the first part of the year and in its quarterly barometer the retail lobby group said that overall sales across the sector continued to disappoint during the first quarter. Given that the property tax is not based on ability to pay does it not worry the Government that it is further reducing disposable income which

is impacting directly on jobs in these town centres and shop units?

Deputy John Perry: In response to Deputies Tóibín and Wallace, there are many integrated plans for town centres, some of which are very effectively managed by the local authority. The Minister for the Environment, Community and Local Government, Deputy Hogan, is examining the management of local government. The local enterprise offices will consider every aspect of business and there will be business representation on those committees. A total of 65% of all property tax will be retained. The tax base will be broader whereas until now it was only the business people who paid rates. Local authorities will have more autonomy and discretion to give a derogation to a vacant unit to allow somebody occupy it without paying rates. That will be considered under the new management structure in every local authority where elected members will have far more say in what they want to do to promote business especially in town centres.

Deputy Mick Wallace: Does the Minister of State agree that the people passing the doors of the shops will have less money in their pockets? It is a vicious circle. The Government is taking more money out of their pockets and that will impact on jobs in the retail sector. The more money the Government takes out of the system the more difficult it is for the system to work in a healthy manner.

Deputy John Perry: I will not deal with the property tax but from what I hear about the evaluations the rate will be as low as the cost of a TV licence in certain cases which should not dramatically affect the overall spend. It is important to encourage activity in town centres and offer variety. Some retailers are doing exceptionally well in certain town centres. Where the owners or proprietors personally manage shops they can do quite well but the multiple retailers and discounters have grown dramatically over the period too.

Topical Issue Matters

Acting Chairman (Deputy Peter Mathews): I wish to advise the House of the following matters in respect of which notice has been given under Standing Order 27A and the name of the Member in each case: (1) Deputies Áine Collins and Patrick O'Donovan - the need to defer changes in the assessment of farm assistance; (2) Deputy Barry Cowen - the delay in the construction of new accommodation for Scoil Bhríde, Edenderry and Gaelscoil Eadon Doire, County Offaly; (3) Deputy Pádraig Mac Lochlainn - the proposed closure of Gaelcholáiste Chineál Eoghain, Buncrana, County Donegal; (4) Deputies Kevin Humphreys, Robert Dowds, Anne Ferris, Ann Phelan and Arthur Spring - directors' remuneration at the Bank of Ireland; (5) Deputy Thomas P. Broughan - the introduction of parking charges at Howth Harbour, Dublin; (6) Deputy Mattie McGrath - the HSE imposing a charge of €170 per week in respect of respite care at a number of units; (7) Deputy Joe Higgins - whether the Minister for Social Protection has new policy proposals consequent on her statement that Ireland has reached its limits of austerity; (8) Deputy Derek Nolan - the impact of recent Central Bank of Ireland lending guidelines on the credit union movement and its members; (9) Deputy Clare Daly - the implications of the public sector recruitment embargo for the closure of Fingal County Council libraries; (10) Deputy David Stanton - the need for further educational places in Midleton and Carrigtwohill, County Cork; (11) Deputy Martin Ferris - the criteria for licensing fish farms; (12) Deputy Dessie Ellis - the need for measures to deal with street harassment levelled at women and the LGBT community as highlighted by the global Hollaback movement; (13) Deputy Willie

O'Dea - the need to discuss the OECD Report the Minister for Social Protection commissioned on the Irish pension system; (14) Deputy Michael McGrath - the need for consistency in the terms and conditions of the split mortgage solution being offered by different banks to customers in mortgage arrears; (15) Deputy Richard Boyd Barrett - the downgrading of accident and emergency services at Loughlinstown Hospital, County Dublin; and (16) Deputy Mick Wallace - the need to carry out appropriate assessment of nature sites in order to decide if they are suitable for oyster farming.

The matters raised by the Deputies Kevin Humphreys, Robert Dowds, Anne Ferris, Ann Phelan and Arthur Spring, Michael McGrath, Áine Collins and Patrick O'Donovan, and Martin Ferris have been selected for discussion.

Leaders' Questions

Deputy Micheál Martin: A national crisis within our farming industry is affecting almost every part of the country, particularly rural Ireland. This relates to the availability of fodder for our cattle and is particularly acute in the dairy sector and in high intensity farming. Deputies Ó Cuív and Moynihan raised this last week. Yesterday I met the Bothar Buí co-operative and spoke to farmers who express huge frustration that there does not appear to be a sense at national level that farmers are really in an unprecedented crisis.

Deputy Mattie McGrath: Hear, hear.

Deputy Micheál Martin: The problem began last year with terrible weather in the summer which has impacted on the quantity of silage that could be cut and on the fodder capacity to deal with an extended winter. Cows would normally have been out on the grass for a long time by now but they are indoors. I met the chairman of the farmers' committee of IRD Duhallow yesterday who told me that by his estimate 90% of farmers in the Duhallow area are without feed. I saw on television the Dairygold Co-operative purchasing fodder for its suppliers across that region at exorbitant prices.

The transport costs incurred by co-operatives helping their suppliers to source fodder have serious implications. Credit facilities and lines are breaking down. There is no fodder left in the country which is very serious. The farming community is concerned that this point has not got across to people at national level, in government or in the Oireachtas. The human toll is beginning to mount. Some farmers have been hospitalised and mental health problems are growing. People do not know where to turn.

Does the Taoiseach accept that the fodder situation is a national crisis? Will he establish a national co-ordinating group or task force involving all stakeholders immediately with a view to addressing the issue in the short term and coming up with solutions and coming to the assistance of farmers? Will he establish a fodder aid scheme to assist farmers who are in deep trouble and see no end in sight?

The Taoiseach: I am aware that this is an issue of acute concern to farmers. Obviously, significant numbers of farmers have contacted my constituency office about the matter. I met the president of the ICMSA, Irish Creamery Milk Suppliers Association, the other morning about it and have had representatives of the IFA, Irish Farmers Association, on to me on numerous occasions. The Minister for Agriculture, Food and the Marine was very open about this issue

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last week on national radio and many occasions since. It has arisen because of the hardness of the weather for several months. As any farmer will tell the Deputy, farmers have been waiting for some natural heat to bring on growth. The issue is of acute concern in quite a number of cases. The next few days and weeks will be critical for farmers, for whom sourcing fodder is a key priority.

The first priority is that farmers should have access to fodder for their animals. As Deputy Micheál Martin is aware - if he is not, he should be - the relationship between farmers and their animals is very close. One will recall the plight of a poor farmer in Athlone whose cattle were stranded and went to extraordinary lengths to see they had fodder. It is an issue of the farming community caring for animals in the best way possible. I saw the television pictures of the 75 loads of hay coming in from England. The Minister and his Department have been quite open about this matter and want to hear from farmers who have acute fodder shortage difficulties. They have encouraged the co-operatives which have been flexible with providing credit for affected farmers to give them favourable deals, selling fodder at cost price. Feed is being sourced and will be provided for any farmer who has run short. One cannot wait with animals in a case when there is no fodder available.

A relatively small number of farmers have contacted the Department, despite the request to do so, if they were in acute need. Listening to farmers, I note the co-operative spirit is very strong. Farmers who still have silage left have helped others who do not. Available fodder is being shared, while other fodder is being sourced. The Minister and the Department have been in regular contact with the banks, the co-ops and the feed merchants urging flexibility and co-operation in order that farmers who need it can have access to fodder, be it silage or meal. The Minister will again meet the chief executives of the co-ops and the representatives of the banks tomorrow when he will again urge the greatest degree of flexibility and support for farmers in distress. Both the banks and the co-ops have urged farmers to contact them to discuss the terms they have available.

Deputy Mattie McGrath: The banks, for God's sake. The Taoiseach must be joking. Show me the money. Cá bhfuil an t-airgead?

The Taoiseach: Gabh mo leithscéal. They have indicated flexibility and support will be available for farmers affected. Teagasc is dispensing substantial amounts of technical and nutritional information on fodder needs arising from the severe and harsh weather conditions that have prevailed since the close of summer in 2012. Teagasc advisers are working with farmers to provide advice on the best options available to them.

The Fianna Fáil spokesperson on agriculture has been calling for a €10 million fodder fund. Farmers have not been seeking such a fund. What they have been seeking is flexibility, co-operation and access to fodder. It is in these areas that the Minister, the Department, Teagasc and the co-ops are working very hard to see to it that the farming community and animals get through this difficult period safely.

Deputy Mattie McGrath: Live horse, eat grass.

Deputy Micheál Martin: In my opening remarks I endeavoured to keep this issue free of party politics because it should be above it. There is a real crisis. What concerns me about the Taoiseach's reply is that he uses every word but "crisis". He says the Minister is open. He used the words "acute concern", "difficulties" and "challenging". The Minister did the same last

week, but there is a determined effort to avoid use of the word “crisis”, as if uttering it would mean the Taoiseach would have to take some action. He mentioned everyone but the Government is taking some action on this issue. There is a credit problem which is looming and getting worse for the millers, co-operatives and farmers.

I asked the Taoiseach three questions. Did he accept there was a crisis? He said, “No.” The farmers I met yesterday were very clear that there was a crisis. Everyone knows that if those who take decisions do not accept there is a crisis, it impacts on the urgency and nature of their response.

I asked if the Taoiseach would set up a national task force to bring all stakeholders together to develop a national response to the crisis for many farmers who are in difficulty through no fault of their own. I accept the matter has to do with negative climatic conditions. However, the unprecedented nature of these climatic conditions justifies a national response led by the Government in bringing all stakeholders together. It is not too much to ask the Taoiseach to put together a national group to lead a proper, co-ordinated response to the crisis. Paying €135 a bale, as the Dairygold Co-operative Society has had to, is not an answer. I met a farmer yesterday with 100 cows who had enough feed to last only until today. The crisis so far will have cost the average farmer with 70 cows up to €20,000.

Deputy Michael Healy-Rae: And he or she will never get that money back.

Deputy Micheál Martin: The banks, meanwhile, are generally increasing bank charges. The co-ops have told us that they are playing their role but that they are concerned about the banks. They are doing their very best to help their suppliers. Teagasc is also playing its role. The problem, however, is that it is giving professional advice but farmers involved are at the pinnacle of animal husbandry. These are good farmers who have taken good advice all along the way. However, last summer’s weather conditions and the extended winter period have impacted on the amount of feed available. What happened at the back end of the year will present another problem because of the extended winter period.

An Leas-Cheann Comhairle: The Deputy is over time.

Deputy Micheál Martin: This is not going to end in the next three weeks if there is some sunlight. As was articulated to me yesterday, the overall problem will be that it will sap farmers’ confidence in Harvest 2020-----

Deputy Mattie McGrath: It has.

Deputy Micheál Martin: -----because milk yields are down by one third this year. In some areas such as Duhallow, County Cork, there will be a 50% cut in milk yields. This will reduce farmers’ capacity to take advantage of good milk prices. The implications are fundamental for an industry and a sector for which we have great hopes. The Taoiseach should set up a task force. In the past, when there were isolated flooding incidents, fodder aid schemes were produced by former Ministers, including by Deputy Brendan Smith and Joe Walsh in 1999.

An Leas-Cheann Comhairle: The Deputy is over time. I must call the Taoiseach.

Deputy Micheál Martin: It is not something that could not be done. It could be. At the very minimum, the Taoiseach should set up a national co-ordinating group. I ask him to do this in good faith.

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Deputy Finian McGrath: Deputy Butler could head it up.

Deputy Michael Healy-Rae: The Government is asleep.

The Taoiseach: I always remember Deputy Brendan Smith as the Minister who gave out free cheese.

Deputy Brendan Smith: I gave out cheese, but I also gave funding to farmers in the west who had been affected by bad floods.

The Taoiseach: A good productive farmer knows exactly the extent of fodder and feed he or she has left.

Deputy Brendan Smith: The man to whom the Taoiseach referred from Athlone was actually from Galway.

An Leas-Cheann Comhairle: Order, please.

The Taoiseach: As they approach the end of their silage or meal cellars stocks, they know exactly what they have left. It is a crisis when it reaches the point where the farmer has no fodder and meal left.

Deputy Michael Healy-Rae: They have no fodder.

Deputy Mattie McGrath: They have gone beyond that point.

The Taoiseach: What are they going to do, Mattie? The first thing is that neighbours share, as all farmers do.

Deputy Mattie McGrath: They cannot eat clay.

The Taoiseach: As Deputy Micheál Martin has heard on the national airwaves, farmers in every parish have shared silage bales, feed and fodder.

Deputy Mattie McGrath: Yes, they have, but the fodder is gone.

Deputy Michael Healy-Rae: They are bringing in fodder from England.

Deputy Finian McGrath: The Taoiseach should listen to Deputy Michael Healy-Rae because he is in touch.

The Taoiseach: If farmers are in difficulty in the next few days when they run out of fodder, they will be on, first, to the co-ops, Teagasc, their neighbours and the Department. In this case there is no need for another task force to consider the problem. We know what the problem is-----

Deputy Dara Calleary: The Taoiseach is doing nothing about it.

The Taoiseach: -----and the Minister for Agriculture, Food and the Marine has stated publicly that if there is a difficulty with any farmer in so far as fodder is concerned, he wants to hear about it.

Deputy Michael Healy-Rae: We are telling the Taoiseach about it.

The Taoiseach: There is a line to the Department of Agriculture-----

Deputy Dara Calleary: Phone a friend.

The Taoiseach: -----and the feed is being distributed. Teagasc instructors are giving nutritional and feed advice to farmers as they need it. Nobody wants to see farm stock left without fodder in these cases.

It is a crisis for any farmer when they run out of fodder or feed. That is the reason the Minister has been meeting with banks, co-operatives, lenders, Teagasc and the feed providers themselves to ensure there is flexibility, co-operation, extension of credit, and sale at cost price to allow farmers get over the coming three or four weeks, which will be very difficult for some people. I share that concern. I accept it is a crisis for anybody who is running out of fodder.

Deputy Mattie McGrath: They have run out.

The Taoiseach: Farmers are the most practical-minded people in terms of their business-----

Deputy Mattie McGrath: Yes.

The Taoiseach: -----and they know that neighbours will share. If everybody is out of fodder, then they must have access-----

Deputy Michael Healy-Rae: You cannot share what you do not have.

The Taoiseach: -----as Dairygold demonstrated when it brought in the loads of hay from England last week. It is a genuine issue of concern, but I do not share the Deputy's view of the need for a task force. All of the people are in place.

Deputy Micheál Martin: They are not. The Taoiseach is doing nothing about it.

The Taoiseach: They are headed by the Minister for Agriculture, Food and the Marine who has publicly invited farmers to contact him and the Department so that they can get access to credit, access to fodder and flexibility, where that is required, from lenders, feed suppliers or whomever to tide them over these difficult few weeks.

A Deputy: What about the small farmer?

Deputy Mattie McGrath: The Taoiseach is totally out of touch.

An Leas-Cheann Comhairle: Can we have order, please?

Deputy Mary Lou McDonald: I understand the Taoiseach has asked the Labour Relations Commission to engage again with the trade unions a week after Croke Park II was decisively rejected by workers. At the same time, his Government is moving forward Estimates which include these pay cuts for front-line workers as a done deal.

For this new process to have any chance of success there must be a real policy shift in the Government's approach to this issue. Has the Taoiseach accepted the result of the Croke Park II ballot? Does he accept that Croke Park II is now off the table? Does he now accept that the big stick approach of issuing threats and diktats to public sector workers has failed? Will he definitively state that the Government threat to cut pay by 7% across the board is now off the table? This process must be a real renegotiation rather than a face-saving exercise or a tweak-

ing. It cannot be like Lisbon II or Nice II. He cannot continue to ask workers to vote again until they give him the answer he wants. Is it a case of back to the drawing board? Is the Taoiseach genuinely open to new ideas and other ways to close the deficit?

A Deputy: Does the Deputy have some?

Deputy Mary Lou McDonald: Will this be an inclusive negotiation? Will all parties be invited back to the table? I have in mind in particular the gardaí, the nurses, the emergency personnel and other front-line workers, some of whom were excluded from the process towards the end of the negotiation of the Croke Park II deal.

The Taoiseach: I can confirm to the House that the Government considered the matter this morning and approved a recommendation from the Minister for Public Expenditure and Reform that in the first instance, having noted the decision of the trade unions in their ballot on the Croke Park II negotiations, the Labour Relations Commission, LRC, should be asked to engage with the 21 unions involved to see if there is room for negotiation in respect of the outcome of the decision by the trade unions. That does not alter the fact that the figures and the arithmetic remain the same. There is a requirement to achieve a saving of €300 million this year from within the public payroll bill, rising to €1 billion by 2015. In the first instance the Government has decided to ask the LRC to engage with the unions, having published the Revised Estimates, including the requirement clearly set out by the Minister for Public Expenditure and Reform, who has the full backing of the Government in this matter, to determine whether there is a basis for discussion and negotiation. The Government expects to get a response to that engagement inside two weeks.

Deputy Mary Lou McDonald: I asked the Taoiseach a series of questions. He did not answer any of them, with the exception of one. He is making it clear that Croke Park II is still on the table, and I can only take from his answers that he has asked the LRC to engage with unions and workers on that basis. Obviously, the Taoiseach hopes there can be some face-saving or tweaking of this agreement. I would not share that view. We should remember that when this deal was produced, the Government agreed, alongside the trade unions, that a process of ratification would be entered into. He voluntarily agreed to the notion that workers should be balloted on this agreement. The workers have rejected the agreement by a decisive majority.

When does “No” mean “No”? Why can the Taoiseach not accept that democratic verdict? He said he has to save €300 million. So be it, but there are other ways in which he can raise €300 million. It does not have to be at the expense of front-line workers. It does not have to be a result of hammering the public services.

An Leas-Cheann Comhairle: Thank you, Deputy.

Deputy Mary Lou McDonald: The Taoiseach has asked the LRC to talk to the unions to see if there is room for a negotiation on the outcome of the agreement. What exactly does that mean? Is he asking it to test the ground with the unions to see whether they can run the vote again? Is that the Taoiseach’s thinking? Given that he is hell-bent on finding this €300 million, why does the Taoiseach put himself in a type of policy straitjacket? Why will he not look beyond the proposals in Croke Park II to other initiatives that could raise those moneys fairly? Perhaps there is an argument for a proportion of that to come from the cosseted upper echelons of the public sector, but low- and middle-income workers and front-line workers have told the Government definitively that they have no more to give. Has the Taoiseach heard that?

Does he understand it? Why will he not allow the LRC to open up the discussion in a genuine, open-minded way and listen to the proposals that many of the trade unions will bring forward as to how he might gather the €300 million? Will the Taoiseach not agree that “No” does mean “No”?

The Taoiseach: As I said to the Deputy, the bottom line is that the Government follows a plan which has made significant progress towards rectifying our public finances, restoring some sense of confidence in the Irish economy and bringing about a situation in which, thankfully, 1,000 jobs are being created in the private sector every month. The Government was disappointed with the outcome of the vote, which, on the basis of the negotiated proposals before the trade unions, ensured that those who earned the most paid the most and that the core pay of the 87% of public workers who earn less than €65,000 were not affected.

The Deputy’s party has had views about the way in which this should be dealt with. I remind her of her proposal before the last election for €3 billion in tax increases, which would have been catastrophic for this country, deprived people of any opportunity to work and left marginal rates at an exceptionally high level.

Deputy Mary Lou McDonald: Says the Taoiseach with the 14% unemployment rate. Is he joking?

The Taoiseach: It does not take into account the mess we inherited and the difficulties with which Government has had to deal.

Regarding those who earn most, the €500 million package put together in the last budget comes from those who earn most. I repeat that the proposal did not affect the core pay or salary of the 87% of public sector workers earning less than €65,000 a year.

Deputy Pádraig Mac Lochlainn: I cannot believe the Taoiseach is coming out with that again.

Deputy Mary Lou McDonald: The Taoiseach is re-running Croke Park II.

The Taoiseach: I would also make the point to Deputy McDonald that it is important that the Government stick to its plan, which is working in a sense of moving towards renewed confidence in the Irish economy. As the Minister for Finance has stated, any flexibility that arises should clearly be invested in infrastructure for the public good, such as schools, primary care centres and public buildings, so that contractors and other people can have the opportunity to go work and earn a living and there is some investment for the future.

Deputy Peadar Tóibín: Deputy Bruton wants a tax cut.

The Taoiseach: Investing in minor adjustments to the social protection area will not sort out our economy. What we need to do is deal with the challenge of the scale of 14% unemployment and a live register of 400,000 people. This means investment in infrastructure in which people can be employed and have meaningful jobs.

Deputy Pearse Doherty: Is that why the Government cut the capital budget by over €3 billion?

The Taoiseach: As I said at the beginning, the Government’s decision was to approve the recommendation of the Minister for Public Expenditure and Reform to ask the LRC to engage

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with the unions involved to see, following the outcome of the vote, whether there is a basis now for a negotiated agreement on savings of €300 million this year. The Minister expects to have a response within two weeks.

Deputy Clare Daly: I am sure the Taoiseach heard Praveen Halappanavar describe his wife's treatment in our hospital service before her death as horrendous, barbaric and inhumane. Her death was one the most eminent obstetrician in the country has said could have been avoided had she been granted the termination she requested. Instead, she was left in agony with her treatment delayed until she was, basically, at death's door, because of the failure of successive governments to legislate and because of the obscene distinction between protecting a woman's life and protecting her health, a distinction the Minister for Justice and Equality correctly said has resulted in some citizens' being more equal than others. While there is no impediment to the protection of men's lives, health or general well-being, in the case of pregnant women that is a qualified right.

One would think, in a civilised society in which it has been found that an innocent woman has died unnecessarily and in which half of the population are not guaranteed an equal right to health, that the Taoiseach would be spurred into action. Instead, we had the spectacle at the weekend of talk of Spanish inquisitions and of suicidal women being brought before tribunals of three, four or six inquisitors to adjudicate on their mental health. That discussion was of itself insulting to women and their doctors. I was going to ask the Taoiseach what he has against women, but I will confine myself to three simple questions on the issue of maternal well-being.

On the day Savita Halappanavar's inquest finished, an inquest opened in Dublin into the death of Bimbo Onanuga, a Nigerian woman who died in the Rotunda three years ago. This woman's family had to fight for that inquest. Given the useful information that came out of the Halappanavar inquest, which can be used to inform our maternity services in future years, will the Taoiseach consider moving to amend the Coroners Act to ensure there is an automatic inquest into a case of death in our maternity hospitals? Will he, against the backdrop of recent commissioned research which reveals a disproportionate number of deaths among women not born in Ireland - 40% of maternal deaths occur to women not born in Ireland - examine the situation and the data protection information in our hospitals? Finally, will he ensure that, without delay, legislation is brought before this House to provide for abortion where the life of a woman is in danger, including a risk of suicide, on the advice of not more than two medical practitioners publicly available in our health service with State-wide access?

The Taoiseach: The Deputy's comment is not relevant here. In all the comments I have made about any of these matters, I have tried to be as understanding of the position as one can be. The situation is that there is no need for some of the language I have heard in the past, based purely on speculation, dealing with the lives of women and the lives of their unborn children. That language is not necessary. It should not be the case that anybody in this country refers to women as being some kind of impediment to their children and to the lives of their children. This is much too serious an issue for that kind of glib comment and I do not accept it from Deputy Daly.

The tragic circumstances that arose in Galway can never bring back Savita Halappanavar to her husband, who has lost his wife and her unborn child. The jury and the coroner's inquest concluded with a unanimous verdict of medical misadventure and the jury adopted unanimously the nine recommendations made by the coroner, Dr. Ciarán McLoughlin, who conducted the inquest with a very high degree of professional competence. The HSE is considering the

recommendations made by the coroner and some of them are already under way as part of the ongoing clinical and patient safety initiatives within the HSE - for example, the introduction of an early warning system for obstetrics and gynaecology nationally. The HSE presented the final draft report to the solicitor for Mr. Halappanavar on 29 March for his observations and his feedback and I understand the chairman, who is independent of the investigation team, offered to meet Mr. Halappanavar whenever appropriate. Arrangements have been made to set up that meeting.

I do not have the details with regard to the inquest to which Deputy Daly referred in Dublin. I suggest the Deputy request a Topical Issue discussion in respect of the data protection issues.

In regard to the Deputy's third question on legislation with regard to the issue of circumstances in which there is a real and substantial threat to the life of a woman, that matter is under active consideration by the Government. When the Government decides to approve the heads of that Bill, it will be sent to the all-party Oireachtas committee for its observations and for preparation of the legislation involved.

Deputy Clare Daly: I must say the Taoiseach has not provided a single answer. The words "active consideration" tell me nothing. This House deserves that the legislation be enacted as quickly as possible, because the findings of the inquest left no doubt whatsoever. The finding was that this woman was subjected to serious and shocking mismanagement of her treatment and that she was denied and deprived of proper medical treatment when she needed it. Dr. Peter Boylan has been very clear that the only thing that could have saved her early on was the granting of a termination when she requested it.

I do not know what the Taoiseach is waiting for. Is he waiting for his daughter, my daughter or someone else's wife to be in the same horrendous circumstance that Savita's husband described? Abortion is a health issue. It is a human rights issue. The Minister for Justice and Equality has clearly stated - and I agree with him - that this is also an issue of equality. I am not sure why the Taoiseach feels women's lives are less valuable than men's or why their health should be unnecessarily put at risk. That is what the findings delivered.

I have submitted a lot of questions about Bimbo Onanuga and about the compilation of our maternal mortality rates, which are at variance with the figures. The real figures show a higher rate than that indicated by the Central Statistics Office. This is a concern for all of us. At best, our figures equate to the EU average, rather than the rates we are always sounding on about. I will raise the issues, but the Taoiseach, as the key person in the State representing half of the population, might like to fast-track some of them. Information which can be gleaned in coroners' reports and public hearings can inform our medical practice for the benefit of all women in the years to come. Delays in that regard do not help anybody.

The Taoiseach: I completely reject the Deputy's assertion that anybody in this House values the lives of women less than anybody else.

Deputy Mattie McGrath: Hear, hear.

The Taoiseach: I think that is a disgraceful comment for her to make.

Deputy Patrick O'Donovan: She should withdraw it.

The Taoiseach: I remind Deputy Daly that two lives are involved in each of these cases.

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She is well aware that each case involves the life of the mother and the life of the unborn. The process the Government is involved in, as it follows through on the expert report, clearly takes some little time. The information meetings held by an Oireachtas committee are feeding into the preparation of the heads of a Bill to deal with this matter in a sensitive, compassionate and understanding manner and in the right way. When the Government clears the heads of the Bill, it will send them to the committee for a full-scale debate so that this issue can be dealt with comprehensively and in the right way. This issue has divided Irish society on a number of occasions in the past 30 years. There are two lives involved here - the life of the mother and the life of the unborn. It is not a matter to be treated flippantly, glibly or with the kind of remarks made by Deputy Daly.

Deputy Joan Collins: Twenty-one years.

The Taoiseach: I am quite sure everybody in this House shares the same understanding of, and places the same value on, people's lives. It is not correct for the Deputy Daly to suggest that anybody has a different valuation system when it comes to the lives of women in this country.

Ceisteanna - Questions (Resumed)

Programme for Government Review

1. **Deputy Gerry Adams** asked the Taoiseach when he plans to bring forward a progress report on the implementation of the Programme for Government. [2320/13]

2. **Deputy Gerry Adams** asked the Taoiseach his plans to bring forward a new Programme for Government. [2347/13]

3. **Deputy Gerry Adams** asked the Taoiseach his plans to renegotiate or revise the current Programme for Government. [2348/13]

4. **Deputy Richard Boyd Barrett** asked the Taoiseach if he will provide a progress report on the implementation of the Programme for Government as we reach the end of the second term; and if he will make a statement on the matter. [2755/13]

5. **Deputy Joe Higgins** asked the Taoiseach if he will report on the implementation of the Programme for Government after two years in office. [12514/13]

6. **Deputy Gerry Adams** asked the Taoiseach the progress that has been made to date on the implementation of the Programme for Government. [13585/13]

The Taoiseach: I propose to take Questions Nos. 1 to 6, inclusive, together.

The Tánaiste and I launched the second annual progress report on the programme for Government on 6 March last. The report sets out the progress made by Government during its second year in office. It shows a Government that is working hard for the people and with the people to rebuild our country and restore Ireland's reputation. While the programme of work ahead is formidable, the Government has achieved much in terms of stabilising the economy and unemployment levels, creating the climate and competitiveness for growth, reducing the cost of the EU-IMF bailout and correcting the public finances. Progress on these issues is criti-

cal for future economic stability and growth. There are positive signs that the difficult work is paying off and confidence is returning. Investment in new jobs by foreign firms continues to grow. Exporting companies reported their highest jobs gain since 2006. The value of exported goods is at its highest since 2002. Borrowing is on track to fall below the 3% of GDP target by 2015. The economy has returned to modest growth for two years running. Long-term Government bond yields are at their lowest since before this crisis. We have had success in negotiating the promissory note deal with the troika. Our EU partners have agreed an extension of our borrowings. That is another factor.

The programme for Government is a detailed and ambitious programme of work for the Government over its five-year term. The Government is making good progress on implementing its commitments. Some of them will take longer and will be delivered over the lifetime of the Government. In the two reports published so far, the Government has reported progress on two thirds of its commitments. I will list some of the commitments that were delivered during 2012. The new Intreo service was launched to help get people back into employment. Some 11 Intreo offices have been opened under the direction of the Minister for Social Protection, including those in Arklow, Coolock, Buncrana, Tallaght and Killarney. A further 20 offices are to be opened in 2013 and the remainder will be opened during 2014. There has been a continued focus on job creation. Some 92% of the 2012 jobs action plan has been implemented. A €2.25 billion stimulus in job-rich public infrastructure projects has been secured. Among the key projects are up to 20 new primary care centres, new and replacement school buildings, the new DIT campus at Grangegorman and the new State pathology laboratory. Some €850 million is being provided to upgrade the national motorway and primary route network. Those projects are going through the process of the stimulus programme preparations in the PPP system.

The children's rights referendum, which strengthens children's constitutional rights, was passed last year. Work is well under way on the establishment of the new child and family agency, with draft legislation expected to come to the Government shortly. Ms Norah Gibbons was recently appointed as the first chairperson of the board. A suite of legislation was enacted to enhance child protection in relation to Garda vetting and the reporting of abuse. The future roadmap was published, setting out key reforms to be delivered for universal health insurance. The national carers' strategy was published to acknowledge and support the work of carers. The Constitutional Convention was established - it has met three times to date - to give people an opportunity to have a real say in reforming our Constitution. New personal insolvency legislation was enacted to radically reform bankruptcy law and help distressed borrowers to resolve their debts while remaining in their family homes. An action plan for the fundamental reform of the local government system - to make it more efficient, effective and democratic - was published. A local government Bill is expected to be enacted before the end of the year.

Over the next 12 months, the Government will continue to work to reduce borrowing levels and sustain investor confidence in this country. We will continue to place a strong focus on creating more jobs while making sure, as far as possible, that new jobs go to people on the live register. We will do more to accelerate progress to address the mortgage crisis to ensure individuals and families are offered sustainable solutions. The Government will continue its reform agenda across the political system and the public service while protecting front-line services. The Government entered into a five-year plan. Each Minister will keep working to implement that plan. I have no plans to revise or renegotiate the programme for Government, or to introduce a new programme. There is more than enough work to keep everyone busy for the next three years.

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Deputy Aengus Ó Snodaigh: I acknowledge the window-dressing in what the Taoiseach has just said. He did not address the real meat of the programme for Government - the wishful thinking that was contained and listed in the programme. There has been an indication, particularly on the part of the Minister for Social Protection, that the penny is beginning to drop with this Government at long last, after two years of pursuing Fianna Fáil policies. I hope it will be catching and the Minister, Deputy Burton, might be able to persuade the Taoiseach that austerity is not working here or in the EU as a whole. Unemployment has remained steadfast at 14%. I do not how the Taoiseach can praise that, or suggest it is a great thing. Unemployment needs to come down. Emigration records are at an all-time high. The domestic economy remains on the floor. I urge the Taoiseach to change direction. He should listen to what the Minister, Deputy Burton, is telling him at the moment, which is that austerity is not working and will not work at EU or national levels.

Does the Taoiseach accept that many parts of the programme for Government have been binned by the Government even though it was elected on the basis of its promises? Does he accept that it has failed to implement the programme for Government that it placed before the House after the election? I have asked the Taoiseach previously about the commitment in the programme for Government with regard to upward-only rent reviews for existing leases, which was supposed to be a key component of the Government efforts to get businesses back to work and retain businesses throughout the country. Will the Government publish the legal advice to which it keeps referring to the effect that it cannot proceed with legislation to address this problem? Regardless of whether that advice is published, will the Government ask the Constitutional Convention or an expert group to examine this issue and try to find some way around the supposed constitutional problems in this respect?

I would like to ask the Taoiseach about the Government's record on health. He mentioned how great the Government has been at implementing the programme for Government, but in this area it has missed deadlines and broken promises.

4 o'clock

All we have seen is the primary care debacle. The Government has also failed to live up to its commitment to provide for free drugs under the long-term illness scheme and the high-tech drugs scheme. The Government said it would publish a White Paper on universal health insurance. When is that coming? Is it coming, or is it just another one of those failed promises?

It is good to see the Minister for Social Protection next to the Taoiseach in the House, because this also relates to her. The Taoiseach said there were many commitments in the programme for Government. One of those commitments was that the Government would protect the vulnerable and another was that it would maintain social welfare rates. Social welfare rates have not been maintained if, for example, one asks lone parents, considers what the Government has done with child benefit or jobseeker's benefit - under which the number of months for which a person is entitled to the payment have been reduced - or looks at the fuel allowance or the household benefits package. They are all social welfare payments and every one of them has been attacked.

The Taoiseach said in regard to other-----

An Leas-Cheann Comhairle: I remind the Deputy that others want to ask questions.

Deputy Aengus Ó Snodaigh: I will finish on this point but I ask that I be allowed to come

back in, as there are one or two other points I wish to raise. Disability was one of the key platforms during the election and also in the programme for Government, which states: “We will ensure that the quality of life of people with disabilities is enhanced and that resources allocated reach the people who need them.” Yet on this issue we have seen, time after time, that the Government has gone after people with disabilities. Those people have sometimes managed to force the Government to reverse the decisions it has made but it has not, as yet, reversed the decision to cut the respite care grant, reversed its cuts to the adaptation grant or said it will not abolish the motorised transport grant and the mobility allowance grant, which the Government recently announced it would cut. Is it now time to publish a new document that the Taoiseach can stand over and that is achievable, rather than the fairy tale that is contained within the current one?

The Taoiseach: I do not accept Deputy Ó Snodaigh’s assertions at all. What I gave him were some of the actions that have been taken and implemented during the course of the past number of months that are having an impact on our problems here.

I had the opportunity to visit Sligo with the Minister for Social Protection to open one of the first Intreo offices. The office contains a combination of personnel from the Department of Social Protection and the HSE, along with community welfare officers. For the first time, I saw the value of an integrated system under which people with different experiences are able to deal with persons who are unfortunately unemployed, in whatever category they may be. The live register, far from being some sort of instrument under which people just go and receive the dole, is a resource dealing with people who have an enormous range of skills and competence and who, in the vast majority, are willing and want to work. In contrast to the old system under which people would go in to sign on and draw money, there is now the opportunity for group interviews and individual interviews to see what their experience, talents and particular areas of expertise might be, to see what their wishes and ambitions are, and to try to fit those into the opportunities that are being created and will arise in the time ahead. I must say genuinely to Deputy Ó Snodaigh that I detected a sense of energy and enthusiasm I had never seen before in social welfare offices, which are now called Intreo offices. Another group of these offices are to be opened in 2013, and the Minister for Social Protection is in very close contact with the Office of Public Works and reports to Cabinet on the progress being made to ensure this can become a reality.

The spend on social protection is €20.3 billion. This is money that goes directly into the economy in all its various sectors and phases. It is true to say the Government has kept its commitment in honouring core pay rates. It is a commitment that has and will be honoured and it is a very important element.

The number on the live register on 19 April was 420,000. Less than one year ago, people were talking about the number exceeding 500,000. This is much too high but it is an impressive response from the Minister for Social Protection and across the Government in the opportunities that are being created. The question and challenge for the Government is to deal effectively with the live register. That is why I am glad to note that, with the continued line of strong investment coming into the country, the Department of Social protection now has a competent potential employee list that is available for any body, whether Enterprise Ireland-backed small and medium enterprises, foreign direct investment in the form of multinationals or otherwise. Such bodies now have available to them a resource within any locality. People have been more than surprised at the quality and range of talent and expertise that exists out there.

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The question of upward-only rent reviews is something the Government has not been able to deal with. This was an intention of Government but, as I have said before, the formal legal advice from the Attorney General was very clear in that regard.

I ask Deputy Ó Snodaigh whether I missing something here. Last year, 2012, was the most successful year for job creation by the IDA since 2006. I had the opportunity to engage with American investment personnel in Washington, New York and right across to the west coast, from Seattle down to San Francisco. Among the biggest companies that have invested here in the recent past are Apple, PayPal, Eli Lilly, Amgen, SAP, Cisco and, from Ireland, the Kerry Group. More than 13,600 new jobs were created in 2012, some 12,500 of which were created by IDA clients, which was the biggest number ever. We have also put in place the €19 million microenterprise loan fund scheme, which we hope will create more than 7,000 jobs. By the end of March, that scheme had supported 44 microenterprises and 116 jobs from the approximately 149 applications that were received. There was the launch of the €450 million credit guarantee scheme, which has the potential to create 4,000 jobs, and over €3.1 million was guaranteed under that scheme by the end of March. As the Minister of State, Deputy Perry, will know, one of the crying complaints I get is that small and medium-sized enterprises have no access to credit. This scheme was created as part of the infrastructure to help small and medium-sized enterprises to do their business and to expand. That is why we also published legislation to make it easier for viable SMEs to restructure their loans. Some €300 million has now been invested in seven new world-class research centres that are to be located in Cork, Limerick, Galway and Dublin and will support more than 800 scientists-----

Deputy Micheál Martin: They are already there.

The Taoiseach: -----in developing and commercialising cutting-edge technologies. That is important. I travel to these places and see the range of what is now on offer. Yesterday, I launched four projects in the west which involve cutting-edge technology created by Irish people who see opportunities and have access to the credit and the support to actually make that happen and to employ people, which is what we all want.

JobBridge has proven very successful. From speaking to employers, I have to say they have been very pleased with the number of young people-----

Deputy Aengus Ó Snodaigh: Why would they not be if they are getting free employment?

The Taoiseach: Over 52% of them are employed permanently once they go through the process.

There are other issues that need to be dealt with. Yesterday, I attended the all-party Oireachtas committee in the west dealing with jobs and job creation, the retail trade, the black economy and so on. It is only when people engage with front-line practitioners and people who are involved that they hear of the opportunities out there and discover where the blockages and impediments in the system are. That committee has been dealing with some real and relevant issues. One might say that one of the issues taken in hand by the Minister of State with responsibility for small business, Deputy Perry, is the complexity and difficulty involved in small and medium enterprises setting up businesses and keeping them going. It involves the number of licences they must apply for and the red tape, bureaucracy and cost involved in that. By the end of this year, there will be a single portal for applications for small and medium enterprises to save them money and spare them red tape and bureaucracy. This was done in Chicago and

Singapore and will hopefully be piloted in a number of areas throughout the country by the end of this year. They are some of the issues.

Clearly, the €20 billion in savings over the next ten years from the promissory note agreement was important, as were the liquidation of IBRC and Irish Nationwide, the ending of the bank guarantee scheme, deposits returning to Irish banks, the disposal of the State's €1 billion holding in the Bank of Ireland at a profit of €10 million, the sale of Irish Life for €1.3 billion with an additional dividend of €40 million paid to the State and the establishment of a new bank resolution fund to protect against future instability. These are important issues.

As I said in response to an earlier question, I would like to think that the stimulus package announced by the Minister for Public Expenditure and Reform last year will result in due course in a serious number of jobs in the construction of primary care centres, schools, the major development at Grangegorman in the city centre and a new and long-desired State pathology laboratory and in upgrading the national motorway network with a further €850 million, all helping to create jobs and spread that money through the economy. I agree that dealing with the national economy is the challenge facing Government because our international reputation has been restored and the international economy is running very strongly with profits, the numbers employed and exports increasing. The line of investment into the country remains very strong which feeds into many of the small and medium enterprises who specialise in servicing those industries.

Our challenge is to deal with the live register, the perception of which the Minister for Social Protection has made radical changes to in addition to its competence and status as a resource for employment. We will also provide opportunities to access to credit for small and medium enterprises; cut costs, red tape and administration; and prove it can work. It is in this way that confidence is restored, not to mention the difficulties people have experienced with mortgages.

The Deputy mentioned universal health insurance. The future health road map was published and will lead to that. We have said that universal health insurance would be at the end of the lifetime of this Administration. The legislation to abolish the Health Service Executive is proceeding through the Oireachtas. The "money follows the patient" proposals have been published and will enable us to move to a more equitable system of resource allocation so that people get medical care as close to them as possible based on their medical needs. The special delivery unit piloted by the Minister for Health has made substantial progress. At the end of 2012, there were 20,000 fewer people waiting on trolleys, which was a reduction of almost 24% on 2011. The number of adults and children waiting for surgeries was reduced by 95 over the year. The risk equalisation scheme commenced in 2013. The new deal, which deals with medicines, and Health (Pricing and Supply of Medical Goods) Bill will lead to a reduction of over €400 million over three years. These are important decisions made as part of restructuring to bring about a more effective and efficient health system. The Government decided to make the St. James's Hospital campus the location for the national children's hospital. The budget for the National Office for Suicide Prevention increased to €8.1 million in 2013, up by €4 million. A number of persons were employed to work in that body. I could go on about different sectors but Deputies may want to ask other questions.

An Leas-Cheann Comhairle: I will call Deputies Boyd Barrett and Higgins who have also asked questions and are next on the list.

Deputy Richard Boyd Barrett: After the Taoiseach read out that impressive list of his

achievements over the past two years, one would almost think it was heaven and bliss out there for the vast majority of people such as his stunning success in dealing with the crisis faced by ordinary people. However, the truth is far from that, as well he knows. When he is asked about the major issues facing ordinary people, particularly unemployment and the crushing effect of austerity, he very often reads out the same list of things the Government is doing for people. One can only conclude or assume from the way he responds to these things that he believes the people out there do not really understand what a wonderful job he is doing. I suggest that this is not the case and that the people outside understand very well what is going on and that two years after this Government was elected, it has not delivered the things people expected it to deliver in a national emergency that has not abated one iota.

The Taoiseach knows what the key issue is because “Get Ireland working” was emblazoned on every Fine Gael poster in every town and village across the country. That was the promise he made and everybody knew that this was what needed to be done. Instead, the Government has slashed 30,000 public sector jobs and imposed crushing austerity that has destroyed thousands of small and medium enterprises and led to tens of thousands of educated and talented young people who want to work leaving this country. The unemployment figures would be catastrophic were it not for the escape valve of emigration. Is emigration the Government’s jobs policy? Is it the Government’s policy to force people out of the country because that is the only thing making any difference to the job figures? They would be higher now than they were when the Government came into office were it not for the tens of thousands who have left. What people want to know is whether the Taoiseach will recognise that he has failed to deliver on the promise to make a significant dent in the catastrophic unemployment figures that are blighting the lives of 430,000 families and crippling our economy. Is it not the case that unless the Government deals with that crisis in a serious way, we will be in a dreadful state for some time to come?

The Taoiseach is engaged in the classic manipulation of figures and facts when he lists off 5,000 jobs here and 500 or 10 million there but does not give the other side of the equation. The simple fact is that unemployment was 14% when the Government came into office and it is still 14%. According to the projections we get from the troika, the Fiscal Advisory Council and the Department of Finance, if all the Government’s plans work out as well as possible, unemployment will be 13.6% in three years time. The best we can look forward to with the Government’s jobs plan is a reduction of 0.5% or 0.6% in the unemployment rate. Is that what the Taoiseach is offering people? If it is, because this is what the Department of Finance and troika forecast, we are looking at well in excess of 400,000 people unemployed even after we exit the troika programme in three years time. Surely the Taoiseach can offer us something better than that?

Where is the strategic investment bank that was in the programme for Government and was going to deliver 100,000 jobs? Where is the massive scheme of insulation of public buildings that could save the money the Government is trying to take from low and middle-income workers without attacking their wages? The Government could put construction workers who are on the dole back at work insulating public buildings and saving energy costs. Where is that programme? Where are the tens of thousands of jobs that could be created if he did that? It has not happened. Has the Taoiseach forced the banks to start lending money into the economy? He has not. He puts up his hands and says, “We are not very happy with the banks and what they do” but nothing actually changes.

The Taoiseach announced seven new research centres. However, what he does not say is that the research budget for Science Foundation Ireland is lower this year than it was last year.

The money will now be spread over these seven new centres and the existing ones which has relied on this funding. Many research centres will have less money next year than they had in previous years. The Taoiseach is manipulating the facts. I ask him to say what his plan is to get the 400,000 people unemployed - not a few hundred jobs here or a few training places there - back to work. What is the timescale? When can we expect these 400,000 or even 300,000 of them who want to work back at work?

The Taoiseach: That is a litany of righteous indignation.

Deputy Richard Boyd Barrett: I just want to hear the answers.

The Taoiseach: I suggest we get a few facts straight. Between 2008 and 2011, 250,000 people lost their jobs in the private sector. The Deputy chose not to mention that statistic. He chose not to mention the mess we were left to deal with. Some 1,000 private sector jobs are now being created per month, for which I am grateful, as it is a sign of confidence returning. No one on this side of the House has talked about green shoots or corners being turned because there is a long and difficult road ahead. I refer to the woman down the street who runs a small shop. She has had five very difficult years. In her opinion, if she were to walk up O'Connell Street with a placard stating her shop would close unless the people bought her merchandise, she would get very little sympathy. Some 250,000 jobs went between 2008 and 2011. That is the reason there is no magic wand to restore the numbers of jobs to which the Deputy refers. I advise him that what he said about the numbers is incorrect. Of the 420,000 people to whom he referred, 90,000 work part-time. The real figure is 330,000 people who, unfortunately, are out of work and on the live register. The second point is that the monthly movement of numbers on the live register is extensive.

On various occasions the Deputy was in north-west Mayo with some of his people. I remind him that 200,000 people, mostly men, were employed there over a period of ten years. This employment transformed the economy. There are significant numbers of people working on major construction projects in different parts of the country, but the level of employment is nothing like what we want. Even in the days of national squandermania, there was a cohort who remained unemployed when, technically, the country had reached full employment. It is also a fact of life that interest rates have come down from over 14% to less than 4%. The Deputy might not regard this as important for business, but, in fact, it is. The agreement with the ECB and the projected savings in the next ten years are significant and also an important sign of confidence returning.

I recently received the president of a group in Catalonia. Over 52% of young people are unemployed in Spain. Many have moved to Germany to work in engineering, but there is frustration and anger among the young unemployed. We included in the MFF proposals provision for a fund of €6 billion to deal with youth unemployment. I do not like to see anyone being forced to leave the country. There is a campaign under way in the United States to look for comprehensive legislation on immigration and pathways to citizenship. When I was growing up in County Mayo, emigration was a normal part of life, although I do not suggest that should be the case now. I met Irish people in China and other countries who were in those places by choice. They want to gain experience and use their skills and talents. I hope they will return to this country when they have gained that experience. The people for whom I feel sorry are those who believe they have to leave because they have no hope. That is why the Government must get the fundamentals right when sorting out the country's financial position, while also creating the opportunity and environment in which to do business.

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I refer to a local example which caught my attention a day or two ago. An unemployed construction worker opened a bakery in the west. He took a course in Ballymaloe and now has 15 unemployed construction workers working in the bakery. This enterprise attracted one of the biggest investments - €200,000 - ever made in the history of "Dragons' Den". Because of the quality of the product he is producing, he is supplying multinationals and bigger stores in the country. That has been the result of his initiative.

Yesterday I launched four initiatives born out of current research and innovation. While these initiatives might be small and may not be of interest to the Deputy, people are being employed, men and women who now have an opportunity to go out to work every morning, expand their enterprises and sell abroad. I visited the offices of Google recently. I refer to the challenge set by it last year to have 10,000 new sellers on-line within 12 months. That objective was achieved. Many people in towns all over the country think that if they set up a website, it will work automatically, but that is not the case. However, the world is wide open to receive their wares and they need to be able to access that market.

There is more than one issue. We are all interested in hearing ideas on job creation. That is the reason I was so pleased last year when the Kerry Group which began in Listowel in 1972 set up a world-class innovation centre in Naas worth €100 million which was devoted to food research. It will become a magnet for blue chip companies from all over the world. It will employ young people, scientists, researchers, innovators and creators. These initiatives send important signals about the country.

Nobody on this side of the House will say we have beaten the unemployment problem. However, of all the Ministers for social welfare, the Minister for Social Protection, Deputy Joan Burton, has shaken up that Department. She has developed an understanding of the resources, talent and experience available among the 330,000 unemployed, the vast majority of whom want to work and deserve the opportunity to experience the new way of interacting with people in order that working will become a reality.

I hope Deputy Richard Boyd Barrett will go down to his local bank manager - or bank managers - to ask him or her or them what he or she has or they have loaned in the last quarter. New targets have been set for the banks. The pillar banks have a target of reaching a figure of €4 billion in new lending in this year. I have talked to Deputies from the different parties, some of whom tell me that they know of half a dozen companies which were unable to access credit, perhaps because their applications were incomplete. Other Deputies say they have proof of money being available and they can give the names of those who received loans. It is a case of being very clear with the banks. That is why we interact with the regulator on a regular basis.

Ours is not a programme of austerity; rather, it is one of change and development to sort out the country's problems and deal with the issues we all want to see being resolved - unemployment and job creation. I would like to think the next stimulus package will be used for the building of schools and primary health care centres and whatever else in order that people around the country will see that things are happening and that we will see contractors building and investing in the future for our children and those who will come behind us. That can only happen where the economy is running efficiently to attract investment and deposits and where there is flexibility that gets people off the live register and into the world of work. The best news a Deputy will get in his or her constituency is not simply the announcement of new jobs, but the reality of men and women having the opportunity to go to work every morning and have fulfilling jobs which allow them to contribute to local economies and to their personal lives and

futures. That is where we want to be but it cannot happen unless the fundamental problems are dealt with. The Government is doing its damndest to ensure that those things happen.

Deputy Joe Higgins: The questions asked are about whether the programme for Government will be revised. Does the Taoiseach agree that the policy of the Government on austerity is fundamental to any answer to those questions? The Minister for Social Protection, Deputy Joan Burton, has said that while we have reached the limits of austerity, there still appears to be an inexplicable preference for loading the costs of banking crises squarely onto the shoulders of ordinary people and small businesses. She is a member of the Government, bound by collective responsibility. Is she stating the view of the Government and is it the Taoiseach's view? Does not her statement call for an immediate review of the programme for Government, which envisaged at least four years of the austerity which has proved to be a nightmare for ordinary people? If austerity has reached its limits - and it has - and the Minister for Social Protection is not merely posturing, does it not mean that the further austerity measures in the pipeline should be abandoned forthwith? Does it not mean there should be no more cuts in social protection?

The property tax represents the equivalent of a week's income for low-paid workers and much more than that for many people on social welfare. The power to rob people's wages and bank accounts has been given to the Revenue Commissioners. Does not the Minister for Social Protection's statement imply that the policy should be abolished? It means the cut of €300 million this year which will affect low-income, middle-income and frontline workers in the public service should be abolished. Does the Taoiseach agree that it would be highly cynical if a member of the Government made such a statement and was afforded acres of print in the capitalist media if it was mere posturing and a vain attempt to rescue credibility for a rapidly sinking Labour Party? Does he agree that if there is any credibility to the statement, it signals a change of Government policy? What changes will the Taoiseach announce today in view of the statement by a member of his Government?

This is the first time I have seen the Minister for Social Protection in the House during questions to the Taoiseach, which leads me to question whether she is practising to be Tánaiste or if the Taoiseach ordered her to attend for his announcement of a major change in policy in line with her suggestion to end austerity.

Deputy Willie O'Dea: I doubt that.

Deputy Joe Higgins: Did the Taoiseach order her to attend as a head prefect who has spoken out of turn and must come to the principal's office to be shown who is in charge? I hope the Taoiseach will reply candidly and not go all around the houses. I spent ten years questioning the Taoiseach's predecessor, Bertie Ahern, when he rambled on and on. The Taoiseach is better than the former Taoiseach in that regard. I want him to answer candidly the key question on austerity and the three particular examples of it. We on the Opposition side would welcome the Taoiseach sharing his time with the Minister for Social Protection to allow us to speak directly with her on the matter.

An Leas-Cheann Comhairle: I note to Deputy Joe Higgins that the Chair does not have any power to stop Deputies or Ministers making questions or answers.

The Taoiseach: Unlike my penultimate predecessor, the handball is returned to Deputies by me, sometimes with more than they bargained for. I assure Deputy Higgins that Deputies are not playing against a haystack in my case. I recognise the Deputy's strong Kerry tradition and

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roots in the basis of the questions he asks. When the Minister for Social Protection spoke, she was addressing 1,000 members of the Society of St. Vincent de Paul. She spoke very well and will forward a copy of her speech to Deputy Higgins to read and understand it clearly.

Deputy Aengus Ó Snodaigh: She was playing to the audience.

Deputy Willie O’Dea: It is the sort of thing one says to the Society of St. Vincent de Paul.

The Taoiseach: She was referring to the potential of the Eurogroup to help deal with Europe’s problems, which are many and include the problems of Portugal, Spain, France, Italy, Cyprus, Greece and, of course, Ireland.

Deputy Micheál Martin: That went down very well.

(Interruptions).

Deputy Joan Burton: I take it I have Deputies’ full support.

The Taoiseach: Ireland is making its way through challenging times with modest projections for growth for 2013 and 2014, whereas many other countries are in negative positions with real difficulties ahead. That is the context in which the Minister for Social Protection was speaking. I do not accept that Government set out with anything other than a programme to rectify our problems and restore our country’s credibility and integrity. I have said on many occasions that the international economy is moving very much in the right direction as far as Ireland is concerned. The difficulties other countries in Europe face represent a challenge for us also. Our productivity levels are extraordinary and export levels have been higher than ever. The better the shape other countries in Europe are in, the better it is for our producers and exporters.

As I said to Deputy Ó Snodaigh, the challenge is to deal with our national confidence and economy. That is why the structural changes have been taking place, principally within the Department of Social Protection through the establishment of the new system of Intreo offices. While they will not in themselves change the situation, their establishment is a recognition of the resources and talent which exist.

Deputy Joe Higgins: The Taoiseach has said all that before. Is there to be a change in the programme for Government?

The Taoiseach: Other Departments can assist by making decisions to allow the resources and talents to be used and accessed for everybody’s benefit.

Deputy Joe Higgins: There is no change in policy.

The Taoiseach: What Deputy Higgins wants is for everybody to get what they want by entitlement and to pay for nothing. He does not want to pay for water or services to properties and wants to increase taxes on some mythical figure as if there were a small number of wealthy people who could sort out this country’s ills. It is absolute nonsense. I remember joining Mayo County Council as a young fellow back in the 1970s when people paid for water and refuse collection. They paid their rates and local authorities supplied their services as best they could. Even Deputy Boyd Barrett when he removes himself from the Chamber knows full well that there is nothing for nothing in the world and that people make a contribution. As far as the

Government is concerned, those who have and earn most will pay most.

Deputy Richard Boyd Barrett: The bankers get something for nothing every day.

The Taoiseach: In the fair and equitable negotiations with the 21 unions which took place, the result was that 87% of workers - those who earned less than €65,000 - would not have had their core salaries affected. I do not agree with Deputy Higgins that I should make an announcement to abandon ship. The Government has set out its position very clearly. There is a requirement as espoused by the Minister for Public Expenditure and Reform, whom I support fully, for savings of €300 million. That is why the Government asked this morning that the Labour Relations Commission engage with the unions to establish if there is a basis for further discussion and negotiation to achieve the savings. I hope that can happen within the next two weeks.

Deputy Joe Higgins: So the whole thing was a bluff by the Minister.

The Taoiseach: When the crisis hit Ireland, we were required to borrow €64 billion. In recent days, some people have been talking about this being all due to bankers and that no one besides them had any impact on it. Let us not forget why the crash happened or why it was allowed to happen. There were extraneous circumstances-----

Deputy Micheál Martin: Extraneous?

The Taoiseach: -----but there were people at home who could have done something about it. They did nothing about it and they deny all responsibility for it since.

Deputy Willie O'Dea: We could have prevented the problems in the UK, Greece and Portugal as well.

The Taoiseach: The prayer we learned at school was *mea culpa, mea culpa, mea maxima culpa*. We have had side excuses about who was responsible but the people know because they are paying.

Deputy Joe Higgins: It is Davos all over again, with the idea that we all went mad.

The Taoiseach: The Government is trying to rectify problems in a way that people have the opportunity to come back, create employment, create jobs, grow the economy and provide opportunity for their children. I disagree with Deputy Joe Higgins fundamentally. The Government's programme is one of change, expansion, economic reform, restoring credibility of our economy and getting people back to work. It will never happen overnight and, as I pointed out to Deputy Boyd Barrett when he spoke about 420,000 people on the live register, 90,000 people of those are working part-time.

Deputy Willie O'Dea: Nothing has happened in two years.

Deputy Bernard J. Durkan: The problem was 15 years in the making.

The Taoiseach: The real problem is with the 330,000 people genuinely unemployed. Our focus will be, unremittingly, on giving opportunities to small and medium-sized enterprises to employ two, five, ten or 20 people. That is the challenge and where our focus will be.

Deputy Micheál Martin: I alert Deputies about tabling questions on the programme for Government because it allows the Taoiseach to indulge in the longest filibuster I have witnessed

in this House for quite some time.

Deputy Willie O’Dea: Spoof.

The Taoiseach: We do not get question and answer, we get filibuster and the filling of time so other questions are not answered. However, that is the system and we only have one day because the Taoiseach does not want more than one day a week answering questions.

Deputy Joe Higgins: The Taoiseach does not need an excuse to filibuster.

Deputy Micheál Martin: Point taken. Two thirds of the consolidation of the public finances occurred before this Government came to power. The Taoiseach was then the leader of the Fine Gael Party and opposed every single measure. He attacked our cuts to consolidate the public finances. Along with the Labour Party, he opposed every measure and gave the impression things could be done differently. The public is disillusioned because so many promises were made prior to the election and breached. Examples include child benefit, respite care, and third level grants, where the Minister for Education and Skills, Deputy Quinn, signed a solemn pledge to the students of Ireland on the steps of Trinity College to reduce the €500 increase and swear there would be no increase for the duration of the Government. The Labour Party said it would do that and that child benefit would not be cut. In respect of the disability aspects of the programme for Government, the breach of promise and commitment was stark from the beginning. The Taoiseach’s reply was that there was no need to change the programme for Government. The Minister for Social Protection, Deputy Burton, does not agree and has clear views on the need to change the programme for Government. Matters within the Labour Party may be responsible for that. At the very least, the programme for Government should be corrected because it contains things that will not happen. Budget decisions have gone against much of what is in the programme for Government in respect of disability and home helps. Comparing the home helps section in the programme for Government with what has happened shows they are opposites. It should be more accurate and more reflective of what is happening through Government decisions.

There is no progress on universal health insurance. The health insurance industry is almost in a death spiral, with thousands leaving the insurance industry. Reserves, particularly in the VHI, are in difficulty and need capital injection. There will be further significant cuts in health services. There is a sense that the centre cannot hold in the health services and no massaging of the figures will change it.

The Taoiseach referred to a figure of 250,000. We have had a major banking crisis, which is not unique to Ireland. It does not suit the Taoiseach’s narrative to say that. He can talk about the best year since 2006. I was the Minister for Enterprise, Trade and Employment in 2006 and it was a very good year for the IDA. That is not the whole story in terms of employment. The Taoiseach referred to research. Science Foundation Ireland was initiated over a decade ago and has proved very successful. Before that, I initiated the PRTLTI programme. Combined, they transformed the research landscape in the country. That is helping in terms of the innovation and research to which the Taoiseach referred. It is in not within the frame of the Taoiseach to acknowledge these fundamental transformations occurred in research or in terms of the financial services centre in Dublin and its 30,000 jobs that are still there.

With regard to disability, does the Taoiseach agree to be faithful to what is in the programme for Government and home helps or else correct it? The programme for Government talks about

the abolition of the Seanad as a clear commitment, along with an appeals court and a referendum on the patents treaty. This would mean three referendums in the autumn. This has not been presented to the House. With the budget to be announced in October, and a full legislative calendar, how will the referendums be handled? What is the timeline in terms of the Bills that must be produced and when will the information pertaining to the referendums be produced? Can the Taoiseach give an assurance on the time to debate the matters or will he rush these constitutional changes through the House?

Some months ago, the Taoiseach indicated to the House that he would give us early sight of the proposals. That was in February 2011, and he said he had the details of the Seanad abolition worked out at that stage. Recently, the Taoiseach told me he had many papers on it and I asked him to publish the papers so that we can have an informed debate on the issue. The Taoiseach winked across the floor at me and said that he could not be doing that. As we are getting closer to the summer, I would have thought the Taoiseach would be in a position to polish the proposals on the abolition of the Seanad and the other items of legislation.

I recall the Taoiseach promising that he would keep report cards on Ministers.

Deputy Mattie McGrath: He ran out of cards.

Deputy Micheál Martin: The Taoiseach announced that to the nation on “The Late Late Show”. Part of the announcement was that he would get rid of any Minister who was not on top of the job.

Deputy Mattie McGrath: He could not get rid of them all.

Deputy Micheál Martin: Can the Taoiseach indicate whether such report cards exist and when he will take decisions on firing Ministers as he said he would? Is the Taoiseach of the view the Minister for the Environment, Community and Local Government, Deputy Hogan, is doing a fantastic job and that the Minister for Health, Deputy Reilly, is doing a brilliant job?

Deputy Mattie McGrath: He is in Doha.

Deputy Bernard J. Durkan: What about the red card Deputy Mattie McGrath got?

Deputy Mattie McGrath: I looked for it.

Deputy Micheál Martin: The Minister for Justice and Equality, Deputy Shatter, is clearly excelling in his capacity to isolate people with rapidity. I would like the up-to-date position on the report cards on Ministers. Do they exist? When will the Taoiseach publish them?

The Taoiseach: Deputy Martin said that two thirds of the reforms in dealing with the public finances had been put in place by the previous Government.

Deputy Robert Dowds: Does that mean there may be a few unexploded bombs?

The Taoiseach: Some 100% of the 250,000 people who lost their jobs in the private sector did so on the watch of the previous Government. Some 250,000 private sector jobs from all over the country were lost in three years. That is the message. On more than one occasion, I heard Deputy Martin say during those tumultuous times that there was no need for a bailout in Ireland. His colleagues at the time had never heard of the fact that the IMF was on the doorstep. They nodded knowingly to each other that they had not heard it.

(Interruptions).

The Taoiseach: I am making the point that instead of the two thirds, 100% of those who lost their jobs did so on the Deputy's watch.

What I said to Deputy Higgins was that I had no intention of introducing a different programme for Government. There is more than enough work for everybody to carry through in the lifetime of this Government. The future health roadmap for universal health insurance was published. Legislation to abolish the HSE is going through the Oireachtas. The money follows the patient proposals have been published. The special delivery unit has made an impact. A new risk equalisation scheme commenced in 2013. The new deal reducing the cost of medicines by €400 million over three years is in place. There is a new agreement with hospital consultants to enhance health services. The new national carer's strategy, which had been left lying around for years untouched by the previous Administration, was published. There has been a strengthening of the community mental health teams. Some 220 posts in the adult mental health service have been or are being filled and 109 posts in the child and adolescent mental health service have been filled this year and more are expected to be filled. The unit for people with cystic fibrosis at St. Vincent's Hospital was opened in 2012, although admittedly it was begun before that. St. James's Hospital was selected as the site for the national children's hospital. As I said earlier, there has been a doubling of the allocation to suicide awareness, intervention and prevention.

Work on the Seanad is nearing completion. There will be a number of referenda in the autumn. The Government has not yet decided on the date.

Deputy Micheál Martin: Can the Taoiseach publish the papers on the Seanad?

The Taoiseach: I will give them to the Deputy in due course.

Deputy Micheál Martin: At the 11th hour.

The Taoiseach: I have not yet decided on the number of referenda. Obviously, there is the court of civil appeal, the question of the single patent and the issues recommended by the Constitutional Convention, which we have to consider. The budget will be on 15 October and it will be followed by the finance and social protection Bills. The local government Bill must go through by the end of the year. There is a really intensive line of legislation to be put through. As I said, we have notified the Chief Justice of the intention to hold referenda and, obviously, she will make arrangements following that.

The report cards will not be published in the media.

Deputy Willie O'Dea: Do they exist?

The Taoiseach: Deputy Martin need not worry about that. I am sure he keeps report cards on his own squad to see how it is doing. It is a matter for every Minister to apply himself or herself diligently to his or her cause and the portfolio for which he or she has responsibility and to see that his or her elements of the programme for Government are implemented fully and with due vigour and enthusiasm to make our country great again and bring it back from the disastrous condition in which we found it.

Written Answers follow Adjournment.

Order of Business

The Taoiseach: It is proposed to take No. 8 - motion re: proposed approval by Dáil Éireann of the terms of the Agreement between the European Community and the Republic of South Africa, back from committee; No. 9 - motion re proposed approval by Dáil Éireann of the terms of the Framework Agreement between the European Union and the Republic of Korea, back from committee; No. 10 - motion re proposed approval by Dáil Éireann of the terms of the Framework Agreement between the European Community and the Republic of Indonesia, back from committee; No. 11 - motion re proposed approval by Dáil Éireann of the sectoral plan in accordance with section 31(6) of the Disability Act 2005, back from committee; and No. 2 - Companies Bill 2012 - Order for Second Stage and Second Stage.

It is proposed, notwithstanding anything in Standing Orders, that (1) Nos. 8 to 11, inclusive, shall be decided without debate; and (2) the Dáil shall sit later than 9 p.m. and shall adjourn on the adjournment of Private Members' business which shall be No. 99 – motion re public sector pay and conditions which shall be taken on the conclusion of the opening speeches of No. 2 or at 7.30 p.m. whichever is the later and adjourn after 90 minutes.

An Leas-Cheann Comhairle: There are two proposals to be put to the House. Is the proposal for dealing with Nos. 8 to 11, inclusive, without debate, agreed to? Agreed. Is the proposal that the Dáil shall sit later than 9 p.m. agreed to? Agreed.

Deputy Micheál Martin: Last week I asked the Taoiseach on the Order of Business when we could expect the protection of maternal life Bill emanating from the work of the expert group which worked on the A, B and C cases. He indicated that the legislation would be introduced in the House this week. I understand he said earlier that it is now under active consideration.

The Taoiseach might indicate whether a Government Minister spoke to *The Sunday Times* on the Bill and gave the information on the Spanish inquisition-type approach to a suicidal woman requesting a termination. How did the detail of the legislation get to *The Sunday Times*? That kind of leaking is making a complex and sensitive situation worse and is not helpful to the entire process. For the past 48 hours, people have been talking about nothing else but the information contained in *The Sunday Times*. The Minister for Health, Deputy Reilly, did not deny it as such. If one reads his statement carefully, it is a nuanced explanation of what would not happen as opposed to what is in the legislation. Are the heads of the Bill ready to be published? I think the Taoiseach indicated last week that it would be forwarded to the Joint Oireachtas Committee on Health and Children and that it would be published this week. Will it be published this week or next week? Will the Taoiseach update the House on when it can expect it?

The Taoiseach: I said last week that it was intended that the heads of the Bill would be completed by Government and that they would then be published and sent to the Joint Oireachtas Committee on Health and Children for its deliberation and analysis. The Government had a discussion on this matter today but it was not concluded, so the heads of the Bill have not yet been approved by Government. The legislation cannot be published until the heads have been approved when they will go to the Joint Oireachtas on Health and Children. The Bill will then be prepared and finalised. The Cabinet committee will deal with the heads and give its views.

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Last week I did not say the legislation would be published but that it was the intention to have the heads of the Bill approved by Government. The Government had a discussion on it today but the heads were not finalised, so the matter has not been sent to the Joint Oireachtas Committee on Health and Children.

Deputy Micheál Martin: On a point of order, I can ask about promised legislation.

An Leas-Cheann Comhairle: That is right.

Deputy Micheál Martin: In regard to what was provided to *The Sunday Times*, which came from a top source, does that constitute legislation promised or what are we to make of it?

The Taoiseach: I have no idea at all about how speculation gets into some of the newspapers and, therefore, I do not comment on it.

Deputy Micheál Martin: The Taoiseach has no idea at all.

The Taoiseach: None.

Deputy Aengus Ó Snodaigh: The Taoiseach might remember 6 November 2012 when he announced the site for the new national children's hospital. When will the legislation be published which will allow for a development board to be put in place to start the work? At the time, the Taoiseach promised works could start once the hospital decanted and that that would take six months but without a development board and a remit, one cannot submit planning applications and so on. Will the Taoiseach also inform the House whether that legislation, which has been delayed for some bizarre reason, will contain permission-----

An Leas-Cheann Comhairle: One cannot discuss the details of legislation.

Deputy Aengus Ó Snodaigh: -----for a national maternity hospital? Will other legislation be required to give effect to a promise made by the previous Government and this one that a new maternity hospital would be built?

5 o'clock

Is a second Bill required?

The Taoiseach: Obviously, this is one of the largest infrastructural projects that will ever be undertaken in the country. Currently, the project is to be in the Deputy's constituency but one never knows whether the boundary will be redrawn at some time in the future. In any event, there is a requirement for a number of boards to be appointed. I expect the Minister for Health to bring an updated report to the Cabinet, probably next week, on the developments. There is work that could be undertaken pretty much immediately adjacent to St. James's in respect of preparation for elements of what will be the national children's hospital.

Clearly, an issue arises with regard to a new national maternity hospital and the Minister for Health is dealing with that matter separately.

Deputy Richard Boyd Barrett: Last night, RTE's "Prime Time" reminded us once again of the absolutely disastrous circumstances pertaining to social housing. It reminded us that there are 100,000 people – families – on the housing waiting list. This is the highest number ever in the history of the State. The situation continues to worsen, against a background where there are more empty housing units in the State than ever before. I have asked the Taoiseach

repeatedly in this Chamber, during Leaders' Questions, Taoiseach's questions and the Order of Business, when this House will get to discuss the housing Bill, which was on the legislative programme for last year and which is on it again this year. Despite this, we still do not have the Bill before us to give the House a chance to discuss this most serious of crises which is affecting 100,000 families in the State.

The Taoiseach: There are three Bills in respect of housing. The first, dealing with housing rents, will be dealt with in this session. The second will be later in the year and the third will not be dealt with until next year.

Deputy Richard Boyd Barrett: What are the second and third Bills?

The Taoiseach: The second concerns housing assistance payments, HAPs.

Deputy Richard Boyd Barrett: So the third Bill will not be dealt with at all this year.

The Taoiseach: The Deputy may feel free to request a debate on housing at the appropriate time at the Whip's meeting. I am sure the Whip will be quite happy to accommodate him.

Deputy Bernard J. Durkan: On promised legislation, what is the current position on the health information Bill? To what extent have heads been agreed? When is it likely to come before the House? When is the Garda Síochána (compensation for malicious injuries) Bill likely to come before the House? Have the heads been agreed yet?

The Taoiseach: The latter will be later this year. The health information Bill will be early next year.

Deputy Michael Healy-Rae: Will the Government help to fund the transportation of fodder, including hay, from England to help feed the animals that are starving here today? This is a crisis.

An Leas-Cheann Comhairle: Has the Deputy a question on legislation?

Deputy Michael Healy-Rae: I am asking this in light of the existence of the strategic infrastructure committee whose job is to deal with disasters. This is as big a disaster as the Taoiseach will ever preside over.

Last year, it was seen fit to stop the ferry serving Dursey Island from ferrying animals over and back.

An Leas-Cheann Comhairle: That is a parliamentary question.

Deputy Michael Healy-Rae: No; it is not. I will explain and then I will finish. The cable car for carrying animals over and back was to be replaced with a ferry, which has now been removed. The Minister for Social Protection, Deputy Burton, should note it is not a laughing matter. There is nothing to smile about. If she had animals on Dursey Island, she would like to see some infrastructure in place to take them over and back. It is not a joke. Will the Taoiseach answer my two specific and very important questions?

The Taoiseach: The fodder is coming in from Britain at the moment by truck. There were 75 truckloads last weekend, organised by one of the major co-operatives. It is not a matter that requires legislation.

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I do not know the details about the Dursey Island cable car and what has happened to it but I have been aware of its existence for many years. People from the west had commitments in respect of another cable car to an island off the west coast but it never materialised at all. Dursey Island was the prototype the individuals concerned were examining. I suggest Deputy Michael Healy-Rae raise the matter during the Topical Issue debate. The Leas-Cheann Comhairle, in his beneficence, will probably approve it for him.

Deputy Kevin Humphreys: Pensions legislation was to be introduced to change the priority of pensioners' benefit following the winding up of defined benefit schemes. It was to effect change regarding the 100% priority given to pensioners, allowing for a better return to existing and former employees who have not yet retired. I have been contacted by a number of people who face the winding up of their pension funds on 2 May after having made contributions to the funds for over 20 years. They face circumstances in which only 20% of their funds will be left. Legislation was promised to balance this out, especially given what happened with Waterford Glass. What is the current position on the legislation? Unfortunately, it will not come through quickly enough for the people who are to see their defined benefit pension schemes wound up on 2 May.

The Taoiseach: I understand the case of the defined benefit private pension scheme is before the European Court of Justice. Obviously, this will take its course in respect of the Waterford Glass case. With regard to pensions legislation generally, the matter is being examined in detail. It is technical and complex. The Minister must receive the advice of the Attorney General. We shall update the House as progress is made.

Deputy Patrick O'Donovan: Will the Taoiseach state when the consumer and competition Bill will be before the House? As he will appreciate, the issue has ramifications for the farming industry, particularly given the strain farmers are already under because of the lack of fodder and the weather. Farming organisations are very anxious to see the legislation before the Dáil as early as possible to ensure there will be a level playing field regarding what farmers get for what they produce.

The Taoiseach: I can confirm for the Deputy that the consumer and competition Bill will be dealt with in this session.

Deputy Joe Higgins: Will the Taoiseach state whether all Stages of the protection of maternal life Bill will have been passed definitively before the summer recess?

Now that the Taoiseach has laid down the law for the Minister for Social Protection and declared that it is a question of austerity as usual, will he proceed with legislation to cut public sector wages before 1 July, as he announced previously?

The Taoiseach: I said to Deputy Martin that before we produce the protection of maternal life Bill, the heads must be approved by the Government and sent to committee for debate. The Bill will then have to be prepared and put through the Houses of the Oireachtas. I hope it can be dealt with and enacted before the House rises for the summer recess. It will probably be the second or third week in July, depending on how business goes. I do not want to confirm that because it is a sensitive Bill that requires proper analysis to give everybody the opportunity to have his or her say on it. It is so important. The lives of women and the unborn are central so I do not want to be too prescriptive or dictatorial about when it might actually be concluded, but I hope it can be enacted before the House rises for the summer.

Deputy Joe Higgins: What about the legislation on public sector wages that was promised?

The Taoiseach: I will have to come back to the Deputy on that.

Deputy Mattie McGrath: In light of the very honest and open interview by Marian Finucane of a certain Edmund Honohan last week, is there any chance that the Taoiseach will get the two Honohan brothers, including the eminent Mr. Honohan of the Central Bank, together in respect of the Central Bank (consolidation) Bill? They might understand that what one is advising is totally contrary to the policies of the Central Bank and what is proposed by the Government in terms of the repossession of second and family homes, which the Government said was sacrosanct and would be exempt from any type of tax.

The genie is out of the bottle in terms of the title of the Bill. According to the Taoiseach, it will be titled the Protection of Maternal Life Bill. Prior to the election, he promised in a letter that he would not introduce abortion under any circumstances. Many of his supporters countrywide have been telling me “Enda will not do this and Enda will not do that: we know Enda he will not do it.” The Bill is now listed on the Government’s legislative programme and will come before the House prior to the summer recess. This legislation is a red herring.

An Leas-Cheann Comhairle: The Deputy cannot speak to the content of the Bill now.

Deputy Mattie McGrath: Surely anybody who is suicidal is not in a position to make life decisions, be it in relation to abortion or anything else. What is being propagated in this regard is a farce. The Taoiseach will have to face the people on this too.

An Leas-Cheann Comhairle: The first issue is-----

Deputy Mattie McGrath: The Central Bank (Consolidation) Bill. The Honohan brothers might get together and give the Taoiseach some advice.

The Taoiseach: I might pass on Deputy McGrath’s request to them.

The supervision and enforcement element of the banking Bill is due before the House this week. The Central Bank (Consolidation) Bill will follow when that has been completed.

On the other matter mentioned by the Deputy, following enactment of the Maternal Life Protection Bill the law will not have changed but the necessary legal clarity and certainty for medical personnel who must intervene on behalf of women and their unborn children when complexities in pregnancies arise will be in place. It is necessary to deal with that issue. The legislation will provide certainty, clarity and understanding in terms of what is involved in this matter.

Deputy Willie O’Dea: I wish to ask the Taoiseach about two items of legislation. When can we expect the legislation to provide for the dissolution of the County Enterprise Boards and transfer of their functions to Enterprise Ireland? On the question asked by Deputy Humphreys, can the Taoiseach say precisely when the legislation, promised often by the Minister for Social Protection, the purpose of which is to provide that in the event of a defined benefit pension scheme wind-up the priority order will be changed, will be introduced?

The Taoiseach: The legislation dealing with wind-up of the county enterprise boards will be introduced this session. On the second matter, detailed technical and complex advice is required. The Minister has asked the Attorney General for advice on the matter. I cannot give a

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definitive date for introduction of that legislation.

European Community Agreement with the Republic of South Africa: Motion

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

That Dáil Éireann approves the terms of the Agreement between the European Community and its Member States, of the one part, and the Republic of South Africa, of the other part, amending the Agreement on Trade, Development and Cooperation, signed at Kleinmond, South Africa on 11th September, 2009, which was laid before Dáil Éireann on 17th January, 2013.”

Question put and agreed to.

European Union Framework Agreement with the Republic of Korea: Motion

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

That Dáil Éireann approves the terms of the Framework Agreement between the European Union and its Member States, of the one part, and the Republic of Korea, of the other part, signed at Brussels on 10th May, 2010, which was laid before Dáil Éireann on 17th January, 2013.”

Question put and agreed to.

European Community Framework Agreement with the Republic of Indonesia: Motion

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

That Dáil Éireann approves the terms of the Framework Agreement on Comprehensive Partnership and Cooperation between the European Community and its Member States, of the one part, and the Republic of Indonesia, of the other part, signed at Jakarta, Indonesia on 9th November, 2009, which was laid before Dáil Éireann on 17th January, 2013.”

Question put and agreed to.

Sectoral Plan: Motion

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

That Dáil Éireann, in accordance with section 31(6) of the Disability Act 2005, approves of the Sectoral Plan (2012 Edition) prepared by the Minister for Transport, Tourism and Sport, a copy of which was laid before Dáil Éireann on 20th March, 2013.”

Question put and agreed to.

Dáil Éireann
Topical Issue Debate

Banking Sector Remuneration

Acting Chairman (Deputy Olivia Mitchell): The first matter is in the names of Deputies Kevin Humphreys, Robert Dowds, Anne Ferris, Ann Phelan and Arthur Spring. The Deputies have two minutes each to make an initial statement.

Deputy Kevin Humphreys: I thank the Ceann Comhairle for selecting this matter for discussion.

Everybody will be aware at this stage that the Bank of Ireland general court will take place in the Burlington Hotel tomorrow. Resolution No. 2 relates to agreement of the report on directors' remuneration as outlined in the annual report 2012. The Minister of State will be aware that the Government has a 15% shareholding in Bank of Ireland. The current CEO at the Bank of Ireland receives a basic salary of €690,000, which is well above the Government cap of over €500,000. He also receives other payments, including pension contributions, bringing his package to more than €800,000 per annum. This CEO is one of the architects of the lending bubble at Bank of Ireland.

The Minister for Finance has indicated his intention to abstain on the aforementioned resolution. I put it to the Minister of State, Deputy Hayes, that abstention is not policy and in this case is not good policy. We need to send a clear message that these outrageous salaries by a bank bailed out by this State and its taxpayers are not acceptable. I urge the Minister to abandon the policy of abstention and vote "No" in this instance.

I am concerned that the Bank of Ireland has lapsed into its old ways. These excessive payments to its executives are over the top. It has also been revealed that the bank is using market research to trick people into giving up their tracker mortgages so as to improve its bottom line and pay super salaries to its top executives. I ask that the Minister exercise the State's shareholding to ensure this does not happen and to raise this issue at the annual general court tomorrow.

Deputy Robert Dowds: Like Deputy Humphreys I believe it is unacceptable that the banks - in this case the Bank of Ireland - despite their having been bailed out by Irish taxpayers continue to refuse to cap executives' pay. I also believe the Government has been too soft on the banks for too long. It is now time for the Minister for Finance to take a stand on behalf of the public when dealing with them.

The banks are hounding mortgage holders, refusing to give credit to small businesses and, in paying these enormous salaries, laughing in the faces of Irish people. It is not that a cap of €500,000 is too low. What the banks are doing is brass neck greed. We all know that the banks played an enormous part in driving this country off the cliff. We owe them nothing. I call on the Minister for Finance to use the Government's 15% shareholding in Bank of Ireland on behalf of the Irish nation.

What bothers me most about the appalling behaviour of so many banks is the undermining effect it has had on people's confidence in our institutions which, in turn, affects our economy. For this reason alone, people would cheer at this issue being tackled.

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Deputy Anne Ferris: I join with my colleagues' criticisms of the Bank of Ireland. I look to the Minister to ensure that the voices of the Irish people are heard at tomorrow's Bank of Ireland AGM. I have been contacted by constituents in Bray and elsewhere in Wicklow who are struggling to make mortgage repayments. While I accept and welcome the Government is doing what it can to assist those in arrears, it must also ensure the banks play ball.

I was surprised to learn that the Bank of Ireland conducted market research on tracker mortgages with a view to moving customers off them thereby strengthening its financial position. I would like the Minister to address this important matter at the Bank of Ireland's AGM tomorrow. I am not pleased that customers are being intentionally misled. I am concerned that Bank of Ireland is not alone in attempting this underhanded tactic.

I would also like the Minister to explain what social dividend is to be achieved, in terms of buildings or otherwise, from the support shown by the taxpayer to Bank of Ireland. To take the example of Bank of Ireland on College Green, why has the State not repossessed that building? Why has a request not gone in, at least, from the Minister's representatives that Bank of Ireland vacate those premises? The building it occupies is of significant historical value as the world's first purpose-built two-chamber parliament. I ask the Minister of State to ask the Minister to address these important matters, with urgency, at the AGM tomorrow.

Deputy Ann Phelan: I thank the Acting Chairman for the opportunity to speak on this extremely important issue. Tomorrow morning will see the annual general court of Bank of Ireland take place, with the nation represented by the Minister for Finance, Deputy Michael Noonan. The nation holds 15% of the bank's shares and, as such, is one of the biggest shareholders in the bank. Many items will come up at this AGM, one of the most important of which will be the remuneration of its directors.

It emerged recently that the chief executive of Bank of Ireland, Mr. Richie Boucher, was in receipt of more than €840,000 per annum, including salary and pension contributions, despite the cap on such salaries of €500,000. This would seem to be blatant disregard for the current economic situation in the country and further highlights the high-handed attitude to the Irish people who are struggling to make ends meet. How can it be argued that Mr. Boucher should receive such remuneration when the ordinary men and women on the street cannot get an overdraft, an extension to a loan or a mortgage? The bank's doors are closed to the people who need it most but it seems that is not so for its directors. Our small and medium enterprises are starved of cash and our farmers are resorting to Teagasc and the Minister for Agriculture, Food and the Marine to bail them out with funding for fodder for starving animals, only because the banks will not play ball. I ask the Minister, Deputy Noonan, if he is going to play ball with Bank of Ireland.

The feeling on the street is that the big companies and the banks, as well as the big men and women, are still coining it while the ordinary man and woman are struggling very hard against all that this economic situation is throwing at them. The word on the street is that little or nothing has changed. It is time we put things right and the Minister has an opportunity to do that tomorrow morning. I urge him to strike a blow for the people of Ireland, the people whom we represent, and say "No" to huge salaries for bankers. I urge him to restore to the Irish people some faith that we will do right by them.

Deputy Arthur Spring: I thank the Ceann Comhairle for choosing this topic.

This is the second time I have raised this issue with the Minister, Deputy Noonan. In light of the fact that Mr. Boucher, when appearing before the Joint Committee on Finance, Public Expenditure and Reform on 1 November 2012, showed what was nothing shy of a contemptuous attitude towards this House and our position as public representatives, it is fitting that we have representation at the Bank of Ireland meeting tomorrow.

There is no doubt that the banking licence application under the Central Bank Act 1971 defines responsibility for proper management and control of the credit institutions and the integrity of their systems as resting solely with their board of directors. Mr. Boucher joined Bank of Ireland in 2003 and became a director in 2006. He has been remunerated for his time as an employee, but surely to God we can question whether his appointment as a director benefited the shareholders and the State or was in breach of the Central Bank Act 1971. I am of the opinion that Mr. Boucher should be subjected to a shot across the bow. Every member of the public I have met would like to be at that AGM tomorrow. Many of them have never dabbled in shares and are not shareholders, yet they have felt the full brunt of the inability of the directors to govern the bank in a prudent manner that does not go against the interests of the nation. The people of Ireland would like to see a cap on remuneration and I think Mr. Boucher should be put in his place. He is one of the few remaining directors in the banks, of whom 55 have been removed since 2007. However, his position is something the people of Ireland believe is not worthy of the remuneration currently on offer. It also shows that there is a hangover in the bank from the old banking systems. The people of Ireland want to see a 15% execution. They want to say “No. Enough is enough.” Let us get back to what is morally and financially correct.

Minister of State at the Department of Finance (Deputy Brian Hayes): The primary focus of the issues raised by the Deputies appears to be the voting intentions of the Minister for Finance, as a 15% shareholder on behalf of the State, on resolutions concerning remuneration and election of directors at the impending annual general court of the Bank of Ireland, which is to be held tomorrow, 24 April. In that regard, it might be helpful and useful if I outline the operational relationship that exists with the bank and the general policy on remuneration at the covered institutions before dealing with some of the more specific points that have been raised by colleagues.

The relationship framework provides that the State will not intervene in the day-to-day operations of the banks or their management decisions. These frameworks, which are bank-specific, are published on the website of the Department of Finance, having been agreed with our international partners, the troika. They recognise that the covered institutions remain separate economic units with independent powers of decision and that the boards and management teams retain the responsibility and authority to determine their institutions’ strategies and commercial policies and conduct their day-to-day operations.

The current policy on remuneration at the covered institutions dictates that no individual may receive annual aggregate remuneration, excluding pension contributions, exceeding €500,000 unless specifically authorised. This overarching policy is now supplemented by the inescapable conclusion, arising out of the recently published review of remuneration practices and frameworks at the covered institutions conducted by Mercer, that as the remaining institutions still incur losses, their respective cost bases need to be reduced further. This is essential if they are to return to profitability and be in a position to support the economy and repay the State’s investment through a return to private ownership.

On behalf of the Government, the Minister for Finance has directed the banks to come up

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with plans for how they intend to address this issue in a manner that can help meet the State's objectives. I expect the value of those plans to mean a saving of somewhere between 6% and 10% of total remuneration costs, through reductions in payroll and pension benefits, new working arrangements and structures that deliver efficiency gains.

The Minister has not directed the specific measures that each bank should take, respecting their differing paths to profitability and the relationship with the State as explained above. I expect to receive an outline of each bank's strategy by the end of April. However, I expect that any measures proposed will require sacrifices at all employee levels and strong leadership to be exercised by the banks in delivering in a timely manner. The stakes for all are high.

I readily acknowledge the sacrifices and changes made by bank employees to date at all levels and recognise that this has been achieved without major industrial unrest in what is a critically important sector of the economy. However, it can never be forgotten by the management and employees of these banks, both past and present, that without enormous cost to Irish taxpayers these institutions would not have survived. This needs to be borne in mind during future discussions. It was in this context that the Minister decided to abstain on the resolution to consider the report on directors' remuneration. In regard to the other resolutions, I can confirm that the Minister has voted in favour of each of them, one of which relates to the election and re-election of the bank's directors.

In regard to some of the more specific points raised by the Deputies, I can confirm that the bank is in compliance with the existing policy on remuneration. As I mentioned, the current policy and previous iterations of it allowed for exemptions. It was under this parameter that the previous Government authorised a salary for the present CEO of the bank in excess of the then salary cap of €500,000. I am reluctant to discuss the remuneration details of an individual on the floor of the House. However, such details are well known, having been published in annual reports of the bank over the last number of years.

The Deputies will appreciate that this was the position the Minister for Finance faced on this particular issue. The strong legal advice available to this and previous Governments is that pre-existing contractual commitments have to be honoured. In the case of the new CEO appointments at AIB and Permanent TSB, respectively, the Minister ensured the policy on remuneration was observed and it continues to be held.

Deputy Kevin Humphreys: I am not asking the Minister of State to interfere in the day-to-day operations of the banks; rather, I am asking him to operate the taxpayer's 15% shareholding. Reducing the cost base by 6% to 10% normally affects ordinary working people in the banking sector. I ask the Minister of State to raise tomorrow the issue of senior executives on outrageous salaries, not ordinary everyday workers. I have grave concerns about some of the directors being re-elected to the board of the bank.

As a shareholder, I ask the Minister to watch how the banks are returning to their old ways. A tracker mortgage of €250,000 over the period could be worth up to €100,000 to the mortgage holder. The findings of market research will be used to inform and develop attractive products to encourage tracker mortgage holders to move off the product and ultimately improve the overall profitability of Bank of Ireland's mortgage book. That will be to the detriment of ordinary tracker mortgage holders. We need to exercise our 15% stakeholding and I ask the Minister of State to do so.

Deputy Robert Dowds: In supporting Deputy Kevin Humphreys I will mention two points, the first of which has been passed to me by Deputy Peter Mathews, for which I thank him. The CEO is on the equivalent of nine Deputies' salaries. I appreciate that we only have 15% of the vote in the bank, but it would send a very important message to the people if we were to use it against such a high salary. We are in the position of having to ask public servants to take another pay cut. It would put us in a stronger moral position when requesting them to do so and obviously we will take a pay cut also.

Deputy Anne Ferris: I am giving my time to Deputy Arthur Spring.

Deputy Ann Phelan: I am doing the same.

Deputy Arthur Spring: Such blithe unawareness of considerations other than commercial interests and short-term commercial games is totally inappropriate for Mr. Boucher. It is incumbent on us as public representatives to exercise our 15% shareholding and send a message to Bank of Ireland and every other licensed institution in the country that the consequences of reckless behaviour or banking methods not commercially viable or prudent will be that the people concerned will be-----

Deputy Martin Ferris: Sacked.

Deputy Arthur Spring: Some people hold the view that they should be sacked. They should not be kept in a position where they are compensated in a way that is far in excess of what anybody else in society is being paid. As a former employee of banking institutions, including Bank of Ireland, I can tell the Minister of State that many of my former colleagues are looking at the CEO of Bank of Ireland and Mr. Kane who lost bonuses in the United Kingdom because of the way he had conducted himself and is now in a position of authority in Bank of Ireland as a director. These former colleagues and people working at the front desks of the banks face losing their jobs and are concerned, as they have massive debts. They look at Mr. Boucher and his ilk and say he is not aware of what is morally and financially correct. I urge the Minister for Finance, Deputy Michael Noonan, to tomorrow morning use the 15% shareholding on behalf of the people. We are public representatives and the public does not want to see bankers walking out with golden sunset cheques in their back pockets.

Deputy Brian Hayes: I fully understand the frustration of my colleagues concerning this issue. The firm intent of the Government is to make sure the new banking model that will be operated in this country will be sustainable and responsive to the needs of the economy. That is clear. The taxpayer has put enormous funds into the banks and it is crucially important that they are the engines of growth in the economy. That requires significant cultural change in the model which virtually collapsed the country.

It would be wrong of anyone to describe this as the Minister's position. It is the Government's position, as is well known and clear, following the publication of the Mercer report. We expect to receive from the covered institutions by the end of April very clear plans for how they will reduce their cost base by somewhere between 6% and 10%. It will be a matter for the banks to bring forward these plans in a circumstance where significant de-leveraging has already occurred within the banking system following the announcement we made in March 2011 on entering government.

It is appropriate that the greater reductions in salary would be at the top rather than the bottom, but we will wait and see what the banks will produce by the end of April. Government

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policy, endorsed by all members of the Government, is that each of the institutions must produce a plan by the end of April. The key task that we face is to return the banking system to profitability. We are determined to do this to ensure we get our money back as taxpayers.

While I understand the deep frustration of colleagues and know this to be the majority view in the country, we have also negotiated as part of our EU Presidency the CRD IV directive which is vitally important because it places significant limits on the entire bankers' bonus and pay culture that was at the rotten heart of the European banking system for the past decade or so. That is a significant achievement of the Government and our Presidency. The banks will operate under the directive when they return to profitability.

Mortgage Arrears Proposals

Deputy Michael McGrath: I thank the Ceann Comhairle for choosing this important topic.

We all want to see the mortgage arrears problem solved. We can all agree that one of the potential solutions for many borrowers is the split mortgage model. At the end of 2012 there were only 52 such split mortgages, but the evidence of the past couple of months is that the banks are beginning to offer split mortgages to varying degrees. We know, for example, that AIB has offered 1,400 split mortgages to its distressed borrowers in the first quarter of the current year and other banks are apparently doing the same.

The key issue I want to raise is the lack of consistency in the way in which the split mortgage model is being implemented. I refer, in particular, to the manner in which the warehoused element of the mortgage is being treated, especially the interest rate being applied to that portion of the mortgage. AIB does not charge any interest on the warehoused portion. While I do not intend this to be a Bank of Ireland bashing day, Bank of Ireland is charging full interest on the warehoused portion. As I understand it, Permanent TSB is charging 1% on the warehoused portion.

This makes an enormous difference to borrowers. If it is calculated that a distressed borrower with a mortgage of €200,000 can repay half of that mortgage, the other half is warehoused. As part of the Bank of Ireland solution, that €100,000 will accrue interest over ten years at a rate of 4.5%, which will come to €57,000. The same customer with AIB would have no interest added to the warehoused portion, while in the case of Permanent TSB, at a rate of 1%, the figure would come to €10,500. The difference is dramatic. The point is that split mortgages are sponsored by the Government and the Central Bank, but, again, there is a distinct lack of uniformity and consistency in the manner in which they are being rolled out. If one looks at the other solutions proposed, we all know the terms "interest only", "arrears capitalisation" and "term extension" mean the same thing across the board. It is not acceptable that, in essence, the split mortgage solution is being denied to many people through the terms and conditions attached to it. Will the Minister give a commitment to, at a minimum, raise this issue with the Central Bank and ask if it is satisfied with the manner in which the split mortgages are being rolled out? Will it ensure there is consistency and uniformity, particularly on the key issue of the interest rate applied to the warehoused portion of the mortgage?

Deputy Brian Hayes: I thank the Deputy for raising this important matter. He will be aware of the Government's announcement on 13 March which coincided with the Central Bank's announcement of additional measures to address mortgage arrears, including the publication of

performance targets for the main mortgage banks. The objective is that 50% of distressed borrowers will have received potential solutions from the banks by the end of the year.

As the Deputy's main point was about split mortgages, I will jump to that issue. I have been informed by the Central Bank of Ireland that the majority of lenders have introduced, or are in the process of introducing, a split mortgage arrangement. A split mortgage warehouses a part of what remains unamortised from the initial capital sum in what can be called part B of the loan. Part B is not serviced unless the borrower's financial position improves significantly in the future, in which case the split will be revised in line with the new circumstances with the provision that, to preserve incentives, only a fraction of the new resources will be applied to the loan. Also, the maximum amount that can be warehoused is dependent on each lender's own internal criteria. The split mortgage, like all other forbearance and modification arrangements, is based on affordability and sustainability of the arrangement from both the borrower's and the lender's perspective. All of the products offered by the banks have been prepared in the context of the Central Bank's mortgage arrears resolution strategy.

The banks, including those in which the State has a significant shareholding, are independent commercial entities. Decisions on the handling of their individual mortgages and other loans, including distressed loans, are solely a matter for the board and management of individual institutions in the exercise of their commercial and fiduciary responsibilities. In respect of the covered institutions, under the relationship framework agreements the Minister for Finance has with the covered banks, responsibility for commercial policy and day-to-day operations remains with the boards and management of the banks. The Minister for Finance does not have any involvement in such decisions. He has no role to play in the decisions the covered banks make on the treatment of individual loans.

We do, however, engage on the macro-policy response. The Minister for Finance recently met board representatives from the three covered institutions to receive an update on the progress each institution was making in dealing with their distressed mortgage holders. The Department of Finance is also meeting the main mortgage lenders regularly to assess their progress in addressing the banks' mortgage arrears strategies and meeting the targets set by the Central Bank in offering sustainable, long-term mortgage solutions to borrowers in difficulty. This is part of the regular ongoing engagement the Department has with the institutions as part of the overall policy response.

In summary, the Government is making significant progress to address the problem of mortgage arrears and believes the ingredients of a transparent resolution process for borrowers are now in place.

Deputy Michael McGrath has made a sensible point on how the banks deal with split mortgages. Now that we have targets in respect of these solutions, it is important there be uniformity in the way these products are rolled out. I will raise the matter with the Central Bank to see what engagement it can have with the covered institutions. It is in all our interests, particularly those with distressed mortgages, that we make progress in this area. Issues could arise if one were to create a dichotomy in the products available owing to which bank one was dealing with. It is a fair point.

Deputy Michael McGrath: I am glad the Minister of State did not read the full reply.

Deputy Brian Hayes: I am too.

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Deputy Michael McGrath: I thank him for getting to the point quickly. Split mortgages are a really good solution for many people with distressed mortgages. However, if one is going to hammer one group of customers with a full interest rate while others get a good deal through interest-free warehousing, we are not going to achieve the consistency and fairness we want in bringing about a resolution of the mortgage arrears crisis. I have outlined the stark difference if one warehouses a figure of €100,000 for ten years between Bank of Ireland, AIB and Permanent TSB at €57,000, 0% interest and €10,500, respectively.

In the case of the Minister's script, it was more of the same about not getting involved in the detail. That is what has been wrong up to now. If we leave these issues to the banks' own devices, they will not solve the problem. It is welcome that some of them are rolling out split mortgages, with AIB claiming it will reach a figure of 1,400 by the end of the first quarter. I hope a good share of customers take up this offer because it is a good one. It is welcome that the Minister will raise this specific issue with the Central Bank and I hope he will come back to me on it.

Deputy Brian Hayes: I will give a commitment to raise the issue with the bank. It is in the banks' interests to make progress on it. If they are bringing forward solutions that will offer no support to people, we are not going to hit the ambitious and exacting targets we have set in terms of mortgage resolution. As we are so heavily involved in the banks, there is a responsibility on us to make rapid progress on the issue. Already in the first quarter between 3,000 and 4,000 split mortgages have been raised across the institutions, which is good progress. If we see that number rolled out in each quarter of the year, it will make a significant difference to the 100,000 families who are in an appalling situation and whom we are all interested in assisting.

Farm Assist Scheme Eligibility

Deputy Patrick O'Donovan: This matter was also raised by Deputy Áine Collins. Unfortunately, she has been unavoidably detained and relays her apologies for not being able to attend the Chamber.

I thank the Ceann Comhairle for selecting this pertinent and relevant issue, particularly when the matter of the unbelievable weather-related conditions many farmers have faced has been raised today and last week. While I welcome the Minister of State, Deputy Dinny McGinley, it is regrettable that the Minister for Social Protection could not attend to reply to this Topical Issue matter which cuts to the hearts of many rural families. It is predominantly an issue that affects people in small holdings on bad land across many counties, including my county where farmers with dry stock in small holdings were unable to save hay or silage last year. This year they are at the stage where they cannot get it, and many of them cannot get the supports that were available for farm assist. As the Minister of State is aware, to qualify for farm assist a farmer has to be on the lowest rung of the ladder in terms of income. I raise that because the income levels of many of the people who would qualify for farm assist have been affected dramatically, even in recent weeks. Given the county he is from the Minister will appreciate that input costs, particularly for beef and dairy farmers, have gone through the roof in recent weeks. There is no access to fodder on the island. We know it must be imported. I do not like using the term but this is a critical situation for many people.

I have just left my office where I spoke to a farmer who not only has to contend with the fact that his income is down but he had the veterinarian from the Department out to his farm today.

He has lost four animals in recent weeks and the veterinarian has put that down to dietary-related illnesses. Dietary-related illnesses means the cattle are not getting the nutrients they require to keep them alive. In addition to that he has the cost of disposing of the carcasses of the cattle that died on the farm. He then must account for that to the Department.

This is not a political issue. It is an issue affecting farming families up and down the country. I implore the Minister for Social Protection and the Minister for Agriculture, Food and the Marine to come together on this issue and try to come up with a scheme of humanitarian assistance. Last week the Minister for Agriculture, Food and Marine, together with his colleague, the Minister for overseas development aid, committed €21 million over three years for developing countries through the World Food Programme. A humanitarian issue is quickly developing on this island which is threatening animal husbandry and animal welfare, and I do not say that lightly. If farmers cannot feed their cattle, sheep or any of the animals on their farm and they are left with no alternative other than to watch them, as we have seen in some instances up and down the country, starving in sheds, somebody must intervene to protect those animals and to protect the farmers because their psychological health is suffering.

I heard the president of the Irish Farmers Association speak on a radio programme today and he was very responsible in terms of what that organisation is doing. I had a good deal of engagement with the farming organisations over the weekend, as I am sure did other Deputies, but this is a major issue and if it is not addressed in a coherent way in the coming days between the Departments of Social Protection and Agriculture, Food and the Marine, particularly for those on the lowest rung of the income ladder, namely, those on farm assist, we will be facing a major issue. I appeal to the Government to intervene in this issue on humanitarian grounds for farmers who have nothing more to give.

Minister of State at the Department of Arts, Heritage and the Gaeltacht (Deputy Dinny McGinley): I thank the Deputy for raising this matter as a Topical Issue. It is an appropriate time for it. I apologise for the absence of the Minister for Social Protection who is otherwise engaged and for whom I am deputising.

The farm assist scheme referred to by the Deputy is based on jobseeker's allowance. It was introduced in 1999 to replace smallholder's unemployment assistance for low income farmers, without the requirement to be available for and genuinely seeking work. Farm assist recipients retain all the advantages of the jobseeker's allowance scheme such as retention of secondary benefits and access to activation programmes.

Budget changes over the past two years have brought the more beneficial treatment of farm assist claimants relevant to the treatment of other self-employed persons who would be claiming jobseeker's allowance to an end. This ensures greater consistency in the treatment of all self-employed persons in both farm assist and jobseeker's allowance.

The 2013 budget changes increased the amount of means from self-employment which is assessed against the claim from 85% to 100% and discontinues means testing disregards for child dependants of claimants.

The headline rates for farm assist are being maintained, therefore, farm families with the lowest income will be least affected by these changes. Farm assist remains a flexible payment and any farmer experiencing lower levels of income or cashflow issues due, for example, to bad weather can ask his local welfare office to review the level of means applying to his claim.

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The assessment of means for the purpose of qualifying for farm assist is designed to reflect the actual net income and considers gross income from farming, less any expenses necessarily incurred. Income and expenditure figures for the preceding year are generally used as an indicator of the expected position in the following year. However, account is taken of any exceptional circumstances so as to ensure that the assessment accurately reflects the current position.

It may be noted that the farm assist means test continues to offer distinct advantages to farmers. For example, payments received under the agri-environment options scheme or special areas of conservation schemes are assessed separately from other farm income. With regard to this income, the first €2,540 is disregarded and 50% of the balance and related expenses are disregarded, with the balance being assessed as means.

In addition, farm assist participants can participate in the rural social scheme. This scheme provides additional resources to maintain and improve local amenities and facilities in rural communities. Communities benefit from the skills and talents of local farmers and fisherpersons, while participants experience opportunities to improve existing skills or develop new skills, and perform valuable work in the community.

Any proposals to change the existing structure of the scheme would be for Government to consider in a budgetary context.

Deputy Patrick O'Donovan: I thank the Minister of State for his reply. The Minister is right that income and expenditure figures for the preceding year are generally used as an indicator. The problem is that the allocations being made are on the income achieved in 2012 but anybody farming in 2012 was feeding cattle with silage or hay cultivated in 2011 when we had a good summer. My county has had 19 months of almost continuous rain. A farmer told me at the weekend that he should not be entitled to an acreage payment but a litreage payment because there is so much water on the ground.

I am aware the Government has €108 million available for farm assist and that the saving this year was projected to be €3.75 million, which is approximately 3%. That can be achieved, but it must be pushed down the road, so to speak.

I note from the Minister's reply that there is flexibility regarding this issue. I ask, through the Minister of State's office, that the Minister for Social Protection and the Minister for Agriculture, Food and the Marine would introduce some flexibility in terms of that €108 million within the next 24 to 48 hours to ensure that either farm assist can be advanced to people who actively need it or that something is done with the single farm payment.

This is not an issue for the Department of Agriculture, Food and the Marine or the Department of Social Protection. It is a humanitarian issue. If this country can afford to give €21 million to the World Food Programme over three years for developing countries, it behoves us to try to do something for our own farmers whose animals are starving in their farmyards. That is not an exaggeration. If anybody in the Department wants me to give them the details of farmers who currently cannot feed their farmers, I will gladly do that but I appeal to the Minister of State to use his influence to get the Ministers for Social Protection and Agriculture, Food and the Marine to come up with some scheme, be it an advance on farm assist, an advance on the single farm payment or a restructuring on the saving for farm assist that can be made within the remainder of the calendar year for 2013.

Deputy Dinny McGinley: Coming from a rural background and representing a rural com-

munity I am in consultation with farmers and I understand and empathise with the points made eloquently by Deputy O'Donovan.

6 o'clock

The farm assist remains a flexible payment for any farmer experiencing a lower level of income or cash flow issues due to bad weather. It has been horrific these past couple of weeks and driving from our constituencies to the capital we wonder whether the spring will come at all. Thankfully, the first visible signs of spring are here today. Hopefully, this issue will be addressed by the improvement in the weather. Farmers who find themselves in this situation can approach their local welfare officers to see whether any further assistance can be given. That said, I will convey the points made by the Deputy to the Minister.

Fish Farming

Deputy Martin Ferris: As the Minister will be aware, while many fish farms are welcomed by the communities in which they are situated, there have been concerns expressed about others. The Minister will be particularly aware of the proposal, supported by Bord Iascaigh Mhara, to allow a €60 million project to proceed in Galway Bay. While there is support for the project, particularly from the local processing sector, the project has also led to considerable opposition from some quarters, including those engaged in traditional fishing, who are concerned about the impact which the farmed fish will have on wild stocks. I also understand that Inland Fisheries has expressed its reservations.

Before a decision is made by the Minister I hope that we have a much wider debate on the proposal, one that involves all of the relevant bodies, groups and businesses which will be impacted if the farm goes ahead as currently proposed. The debate should include not only the relevant State authorities, but also the presentation of evidence from people concerned at the possible impact on wild stocks, a concern they say is based on research pertaining to similar fish farms in other countries. It is vital that such evidence is considered, as any depletion or contamination of wild stocks would have a detrimental impact on already existing fishing enterprises and on tourism and domestic and overseas anglers.

I am not opposed to fish farms and there are many instances where they have had a positive impact on local communities and have brought jobs. However, I have concerns over large projects and the impact they might have. I also understand there has been a suggestion that the project could be based onshore rather than in the bay and I wonder if any consideration has been given to that. I hope the Minister takes all of the concerns on board and that there is a fuller debate. What is required is a debate between the industry, the traditional fishermen and the scientists on the experience in other countries, such as Norway, Chile and Scotland, because this is a very contentious issue, particularly in Galway Bay.

Deputy Dinny McGinley: I thank the Deputy for raising this matter, one in which, given my constituency, I also have an interest. All applications for marine-based aquaculture licences are considered by the Department of Agriculture, Food and the Marine in accordance with national and EU legislative provisions, which include: Fisheries (Amendment) Act 1997; Fore-shore Act 1933; the EU Habitats Directive of 92/43/EEC; the EU Birds Directive 79/409/EEC; and the Consolidated Environmental Impact Assessment Directives 2011/92/EU. The licensing process involves consultation with a wide range of scientific and technical advisers as well as

various statutory consultees. The legislation also provides for a period of public consultation. All submissions received on foot of the consultation process are given the fullest consideration by the Department of Agriculture, Food and the Marine.

The EU birds and habitats directives are an important consideration for the licensing process. In 2007, the European Court of Justice issued a negative judgment against Ireland for breaches of the EU birds and habitats directives. At that point, the systems and data were not in place to enable consents for aquaculture in compliance with the relevant directives. As most aquaculture activity takes place in areas designated as special areas of conservation and-or special protection areas for birds, known as Natura 2000 sites, it is necessary to gather a substantial amount of scientific data in the bays. This data must be obtained in respect of the benthos and the birdlife of the bay under examination.

Once the data collection is complete, habitats maps are produced and conservation objectives are set by the National Parks and Wildlife Service, NPWS, of the Department of Arts, Heritage and the Gaeltacht. It is then necessary to undertake an “appropriate assessment” of the effects of aquaculture activity on these areas, in the context of the conservation objectives, before any new licence can be issued or any existing licence can be renewed. This process represents a major investment by the State to ensure the continued sustainable development of the aquaculture industry while maintaining the maximum protection for our coastal environment in accordance with the requirements of national and European legislation. An additional factor is that all fin fish aquaculture licence applications must be accompanied by an environmental impact statement. Because of issues associated with Natura 2000 areas, a substantial backlog has built up in the processing of applications for new licences and renewal of existing licences.

A crucial factor in addressing the backlog is the availability of appropriate assessments for sites located in Natura 2000 areas. The first stages of the work plan agreed with the EU Commission has focused, by necessity, on the collection of necessary benthic, ornithological and other data relevant to Natura sites. This data is required for the development of conservation objectives in those sites. This setting of conservation objectives allows the sites to be appropriately assessed. In summary, the availability of appropriate assessments will enable the progressive roll out of licensing determinations in line with Natura obligations providing all other licensing requirements have been met.

The steps in the process are as follows: -----

Acting Chairman (Deputy Olivia Mitchell): May I interrupt? The time is up and the Minister seems to have a lot more to say. Will he summarise what remains?

Deputy Dinny McGinley: The response provided outlines the steps that must be taken and points out there is an independent body to adjudicate on issues. The Minister also adjudicates on licences and if an applicant is unhappy with a decision, the Aquaculture Licences Appeals Board, an independent body established under the provision of the Fisheries (Amendment) Act 1997, is there to consider appeals on ministerial decisions in respect of aquaculture licence applications.

Deputy Martin Ferris: I thank the Minister of State for his response. I represent the concerns of traditional fishermen, islanders in the Aran islands, inshore fishermen and anglers and other concerned groups in regard to the proposed project off the Aran Islands. This project is raising huge concern and there is a serious worry that it could contaminate the wild salmon.

Like me, the Minister of State is well aware of the tremendous industry the wild salmon used to be for our coastal communities. That industry is in recovery, but there is concern that if there is any contamination, through sea lice or whatever, that would cause a further depletion of our wild salmon stocks and would be detrimental.

I fully appreciate there is huge emphasis on trying to create jobs, but it should not be jobs at any cost. If this project is to go ahead, it should be done following a full debate between the people involved, the traditional fishermen, the companies involved, like Bord Iascaigh Mhara which is behind the project, and all concerned stakeholders, including Inland Fisheries Ireland, anglers and scientists. We need an open, full debate so that people can be satisfied that if we are taking this step, we are doing so with the right information.

Deputy Dinny McGinley: There are many checks and balances when an application is being processed. Each application goes through statutory and public consultation, in accordance with the provision of the national legislation. In the case of proposed possible recommendations, specific draft licence conditions are prepared. Each special condition is individually discussed with the National Parks and Wildlife Service and approved by the service. Typically, between ten and 20 special conditions feature in an individual licence. A recommendation is made to the Minister in respect of each application. The decision by the Minister in respect of a licence application must be published. All licences that are granted are subject to appeal to the Aquaculture Licences Appeals Board, which is an independent body. It was established under the provisions of the Fisheries (Amendment) Act 1997 for the purpose of considering appeals against ministerial decisions on aquaculture licence applications. There is no doubt that it is a fairly drawn-out process. There are checks and balances to ensure all interests are adequately considered. I thank Deputy Ferris for raising this matter. The entire reply will be made available to him.

Estimates for Public Services 2013: Message from Select Sub-Committee

Acting Chairman (Deputy Olivia Mitchell): The Select Sub-Committee on Public Expenditure and Reform has completed its consideration of the following Revised Estimates for the Public Services for the service of the year ended 31 December 2013: Votes 11, 12, 13, 14, 15, 16, 17, 18 and 19.

Companies Bill 2012: Order for Second Stage

Bill entitled an Act to consolidate, with amendments, certain enactments relating to companies and to provide for related matters.

Minister for Jobs, Enterprise and Innovation (Deputy Richard Bruton): I move: “That Second Stage be taken now.”

Question put and agreed to.

Companies Bill 2012: Second Stage

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Minister for Jobs, Enterprise and Innovation (Deputy Richard Bruton): I move: “That the Bill be now read a Second Time.”

I understand my speech is being circulated along with an information pack of supplementary documentation that has been made available to Deputies. I am introducing the biggest Bill in the history of the State.

Deputy Dara Calleary: Can we see it?

Deputy Richard Bruton: We are starting in the foothills of a very big debate. This is a landmark project. It is the result of many years of detailed and comprehensive work by officials in the Department of Jobs, Enterprise and Innovation, the Company Law Review Group and the Office of the Parliamentary Counsel. It is the largest substantive Bill in the history of the State, spread out over 25 Parts and 17 Schedules and comprising 1,429 sections. It was recognised at an early stage of the process that a mere consolidation of the existing Companies Acts would be too limiting in light of the reforms that are necessary to sustain Irish competitiveness with respect to company law. Instead, an overhaul and restructuring of the company law framework was embarked upon. The result is a Bill that consolidates, simplifies and reforms company law to provide a state-of-the-art framework for all businesses operating in Ireland, whether domestic or foreign.

The principal objective of the Bill is to restructure, consolidate, simplify and modernise company law in Ireland, and in doing so to improve Ireland’s competitive position as a location for business investment. This reform seeks to strike a balance between simplifying the day-to-day running of a business, maintaining the necessary protections for those dealing with companies, such as creditors and investors and putting in place an effective corporate governance regime to ensure compliance. Any modernisation and reform of company law must be viewed against the backdrop of the fact that limited liability itself is a concession by the State to business, and must therefore be tempered by robust regulation to protect creditors’ interests and to ensure this concession is not abused.

The simplification of company law proposed in this legislation is consistent with the principle of maintaining high standards of shareholder and creditor protection and robust corporate governance. It is intended that by making company law more accessible, coherent and reflective of business practice, Ireland’s international competitiveness will improve and ordinary businesses and companies throughout the country will find it easier to establish and operate. It is not intended to water down compliance as we simplify the law and make it more intelligible. If the law is more accessible, it is more likely to ensure respect and compliance. Although a process of simplification has been undertaken in drafting this Bill, it is a large and complex piece of legislation nonetheless.

Company law is technical by nature. The last major review and consolidation of Irish company law was over 50 years ago, in the lead-up to the Companies Act 1963. Since then, there have been 15 amending Acts and numerous statutory instruments which are required to be read as one with the Companies Acts. In that time, Ireland has taken on EU obligations in relation to the harmonisation of laws. This has inevitably added to the volume and complexity of Irish company law. Company law involves balancing many conflicting and possibly competing interests. The legislation must balance these interests, including creditor protection, shareholder protection, corporate governance and incorporation and registration of companies. This necessary balancing of interests undoubtedly contributes to the intricate nature of company law.

Notwithstanding the complexity of the existing body of legislation, it was considered that company law could be simplified. This Bill seeks to break company law into distinct principles and areas and remove or lessen administrative burdens, where possible and appropriate, bearing in mind that the public interest will sometimes require the introduction of additional regulation. Some new provisions will reduce burdens on business and simplify the day-to-day operation of a company, thereby offering tangible benefits to the ordinary businessperson. Changes in a number of procedures have been introduced to take account of technological and organisational developments in the conduct of business and communications and emerging best practice in corporate governance. This will lighten the regulatory burden, particularly on private companies, while balancing the interests of members, creditors and the public. This streamlining of the law will bring the Irish company law regime into the 21st century and ensure Ireland maintains a competitive edge as one of the best places in Europe and the world in which to do business.

The Bill is the culmination of many years of work by my Department and the Company Law Review Group, CLRG. The group is a statutory body that was set up in February 2000. Its role is to advise the Minister on the reform and modernisation of company law. The group includes all relevant stakeholder interests, with members from Government Departments, professional bodies including solicitors, barristers and accountants, employer and business interests, regulatory bodies; trade union interests and individual legal and finance practitioners. The group has published 14 reports since its inception 13 years ago. All of these reports have been available to access free of charge on its website. By making its reports publicly available, the Company Law Review Group has ensured its decision-making process is transparent and the reasoning behind any recommendations issued by it can be dissected. The general public and interested groups have been free to make submissions to the CLRG to express views or bring matters to its attention. All such submissions are given due consideration.

I wish to take this opportunity to thank the members of the CLRG for the sterling work they have done in shaping the Bill before the House today. I understand that some of them are with us today. Their interest in this work has endured to the start of the lengthy process of having this legislation passed. In early 2007, the CLRG submitted its general scheme, which represented the outcome of more than six years of work. In July 2007, the Government approved the formal drafting of a Bill along these lines. The next significant milestone came in May 2011, when Volume 1 was published in draft form on my Department's website. This gave all interested stakeholders an opportunity to become familiar with the proposed new legislation, to interrogate it from a technical perspective and to prepare themselves for its introduction. Submissions were welcomed. They were considered by the CLRG, by the Department and by me. A number of suggestions were accepted and are included in the Bill as published.

One of the principal innovations of the Companies Bill is reflected in its general structure. For the first time in Irish company law, the most common company type - the private company limited by shares - is placed at the centre of the legislation as the default company. The architecture of the Bill is inspired by the reality that almost 90% of companies currently registered at the Companies Registration Office, CRO, are private companies limited by shares. Existing company law is peculiar in that it presupposes that the public limited company is at the centre of corporate life in Ireland, whereas in reality less than 1% of registrations are public limited companies. Historically, legislation has never clearly distinguished the law applicable to private companies from the law applicable to public limited companies. This has resulted in small businesses being faced with an apparently massive company law code, when in fact a consid-

erable amount of it has no application to their particular business enterprise. There is a world of difference between the one-person private company formed by a tradesperson and the large publicly listed limited company.

Therefore, Volume 1, containing Parts 1 to 15 of the Bill, sets out to ring-fence the law applicable to the most common company type - the private company limited by shares, or “the new LTD company”.

Again reflecting the simplified structural concept, Volume 1 is arranged to reflect the life cycle of the company, beginning with how a company is set up, followed by the provisions which apply when the company is in operation and, finally, the provisions which are relevant to closing the company down.

Volume 2, comprising Parts 16 to 25 of the Bill and its Schedules, goes on to state how the law contained in Volume 1 is applied, disapplied or varied for each other company type. These other company types are the designated activity company, the public limited company, the guarantee company, the unlimited company, the unregistered company and the investment company. There are legitimate users of all the different company types laid down in the Bill and it is imperative that Irish company law should facilitate business and the wider community by making appropriate provision for different types of companies.

For the new limited company, the Bill contains a number of significant reforms. This company will have the same legal capacity as a natural person. The current *ultra vires* rule does not apply to this new company type - the *ultra vires* rule is the legal doctrine whereby a company must have an “objects clause” in its memorandum of association. This “objects clause” lists the activities which the company has power to undertake, with the consequence that any other activities are regarded as being beyond the powers of, or *ultra vires*, the company. In practice, this can lead to companies drawing up exhaustive objects clauses to be certain they have the relevant powers, and can in some cases lead to legal disputes as to whether a company actually had power to undertake a certain activity. Removing the need for an objects clause will both ease the administrative burden on companies and provide certainty to third parties, such as lenders, who will no longer have to examine extensive objects clauses to determine whether a company is acting within its powers.

This company type will be allowed to have only one director. Under the current law, a company must have at least two directors. Even if one wishes to establish a business as a company on his or her own, he or she needs to find an additional person to act as the second director. Removing this requirement will make it easier to start a new business.

The new limited company can have a minimum of one member and up to a maximum of 149 members. The 149 upper-limit is linked to the requirements of EU prospectus law, which governs the offer of shares to the public.

The new limited company will have a single-document constitution, in contrast to the current law whereby every company must have two documents - a memorandum of association and separate articles of association. A further benefit of the new legislation will be that the extensive and detailed provisions which every company currently needs to include in its own articles of association will now be brought into the main body of the legislation and will apply to each company by default. However, most of these provisions can be modified by an individual company, if required to suit their specific needs.

The new limited company will no longer be obliged to go through the formality of holding a “physical” AGM, whereby all of the members have to convene in one location at the same time on an annual basis. Instead, the members will be able to hold a “written” AGM, whereby all of the matters which must be dealt with at the AGM can be approved by written procedure.

The Bill contains a codified version of the fiduciary duties to which directors are currently subject by a combination of the common law and statutory provisions. This brings all of these duties together in a single identifiable place, making it easier for directors to understand their responsibilities and more difficult to deny their existence. This also addresses one of the recommendations of the Moriarty report in regard to company law.

The Bill contains a “summary approval procedure”, which is applicable to a number of activities - for example, reduction of capital - which under the current law might require the company to undertake the burdensome and expensive process of securing court approval. The new “summary approval procedure” incorporates safeguards in regard to directors’ liability in circumstances where the procedure is used without proper justification.

For the first time, all offences under company law have been streamlined under a new classification procedure which operates on the basis of four categories of offences, with category 1 being the most serious. This will bring a structure and consistency to the offence provisions throughout the legislation.

For the first time, it will be possible to merge two Irish private companies under the new Bill. The procedure for this is modelled on the EU cross-border merger regulations, which are regarded as relatively straightforward to operate by the business and advisory community.

Small companies will be able to apply directly to the Circuit Court for examinership instead of having to go through the High Court. This will make examinership more accessible and reduce costs.

A number of innovations which will apply to other company types include the following. As already mentioned, each company type will have its own dedicated Part within the Bill, thereby improving the accessibility and visibility of the law for all users. Part 20 enables any company to convert from its existing company type to any other company type which can be formed under the Bill, in contrast to the current law, which contains restrictions on conversions. This provides flexibility and greater options to companies which face a change in their circumstances.

For the first time, guarantee companies will be able to avail of the audit exemption. This innovation will be of significant benefit to the sectors which tend to use the guarantee company structure - for example, companies in the voluntary sector, charities and residential management companies - while at the same time recognising the particular circumstances applying to guarantee companies in allowing a single member to object.

I now turn to the actual substance of the Bill. Due to the unprecedented size of this Bill, it is not possible within the allocated time to give a detailed explanation for each of the 1,429 sections, as Members will be pleased to hear. Instead, I will give an overview of the 25 constituent Parts of the Bill, along the way highlighting any significant changes to the law and explaining the policy behind these changes. The supplementary information provided to the Deputies contains a more detailed overview at chapter-by-chapter level.

Part 1 consists of 14 sections and is largely devoted to housekeeping. It explains the structure of the Bill and it defines terms which are used throughout the Bill.

Part 2 makes provision for the incorporation and registration of the new model private company limited by shares - the new limited company - and provides that any one or more persons may form such a company. The distinction between a memorandum of association and articles of association has been abolished in this Part for the new model company type and these two documents are combined into a single document called a “constitution”.

The most significant aspect of this Part is the provision for the conversion of an existing private company limited by shares to a new model private company limited by shares. Following the enactment of the Bill, existing private companies limited by shares will have to decide whether to opt in to the new regime for private limited companies or to opt out by becoming a designated activity company or other company type. Companies that do not elect to opt into the new regime will not be able to avail of the many advantages associated with the new model private company limited by shares, such as the ability to have only one director, the one-document constitution and the possibility to avoid a “physical” AGM.

There are three ways in which an existing private company limited by shares can become this new model company type. The recommended option is for the members of the company to adopt a new constitution by special resolution. Schedule 1 sets out a template for this purpose to assist the company. As an alternative to the special resolution, the directors can send the new constitution to each of the members and deliver a copy to the Companies Registration Office. If the directors fail to take any action, the company will be deemed to have a constitution at the expiry of the transition period. A company is entitled to opt out of the new regime and can do so by converting to a designated activity company or other company type.

Part 3 consolidates all existing law relating to shares, share capital and certain other instruments. At present, this law is set out across the three main Companies Acts. Many provisions from Table A of the First Schedule to the Companies Act 1963, which are commonly inserted into the articles of association of a company, are now incorporated into the text of the Bill and apply unless the company’s constitution provides otherwise, thus reducing the amount of detail required in the constitution of the company.

Part 4 deals with corporate governance and provides for the duties and responsibilities of directors and other officers as regards their appointment, their proceedings in regard to the company and its members and the ways in which the activities of the company on a day-to-day basis are conducted. The procedures for corporate governance currently contained in the standard articles of association for a company limited by shares have been incorporated into the body of the Bill. Additionally, the new limited company may adopt in its constitution such additional powers or restrictions as the company may require, so long as these provisions do not conflict with the main body of law in the Bill.

This Part permits the new limited company to have a single director. It also allows such a company to dispense with holding an AGM, where agreed unanimously by the members. Provision is made for unanimous written resolutions, thus allowing a company to pass resolutions, including special resolutions, in writing. This Part also sets out the new summary approval procedure which deals with restricted activities such as the giving of financial assistance for the acquisition of shares, making reductions in company capital, varying company capital and giving loans to directors and connected persons.

This reduces the burden and expense for companies that previously may have had to secure court approval for certain transactions. Additionally, it simplifies and streamlines the current methods of effecting such transactions. To ensure balance, it incorporates safeguards in respect of directors' liability if the procedure is used inappropriately. Greater detail on the summary approval procedure is provided in the Deputies' handouts.

Part 5 codifies for the first time in Irish law all the duties of directors and other officers of the company. Up to now, these duties were to be found in the common law and in various statutory provisions. They are set out now in their entirety for the sake of clarity and it is expected that this innovation in company law will promote compliance with such duties by directors and company officers. Also dealt with in this part is the directors' compliance statement, which is now being introduced into law as recommended by the CLRG and approved by the Government in November 2005. The requirement in these provisions applies to all public limited companies, except investment companies, and large limited companies. It places on obligation on directors to make an annual statement in their directors' report, acknowledging that they are responsible for securing the company's compliance with its "relevant obligations" and confirming that certain things have been done or, if they have not been done, explaining why they have not been done. Failure to prepare a director's compliance statement will constitute an offence under the Bill.

Part 6 contains provisions regarding the accounting records to be kept by companies, the financial statements to be prepared by them, the periodic returns to be made by companies to the Registrar of Companies and the auditing of financial statements of the companies. It also covers other matters related to auditors, particularly rules governing the appointment of statutory auditors and their removal from office. To a large extent, the requirements are unchanged from existing law; however, the relevant provisions have been redrafted to make them easier to understand, in order to improve compliance. One of the significant changes in this part is that the audit exemption has been extended to a group situation, so that in order to avail of the audit exemption, the company must be a small company or must be a group of companies that, taken together, fall below the threshold requirements for a small company. In a case in which the exemption applies, at least 10% of the members of the company may still request that an audit take place.

Part 7 contains provisions regarding debentures and charges and introduces a number of changes to the current law. The thrust of the changes is to simplify the registration and deregistration of charges while clarifying the rules for the priority of charges. A new two-stage procedure for the registration of charges is proposed. It provides that an initial notice can be sent to the registrar stating the intention of the company to create a charge, followed up by a more detailed notification within 21 days of the creation of the charge stating that fact. In this way, it is envisaged that lenders may be more willing to advance funds if they can achieve an enhanced security priority over a company's assets. The rules governing the priority of charges have also been significantly changed in that, where the priority of charges is not governed by other regulation, such priority will be determined by reference to the date of receipt by the Registrar of Companies of the prescribed particulars. This is in contrast to the current position whereby priority is deemed to be governed by the date of creation of the charge. The CLRG was of the view that this practice is unfair and it was recommended that priority be given to the creditor who files first in order to minimise the potential for fraudulent abuse and thereby protect providers of finance.

Part 8 deals with receivers. It substantially re-enacts the current law on receivership as

contained in the Companies Act 1963, as amended. There are, however, some new provisions that set out the powers and duties of receivers. Receivers are now given certain specific powers in this part in addition to those conferred on them by court order or the instrument under which they were appointed. Conferring statutory powers on receivers is intended to alleviate many of the problems arising from poorly drafted debentures.

Part 9 contains provisions relating to the reorganisation, acquisition, merger and division of companies. The main innovation in this part is the provision for the first time in Irish law of a statutory mechanism whereby two private Irish companies can merge so that the assets, liabilities and corporate identity of one are transferred by operation of law to the other before the former is dissolved. A further innovation is that a merger can be effected without the necessity for a High Court order. Where a merger meets the requirements of the legislation, it is proposed that the summary approval procedure can be utilised to effect the merger, which can be expected to result in a significant saving of time and money. The provisions dealing with divisions are also entirely new and have been drafted to mirror the corresponding provisions in this part on mergers.

Part 10 contains the provision relating to examinerships. It largely reproduces the provision on examinerships as contained in the 1990 Act. A recent recommendation from the CLRG to me as Minister advised that changes be made to the law in order to facilitate access by small private companies to the examinership process. The proposed amendment would allow such companies to apply directly to the Circuit Court to have an examiner appointed, so that they would not be required to apply to the High Court first, as is currently the case. Small private companies will still have the option to apply to the High Court directly for examinership if they so wish under the Bill. It is hoped that the immediate impact of this change will be lower costs and greater accessibility for small private companies to the examinership process due to the fact that it eliminates the requirement for any High Court involvement and all the associated costs.

Part 11 consolidates and modernises the law relating to the winding up of companies. In the first instance, the law relating to winding up has been reordered in a more logically coherent way and greater consistency has been introduced between the three different methods of winding up - members' voluntary, creditors' voluntary and court-ordered. This is most evident in the changes to the court-initiated mode of winding up, which will reduce the court's supervisory role in favour of greater involvement for creditors. Further changes are the introduction of new professional indemnity insurance requirements for liquidators and the requirement for a person to be qualified before acting as liquidator of a company.

Part 12 combines into one part the many diverse provisions of the current law regarding the striking off and restoration of companies. The new provisions set out in one place all of the reasons a company may be struck from the register and, in another, the procedures for restoration to the register. The Director of Corporate Enforcement will be empowered to require the directors of a company that is being struck off to produce a statement of affairs. These directors can be required to appear before a court and answer on oath any question relating to the statement.

Part 13 substantially re-enacts, without any significant amendments, the law regarding the appointment of inspectors to companies and seeks to codify all law relating to the investigation of companies. In keeping with the stricter approach to the enforcement of company law, Part 14 brings together the various compliance and enforcement provisions, a change which will provide greater transparency. A director may apply for relief from a restriction order at any stage during the restriction period but the Director of Corporate Enforcement must now also be

included as a notice party in any application for relief. A new provision is inserted whereby a company is prohibited from utilising the summary approval procedure where that company has a restricted director. A new four-tier categorisation of offences is introduced. It is proposed that, subject to a small number of exceptions in the case of the most serious offences - for example, prospectus and market abuse offences - all offences under the Companies Acts should be categorised according to this four-tier scheme. The Deputies will find details of the scheme in their information packs. A further new provision has been introduced which provides that, following a person's conviction for an offence under this Bill, the court may order that the person remedy any breach of the Bill in respect of which he or she was convicted.

Part 15 contains provisions relating to the Registrar of Companies, the Irish Auditing and Accounting Supervisory Authority, IAASA, the Director of Corporate Enforcement and the CLRG. For the first time, the powers and duties of both the Minister and these bodies are brought together in one coherent group of legislative provisions.

Part 16 makes provision for a type of private company to be known as a designated company, DAC. The law in volume 1 applies to DACs as it does to the new LTD, subject to the exceptions set out in the table of disapplications and any other made in this part. There will be two types of DAC under the Bill - a private company limited by shares and a private company limited by guarantee, having a share capital. The primary and defining feature of a DAC will be the continued existence of an objects clause in the constitution of the company.

This is in contrast to the "new LTD company", dealt with in Volume 1 of the Bill, the constitution of which will no longer contain an objects clause.

The DAC limited by shares will be the closest type of company to the existing private company limited by shares under the current law. During the transition period, existing private companies may elect whether to opt into the new regime for private companies or alternatively, to retain their objects clause by converting to a DAC. Alternatively, an existing private company that does not wish to opt in to the new regime can do so easily by following the procedure laid down in the Bill. It is envisaged that entities which would welcome the DAC include special purpose companies, for example, those incorporated for joint ventures or for use in a financial transaction. However, the Bill does not restrict the availability of DACs to persons engaged in such activities.

Part 17 of the Bill is concerned with public limited companies, PLCs. The law in Volume 1 applies to PLCs as it does to the new model private company limited by shares, subject to the exceptions set out in its table of disapplications and any other adaptations made in this Part. The key difference between public limited companies and private companies is that only PLCs will be permitted to list their shares on a stock exchange and offer them to the public. It is provided that the authorised minimum issued share capital of a PLC must be at least €25,000 or such greater amount as the Minister may specify by order. A PLC is now permitted to have as few as one member and there is no maximum number on the membership of such a company. A PLC must have at least two directors. A PLC is obliged to establish an audit committee and corporate governance provisions for certain PLCs are set out.

Acting Chairman (Deputy Paudie Coffey): I apologise for interrupting the Minister. His time has now elapsed but I can ask Members if they agree to an extension of time for the Minister in order for him to finish his contribution. Is that agreed? Agreed.

Deputy Richard Bruton: I apologise to the House. I am not reading quickly enough.

Part 18 makes provision for companies limited by guarantee, not having a share capital. Such companies are known as CLGs. The law in Volume 1 applies to CLGs as it does to the new model private company limited by shares, subject to the exceptions set out in its table of disapplications and adaptations made in this Part. Since guarantee companies do not have a share capital, members of such companies do not have a distinct economic interest in their capital. It is for this reason that CLGs are a popular type of company for charities, sports and social clubs and management companies. A CLG may be exempt from the requirement to use such a suffix to its name, for example, if it has a charitable object.

In a guarantee company, the members' liability is limited to such amount as they undertake in the constitution of the company to contribute to assets of the CLG in the event of its winding-up. The audit exemption is now being extended to guarantee companies under the Bill if a company fulfils the criteria for a small company. It is expected that this will benefit many guarantee companies that are charities or sports clubs, etc. Any one member of the company is entitled to object to the exemption and thus force a company to carry out an audit.

Part 19 makes provision for unlimited companies. This Part is structured in such a way that it covers both private unlimited companies and public unlimited companies. In this regard, three different types of unlimited companies are being catered for - the private unlimited company with a share capital, ULC, the public unlimited company with a share capital, PUC, and the public unlimited company that has no share capital, PULC. All three types of unlimited company already exist.

The law in volume 1 applies to unlimited companies as it does to the "new LTD company", subject to the exceptions set out in the table of disapplications and any other adaptations made in this Part. All types of unlimited company will be permitted to have just one member but will be required to have at least two directors.

Part 20 makes provision for re-registration of companies. A company will generally be permitted to re-register as another type of company, subject to complying with the requirements applicable to the latter company type. Re-registration will involve the passing of a special resolution and the delivery of certain documents including a compliance statement to the CRO. Additional requirements may apply, depending on the type of company, following re-registration.

Part 21 makes provision for the registration and disclosure requirements of external companies, also referred to as foreign companies or overseas companies, which have been formed and registered outside the State but which have a connection with Ireland. The company law review group has proposed that the law in relation to external companies be modified from the current position which provides for both the concept of "place of business" and the concept of "branch", to a position where the new law would provide only for the "branch" concept. By not retaining the concept of "place of business", it is hoped to remove the uncertainty of the current law whereby it can be unclear whether a particular company is a branch or a place of business. The consequence of this will be that external companies can elect to register as a branch and will thus be required to file accounts.

Part 22 deals with unregistered companies and joint stock companies and the application of the Bill to companies formed or registered under previous Acts. It also provides a mechanism for an unregistered company to register as a PLC. The most important unregistered company

in Ireland is the Governor and Company of the Bank of Ireland.

Part 23 contains the provisions relating to prospectus law, market abuse law, and transparency law. In particular, provisions are set out regarding the consequences of a breach of a measure forming a part of any of these, and requiring a company with traded securities to prepare a corporate governance statement. For the sake of clarity, these provisions are housed in a stand-alone Part rather than in Part 17 of the Bill on PLCs, as originally envisaged in the general scheme.

Part 24 of the Bill makes provision for the establishment of companies as investment companies, currently provided for under the 1990 Act. In order to be permitted to operate, these companies must be authorised by the Central Bank. Such companies are a key constituent of the set of legal structures under which the international collective investment funds industry operates in Ireland. An investment company is a type of PLC.

Part 25 of the Bill contains miscellaneous provisions that do not naturally fit in any preceding Parts of the Bill, such as foreign insolvency proceedings, the prohibition on partnerships with more than 20 members and certain public auditor requirements.

In conclusion, I am delighted with the significant benefits which the Bill will bring to all companies, big and small, across the country. It will make it easier to run a business as a company. An entrepreneur will be able to start a company with a single director. Time will not need to be spent on convening and holding a formal AGM. There will be no need for ordinary businesses to be tied up with objects clauses and articles of association, although the Bill will retain these concepts for those companies that need them.

This Bill will enhance Ireland's competitive position as a place in which to start or to grow a business. Indeed, it will feed directly into the Government's aim to make Ireland the best small country in the world in which to do business. I look forward to working with Deputies on progressing this Bill to enactment. I believe it will bring significant benefits to companies and to business life in Ireland.

I wish to thank all those who have worked on the drafting of this Bill. The House has only seen the tip of the iceberg of work which has been done. I commend the Bill to the House.

Deputy Dara Calleary: I thank the Minister for his speech. I thank him also for the information on the Bill provided by his office over the past number of days. I compliment all the officials involved and all those who have been involved since 2000, the members of the Company Law Review Group. I suspect they feel like parents seeing their child go off to school for the first time - they have nurtured and cared for this child and they will worry what will happen next. I assure them we will look after it. We will be supporting the Bill on Second Stage and in the interests of the child's education we might make some suggestions on Committee Stage.

I previously expressed frustration at the slow pace of the preparation of the Bill. However when preparing my contribution I read the 1962 debate. The then Minister introduced the Bill on 14 November 1962. He apologised that the preparation of the Bill had taken rather longer than he had expected. The Opposition spokesman, Deputy Liam Cosgrave, paid tribute to the work of the company law reform committee which had been set up in 1951 and reported in 1958. The legislation eventually came to the House in 1962. Everything changes but many things remain the same. I commend the phenomenal job of work. The Bill is an excellent example of tidying up legislation while maintaining very strong legislation in all areas. The

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legislation has been simplified but the message must be that it is not being made easier to evade one's responsibilities as a company director or company operator. The Minister made it clear on a number of occasions that the Bill is designed to provide easier access to information and to legislation. People's responsibilities in providing for that ease of access are far clearer now. There can be no question of evading their responsibilities on the basis of a failure to understand.

Fianna Fáil will support the Bill on Second Stage. The other State agency involved is the Health and Safety Authority, with which I was threatened if I sent someone from my office to collect a physical copy of the Bill from the Minister's Department. It has probably fallen through the floor in the Minister's office so we have used the online version. It is a credit to all of the work done on the Bill that there has been very little criticism of it given the impact it will have on company life. The manner in which the Company Law Review Group communicated its work consistently during its tenure and in which the Minister has engaged with interested bodies has ensured a general welcome for the legislation. There is now encouragement and a demand that legislators get on with its implementation. The Opposition spokesman in the 1962 debate, Liam Cosgrave, proposed a special committee. The Minister had the same proposal but it is not going to happen. We will work to enact the legislation and when it has been, the Minister will have a responsibility to educate people about it. There is a danger that the extent of changes is so great that many organisations will seek to make a quick buck on it. While we are all in favour of enterprise, the LEOs and the enterprise board structure should be implemented at an early stage to educate people and companies as to the changes which are being made. The voluntary sector must be involved also as some of the most significant changes hidden in the Bill relate to making the work of voluntary organisations a great deal easier. A great deal of work must be done to provide information on the legislation and to let people know that things have changed and will be much easier.

Fianna Fáil welcomes anything that makes it easier to do business and create jobs. It is vital that any legislation be clear and accessible, which is a test the Bill passes in most respects. As the first report of the Company Law Reform Group pointed out, company law reform has generally been driven by crises, of which we have seen many in the last few years, the need to comply with EU directives and regulations, important innovations in peer jurisdictions and lacunae identified in the course of company law investigations or tribunals of inquiry. It is significant that some of the recommendations in the Moriarty report are included in the legislation. Deputy Bruton is the first Fine Gael Minister to acknowledge the report, which is a welcome development. The establishment of the Company Law Review Group in 2000 made clear the desirability of reviewing the companies code on an ongoing basis. The review process must continue when the legislation is passed. We must not leave a future Oireachtas in the position we are in now of having to introduce a massive Bill. Future Oireachtais will have to commit to ongoing review.

The review group was tasked to simplify the Companies Acts to create greater clarity and transparency in the companies' code and to increase its accessibility for business people. It has done so. In proposing simplifications, the review group recommended an increased focus on the needs of small private limited companies, in which respect it fully endorsed the think-small-first approach favoured by the Company Law Steering Review Group in the UK. The principles to be followed are that the law should be clear and accessible; that there should be no undue sacrifice of accuracy and certainty in an attempt to make the law superficially more accessible, and that legislation should be structured so as to ensure that the provisions applying to small companies are identifiable. I welcome the way the relevant law has been broken up

into sections. As the group made clear, a body of law that affords protections to shareholders and creditors, while legislating for the orderly administration of solvent and insolvent entities, can never be really simply. There is no doubt that the Bill passes all of the tests while retaining a high bar for people who enter into the company law sphere. Locating all provisions in one Act will reduce complexity for all end users. In terms of competitiveness and our international standing, the legislation will be among the newest and, possibly, clearest regimes in Europe. Clarity in the years to come will depend on the range of amending legislation.

The Bill does not alter drastically basic concepts of company law including limited liability, shares and membership, the roles, duties and obligations of directors and other company officers or the liabilities of companies to creditors and employees. The major changes are geared towards streamlining mechanisms which allow companies to be easier to operate and do business with. Changes addressed to the doctrine of *ultra vires* for companies limited by shares grant companies the full, unlimited capacity to carry on any business or do any act, which is not contrary to the general law, and will result in greater simplicity and certainty for people doing business with them while reducing the time and expense involved in company formation. The reform will not apply to public limited companies. In recent years, there has been a great deal of public frustration that the investigation of breaches of company law has been slow. Breaches have been so technical that in many cases that investigating authorities did not have sufficient resources to investigate. We must ensure that the Bill is proofed against such breaches. There must be a review clause in the Bill to ensure that the legislation is reviewed and amended on an ongoing basis to ensure that trends in business, company law internationally and the legal business can be tracked without having to wait for a long legislative process.

Regulation is essential for the proper functioning of society. Whether through primary or delegated legislation or more informal arrangements, rules provide clear guidance and a solid basis for stability and progress. Some regulators have a primarily economic function to ensure the harmonious use of a shared resource and to guard against anti-competitive practices in particularly vulnerable sectors. While regulation is often necessary to achieve a country's social, economic and environmental objectives, it also imposes costs on businesses, consumers, Government and the wider community. It may be that the way in which some regulations have evolved has led to a situation where they have become unnecessarily complex and costly to comply with. It may also be that the originally intended benefit of regulations can be achieved more simply and cheaply. The administrative burden of regulation can be significant, especially for small businesses. As well as imposing the cost of dealing with red tape, regulation may cause businesses to adjust production processes in a way that adds to costs. Inappropriately designed regulation may also have adverse effects on innovation and entrepreneurship while reducing productivity and competition. I emphasise that reducing the burden is not about deregulation or making regulation less stringent. Examples of good practice already put in place include the online motor tax system and online revenue services, which show the benefits which can be achieved by reducing administrative burdens without altering the substance of the regulations themselves. In many ways, the operation of those regimes provides a good template for the implementation phase of the Bill.

The World Bank's 2013 report on doing business compares domestic regulation for firms worldwide and puts Ireland 15th of 183 countries for ease of doing business. It is worth pointing out that those countries that come ahead of Ireland in the survey were not necessarily those with a reputation for having deregulated economies. All of the Scandinavian countries rated ahead of Ireland, with Denmark and Norway in the top six, Finland in 11th and Sweden in 13th

place. There were areas in which we scored particularly well. We came joint first in making contracts enforcement easier in terms of the number of procedures involved. We came sixth in the protection of investors and in payment of taxes. We came tenth in relation to the ease of starting a business. The provisions of the Bill will allow us to improve the ease of starting a business. Where we did not do well was in electricity access, registering property and, ironically enough, trading across borders.

I welcome the provisions in the Bill which deal with examinership and aim to reduce its cost burden to open the process to small businesses. Almost 1,000 jobs with small firms were saved through the examinership process in 2012, representing a year-on-year increase of 67% on 2011. The legal costs of examinership could be cut by up to 50% through the Bill's provisions to make it a more accessible and affordable option for SMEs. This has the potential to double the number of jobs that are saved.

7 o'clock

Anything that can assist in saving jobs in SMEs and can assist viable SMEs get through a difficult trading process is to be welcomed.

Companies, along with many other institutions, have taken a battering in recent times. There is no sense in us putting much work, in the coming weeks and months, into the Bill unless the enforcement side of the Department is beefed up. The enforcement side and the resources available to the Companies Registration Office are insufficient given the number of cases being fought in respect of breaches of company law in recent years. I appreciate it is a time of constrained resources but if we are to rebuild confidence in the business community and implement the spirit of the Bill in making it easier to set up a business, we must examine the resources available to company law enforcement within the Minister's Department. The difficulty in introducing the legislation is that people will use the big change to justify reckless behaviour. The message must go clearly from the House that it will not be tolerated. The same message must go from the Minister's enforcement agencies in their public utterances in the coming weeks and months.

Various groups have welcomed the Bill, including some that do not often welcome the measures of this Government. The ISME chief executive, Mr. Mark Fielding, welcomes the requirement for one director to start a business. It will assist many people. The Minister referred to sole traders and we all know people who drag others into the company process, which leads to difficulties, for the sake of making up the one extra person. Mr. Fielding also points to the anomalies and expense added by the confusion that company law represents for small businesses. He is hopeful the cost and burden of running a small business will be substantially reduced if the proposals are implemented. The Small Firms Association has acknowledged significant benefits by reducing red tape and making company law obligations easier to understand. The obligations continue to exist and the bar is high but they are more accessible and understandable.

Legislation often appears in the House with the best of intentions and we see it through Committee Stage and the Seanad and then various agencies add to it when it comes to be implemented. They goldplate the legislation. We are particularly good at goldplating EU regulations. I hope we do not goldplate the Bill to the extent that its provisions, its cost saving measures and accessibility revert to the current position. Goldplating the Bill in its implementation should not create barriers for those accessing the benefits of the Bill. It is vital the Minister ensures

that does not happen.

I welcome the Bill and I compliment all involved in it. I am sure many involved in the Bill have retired from the Department and we think of them and wish them well. I assure the officials and the Minister that we will look after the child as it goes through the school process. We will table a series of amendments to improve the Bill on Committee Stage but, generally, we are supportive of the Bill. The sooner we can get it implemented and the sooner companies, business people and those who want to start businesses at this time can gain the benefit of the Bill, the better.

Deputy Peadar Tóibín: Cuirim fáilte roimh an Bille seo agus molaim an obair atá déanta ag an Company Law Review Group. Tá sé tar éis Bille íontach, tabhactach and cuimsitheach a chruthú.

I fully endorse the approach taken. It is unusual that the Minister and I are on the same side for three Bills in a row. I am sure normal business will resume soon enough. The work done by the Company Law Review Group, CLRG, the Department, the Minister and previous Governments has led to this Bill. It is an impressive Bill with multiple facets facing companies and ensuring the highest standards in corporate governance. The best place to address issues is among those closest to the issues. The approach of bringing together such a diverse and inclusive group of legal practitioners, representatives of various strands and sectors of business, and trade unions to address a common concern is a new benchmark in developing legislation. It should be replicated elsewhere. I am sure many representatives who served on the CLRG never thought this phase would end but the legislation is now with us.

The CLRG had over ten years to develop the ideas and work with the Department on drafting of the legislation. Given the impact and scale of the legislation, I hope the Minister will allow significant time for its discussion and debate. The implications of the legislation are deep and profound for business, the community and the wider sector. It is reputed to be the largest item of legislation tabled in the State and we should give it due consideration.

Sinn Féin comes at this legislation from a positive perspective. We share the aims of the Bill and will work to ensure its timely process through the Oireachtas. The points we raise and the amendments we will propose are for the purpose of simplification and streamlining the process and reducing cost to business, while maintaining the highest level of commercial probity and governance. I hope the Minister will take on board the points we raise, provide clarity, review our contribution and, where possible, amend the legislation.

Over 12 years ago, the CLRG was tasked with the mission to bring forward proposals to develop company legislation. Its mission statement was “to promote enterprise, facilitate commerce, simplify the operation of the Companies Acts, enhance corporate governance and encourage commercial probity”. The legislation, as presented, addresses these matters in a comprehensive and detailed fashion. Central to the legislation is the need to simplify the legal framework. For seven years, I worked in business consultancy with businesses starting off and plotting their way through every stage of commerce. For many businesses, it was very difficult to navigate the legal framework governing the area. This simplification is welcome.

Recent times are littered with cases in which corporate governance and commercial probity were secondary to the reduction in regulation and oversight and the elevation of the pursuit of profit at all costs. Society is paying a dear price for that. We have seen how the banking sector

and property development benefited and profited from sharp practice. We have seen how auditors passed company accounts as solid only for the company to collapse shortly after, leaving huge debts and having an impact on downstream SME creditors that makes it impossible for them to struggle and survive. Through this, we saw workers losing their jobs and livelihoods. We see daily cases of directors in front of the courts pursued for assets that appear to be lost in myriad companies and subsidiaries. The business practices and ethos of the past brought this State to its knees. It provides cases studies to compare the effectiveness of the legislation.

The key test is the difference the legislation has on our society, on reigning in sharp practice and on promoting sustainable regulated frameworks for business. Will the legislation promote reasonable, responsible and open business? I am also mindful that entrepreneurs face major costs in business start-up. Start-up is the key time for enterprise in our society. Many people have ideas but not the wherewithal to put the ideas into concrete and bring them to fruition. Each week, I am contacted by SMEs across Meath and across the State with regard to meaningless bureaucracy and replication of administration. There is a balance between proper oversight and regulation and bureaucracy. The Minister stated this legislation would save €6 million per year in professional fees for start-ups. I would say the figure would be less. If businesses had been fulfilling previous guidelines and legislation and we were going into a different sphere, there probably would be a difference of that amount of money. However, in many cases, businesses changed their practices to suit the reality in which they were existing. The legislation had become archaic and businesses had moved on. The Government could do more to reduce costs in many other areas, including utilities, property and transport, but they are cases for another day.

I will focus on the role of private limited companies which account for 90% of company types and the simplification of the business constitution. The need for the bulk of businesses to have detailed objectives and articles of memorandum had been a hoop through which many business continually had to jump and it had become less relevant to their day-to-day work. The simplification of this process will promote greater flexibility for existing companies while easing the process for start-ups.

Given the flexibility offered by the new form of private limited company, will the Minister outline the benefit to companies of the designated activity company, which sectors would most benefit and the expected take-up levels? I can see the sense of, and agree with, the reduction of directors down to one as a business practice. People were just finding names to put down on paper. Many people agreed to become paper directors without knowledge of what this entailed and of their responsibilities or their liabilities. The allowance of a single director should end this practice and ensure the actual director is identified and has full knowledge of the business. However, writ large on this matter are the corporate governance issues that can arise with a single uncontested director. It is important to ensure it is not abused. How will the new system ensure a full separation from vested interests and the cross-payment of contacts to companies in which the director may have an interest? Who will hold the single director to account? Will this be the role of director of corporate enforcement? I will return to the issue of compliance later.

I welcome the inclusion of the full list of responsibilities of directors in the legislation and while there is considerable case law behind these responsibilities, I remain concerned as to the vagueness of some concepts. I refer to the behaviour of directors, such as the requirement to act "honestly and responsibly". These subjective terms will be further tested in case law but more could be done to enhance corporate governance and commercial probity.

One such aspect is the full disclosure of material and access to company information. Will the legislation provide that a director must list all other companies in which he or she may have a beneficial interest? Does it ensure that the contracts and payments between related companies are at market value? Will directors be personally liable to provide full information and access to all financial records to auditors in the preparation of annual accounts?

This point is central to the sharp practices which have been allowed to develop and the inaction between auditors and directors. The auditor process is seen to be an independent assessment of the business when, in fact, it is only a “true and fair” reflection of the information provided. Company directors can claim a clean bill of health by non-disclosure of material information and auditors can claim they were only working on the material provided. We have audits which can be free of responsibility or liability. As we have seen, the public has paid the price for this accounting and legal grey area in the past.

Surely the highest levels of corporate governance should entail that there is full disclosure of information and that the books are fully open for auditors. Will the Minister ensure the legislation fully reflects the need for openness and that responsibility for full disclosure rests with the directors with relevant legal sanction and that auditors are liable for their findings if they have failed to ask the right questions and make a full and accurate report?

It is clear that the defence of “true and fair”, with the caveat of the information provided, has failed business, failed the economy and failed workers, consumers and creditors. It would be of benefit if, in addition to the annual accounts, the audit was to include an assessment of corporate governance and listing any labour court findings or other legal judgments in regard to the company directors. Such an approach to audit would be reflective of the scale of the enterprise. We are seeking a process that would be proportionate in cost and in terms of the size of the company.

In addition, while the legislation includes the criminal sanctions against directors, I hope the Minister and the Department will clarify the process by which a director will be liable for non-disclosure or abuse of position in regard to any vested interests. The business and organisation of companies has changed much in the past decade and this reflects the need for this legislation. The development of joint enterprises and the widening the investment bases is reflected in the legislation with increasing numbers of investors.

Directors of a company can be found on two or more continents. However, the legislation still holds with the practice of the company stamp signature. I understand a company must have a signature but this increasingly online world and the environment in which we live makes this physical manifestation of a signature a little bit outdated and obsolete. Will the Minister outline the reason for continued reliance on a company stamp and if the legislation will fully provide for electronic signatures?

More than 90% of all enterprises in this State are in the SME sector and account for 78% of employment. While they account for 50% of all turnover, this turnover has a greater impact on the domestic economy than the multinationals and financial sector because these SMEs are part of the ecosystem of the economy. When one business fails, it often has a far more negative impact on the rest of the SME sector, costing more jobs.

Most of this business is based on goodwill and reliance on audits and tax compliance to ensure payment is certain. Given how the current banking crisis is being played out in the SME

sector, credit is tight and cash flow for many is on a knife edge. It is clear SMEs cannot carry any additional debt. Given that the Government has claimed that all policies will be SME-proofed to ensure they do not have a negative impact on the sector, I am concerned that this legislation has raised the level of winding-up petition to €10,000. Many SMEs would be out of business before they would reach this level as a creditor. Will the Minister review this level and reduce it to fully reflect the needs and recent experience of SMEs? This is not to promote a race to litigation but to ensure that businesses are paid and non-viable enterprises do not continue to trade and drag down other enterprises. This week I worked with a business which was sub-contracted to another firm which had not paid tax for approximately four or five years. The sub-contractor was never aware that was the case and had invested in his company while this process was occurring.

I had hoped the Bill would include a clause on prompt payments. This is another area causing significant problems in the economy. Many businesses are not getting paid on time and the larger companies are using more muscle to ensure they do not have to pay on time and are using that cash flow for their own purposes in their businesses. I urge the Minister to review this position and include a provision, as called for by the SME sector.

In regard to the credit crisis facing the SME sector, I raise the issue of mergers and divisions. We welcome the clarity the legislation will bring to the process. The process of mergers, as laid out, is sensible, straightforward and clear. I hope this will allow for companies to merge when it is in their best interests and in a fashion which is timely and cost-effective.

As the Minister will acknowledge, many viable businesses were encouraged to diversify into property and were incentivised to invest in developing their premises. These debts are now undermining enterprises and the relationship with the banking sector. We heard Ms Fiona Muldoon state recently that half of the €58 billion in impaired debt was within the SME sector. Much of it is related to the construction sector but approximately 35% of the non-construction sector SME loans are impaired. Many good, healthy businesses with good products and customers are being dragged down by their marriage to that debt. In this legislation we are looking for a system for the separation of performing viable enterprises from their impaired property assets. Has the Minister a view on this? Could it form part of the process of dealing with legacy debt in the SME sector?

As I stated, Sinn Féin supports the objectives of this legislation and the majority of the proposals made in it. It supports fully the need to promote enterprise and ease the process of establishing and running a business. It is clear that the Irish, both here and abroad, are entrepreneurs, workers and businesspeople and, if given half a chance, will create, build and enjoy profits. We support a Government that creates an opportunity for the people concerned to establish businesses and promote employment here in Ireland.

This legislation begins to shape a legal framework for enterprise development. We need policies on investment by the Government to promote sustainable enterprise. In itself, a robust legal framework for the economy will not create growth or employment. In the recent past we have seen the growth of start-up businesses, but we have also seen, unfortunately, an increase in business closures. I fully accept that not all businesses will succeed and that the changing operating environments will make some businesses redundant. Business failure is a component of the enterprise culture. We should not stigmatise or be afraid of business failure; it happens and we need to provide legislation to deal with it.

With regard to this process, I have some concerns about the legislation that I hope the Minister will address. The legislation includes changes regarding charges, property and debentures. I would like the Minister to confirm that these changes will not materially affect the claims for redundancy by workers arising from business closures. Will he confirm that the position of the workers made redundant will be such that they will be regarded as priority creditors?

As the Minister will acknowledge, some businesses may face a challenge to survive. At times, we need to protect these businesses and give them a process of rebuilding, restructuring, etc. The process of examinership offers the protection of the courts during this period of business transition. Recently, many retailers have entered examinership as a way to address the cost base. B&Q is an example. Upward only rents undermined its business. In this case, the examinership process is an area in which the stakes are very high. The closure of the business and a large-scale loss of employment is one of the possible outcomes if the landlord fails to engage meaningfully in the examinership process. However, the process is extremely costly and not an option for many SMEs. I note that the Minister is aware of this. I hope that legislation will be brought forward to reduce the cost of the process such that some SMEs will be helped to continue to trade.

Will the Minister clarify whether he believes the legislation fully meets the need of SMEs for an examinership-lite option for smaller businesses. The other option for businesses in crisis is a process of receivership, which is the last option for many. However, the recent example of the publishers of *The Sunday Business Post* entering receivership and coming out at the other end over the period of a weekend is a concern. The outcome of the process appears to be that the beneficial ownership of the company remains but the printing contract was cancelled and re-assigned to another provider. I am aware that this case is with the courts, but I hope the Minister will address the issue to ensure receivership does not become the norm for businesses seeking to break contracts without compensation and changes to beneficial ownership.

Given the time constraints and the size and import of this legislation, I have only had the opportunity to raise some of the technical matters of concern. I will address the other issues during Committee and Remaining Stages. I hope the Minister will provide support for the committee, through his Department, by way of advice and information.

The changes envisaged in the legislation can make the legal framework for business simpler and more cost-effective. The legislation also has the potential to enhance corporate governance and commercial probity. While the vast majority of businesses work well and to the highest standards, a few will pursue sharp practices for profit and other SMEs will pick up the cost. Central to the success of legislation will be the compliance and support of enterprises. I ask the Minister to resource fully activities such as those of the county enterprise boards, Enterprise Ireland and other organisations that support enterprise development. These bodies will make good the changes envisaged in the legislation. They will educate businesses in order that they will understand the legislation fully and run healthily.

I ask the Minister to re-examine the supports and information available for businesses to deal fully with this process of transition. He should ensure directors fully understand the changes. There is a need for robust compliance mechanisms to ensure the responsibilities of directors are met fully and adhered to. This should not be a matter for businesses at a time of crisis. It must include the auditing process and an overview of governance in an operating business.

Will the Minister confirm that additional resources will be made available to the Office of

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Corporate Enforcement? The annual report should list judgments, including Labour Court judgments against a company or directors, and also an assessment of corporate governance.

As I stated, Sinn Féin supports the objectives of the Bill which it approaches from a position of seeking practical changes that would improve it. It looks forward to many hours of discussion with the Minister on it.

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

I support many aspects of this Bill. A commitment the Minister made before his election was to introduce it. In the short time available to me I want to speak on the benefits to SMEs afforded by the Bill. Sadly, it does not address the issue of companies dealing with workers' rights. The Minister may well say this should not be part of the Bill, but, having spoken to many trade unionists and company representatives, I believe it should. SMEs provide more than one third of all private sector employment in Ireland. As we know only too well, the financial crisis is having a severe effect on them.

There is much to be welcomed in the Bill. Many of the changes it proposes to introduce should help small and medium-sized businesses, in particular. I especially welcome the changes that will allow for some of the 12,500 private companies limited by shares which are established every year to incorporate more easily. This will result in an average saving of €1,200 in professional fees in each case. Anything that can be done to save jobs and keep businesses trading is welcome. The Bill's introduction of an affordable examinership regime will make the process a more accessible and affordable option for SMEs.

Under current legislation, only 1% of SMEs are using the courts to enter into examinership to try to trade out of their difficulties owing to the high costs they would face. I certainly hope it is true, as some industry experts are predicting, that the Bill, once enacted, will double the number of SME jobs saved this year. Perhaps the Minister might go into some detail on why he believes this will be the case.

The sad reality is that no matter how many companies or jobs are saved by opening up the examinership process, hundreds of companies will be lost, having gone into receivership. Approximately 2,000 company insolvencies last year resulted in receivership or liquidation. This was a 43% increase on the previous year. We need to find out the reason for this and to examine in more detail what can be done to help companies which want to remain in business but are finding it difficult, because of existing legislation, to do so. The Minister should as part of this Bill introduce measures to protect workers in this instance. It is appalling that we are allowing a situation to prevail whereby staff who have lost their jobs have to engage in sit-ins to obtain moneys owed to them. As the Minister will be aware, workers are often the most vulnerable when a company goes into receivership or liquidation. In such circumstances workers should be paid first. Currently, this is not the case. Invariably employees are not the cause of a small or large business going bust yet when a liquidator is appointed they are the last on the list to be paid. It is wrong to allow this treatment of people who often have given many years of service to a company.

In one case in which I was involved - a pound shop in Waterford which went into liquidation - the liquidator told the employees that the store would be cleared out and that everybody from the ESB, gas company and product manufacturers would be paid and they would not. This is fundamentally bad treatment of people who deserve better and who had no hand, act or part in

a company going into liquidation in the first instance. Often the amounts they are owed is very small. It may only be a week's wages, holiday pay or over-time payments, which amounts are not extraordinary in the larger scheme of a company going bust. I accept and understand that companies run out of money and go bust. However, it is wrong that we do not have in place legislation to protect workers where this happens.

A case in which I am currently involved relates to workers who are still fighting for redundancy payments three years after the company closed despite that an employment appeals tribunal ruled in their favour. I dealt with another case involving a UK based company which ceased its Irish operations and left its workers high and dry. I am currently dealing with another company, the workers of which were told it was going into liquidation, that they could do nothing about it and that the company would try to get them their statutory redundancy but which the following day re-opened under a different name having taken on new employees for less money. It is fundamentally wrong that people can be treated like this. I agree that companies are suffering and that we must do everything we can to help them remain profitable and in existence in the current circumstances. Anything we can do to help them must be done. However, we also have a responsibility to the many people who helped such companies become profitable and remain open, many of whom have taken a 24% to 30% cut in wages. These people should not be thrown on the scarp heap and left to fend for themselves. It can take up to six months to get a hearing with an appeals tribunal and up to six or seven weeks, sometimes longer, to obtain a social welfare payment. These workers have families and children but are being left to fend for themselves while we enact legislation to ensure companies, their management and directors are treated well. I am not too sure if what I am proposing can be provided for in this legislation or would need to be addressed by way of additional legislation. However, I ask that the Minister give consideration to it. The Minister needs to get his act together in terms of the introduction of tighter legislation to protect not only companies, which I accept should be protected, but their biggest asset, namely, their workers.

The Department of Finance conference last week was told that the chief barrier to growth for all small and medium sized enterprises is not as one might believe access to credit but an inability to find consumers for their products and services. I did not want to let this opportunity pass without making reference to this issue. The drop in demand for goods and services will be exacerbated as long as the Government continues to hack away at the incomes of low and middle income families. Small and medium sized businesses are our largest employers. As I have stated previously, the biggest problem with which SMEs are faced having paid rates, rent and workers' wages is a lack of customers coming into their shops and so on to purchase their products. It is important not to let this opportunity pass without saying that. Under Croke Park II, some workers were asked to take a reduction in pay that was equivalent to the 11.7% they had already lost. I strongly urge the Government, if it wants businesses to succeed, to bear this in mind before proceeding with any further public sector pay cuts or austerity measures.

I compliment the Minister on the introduction of this lengthy Bill, all of which I have not had time to read. It is important we make it easier for companies to produce, display and sell. Small companies will say that legislation, regardless of that for which it provides, means nothing if the consumer does not purchase the products produced, be it tea, a car or a meal. As I stated earlier, I do not have a problem with this Bill but would welcome a response from the Minister to some of the issues I have raised, including on the SMEs and companies which go into receivership or examinership. I ask also that he consider the introduction on Committee Stage of amendments to compel companies which go into liquidation to look after the rights of

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the employees who worked for them and helped to build them and who are often the last to be looked after when a company goes bust.

Deputy Mattie McGrath: As a small businessman of 32 years and sole trader who transferred to a company a year ago, I too welcome the opportunity to contribute to this debate. I am also involved in a number of companies limited by guarantee, which are a different animal altogether.

I welcome the efforts being made in this area. I heard the contributions made by the Minister and main spokespersons. This legislation deals with issues such as over-view, examinations and so on, all of which are necessary. I was shocked to hear that the Bill comprises 15 Parts and 1,300 pages and that a copy of it costs €109, which is an enormous amount of money for any businessman, director or member of the public. The cost is excessive and the Bill is too lengthy. Very few directors would have time to read its 1,300 pages. One could read a novel by the late Maeve Binchy or even Deputy Shane Ross's book on the bankers quicker. I do not seek to promote any book above another.

Bureaucracy is creating huge difficulties for businesses. We have been constantly told over the past 15 to 20 years, or even longer, that this level of bureaucracy is required under EU regulation. I have found on inquiring about the position in other EU member states that while EU regulations might be introduced here, we tend to add a number of statutory instruments to them. We have a great knack for making the position cumbersome and more difficult. The banking crisis, which is a huge problem, came about because of a lack of regulation. The regulations that were in place were not enforced, and previous regulators and others were well paid but did not do their job; rather, they allowed people to run amok. I hope some effort will be made under the legislation to address this issue but I do not have huge faith in that being achieved due to the lack of due process for anyone on foot of the banking scandal and the collapse of our economy. Those senior people and some big business people who flouted the law with impunity are still laughing all the way to the bank. Ordinary people - especially, in this case, ordinary workers, as Deputy Halligan said, and those with SMEs - are carrying the can and feeling the full brunt of the law. I expect every businessman, whether he be a sole trader or the owner of a company, to obey the rules, act responsibly at all times, pay his taxes, ensure health and safety considerations are up to date and provide for the safety of his employees in the workplace.

The Minister, who meets representatives of companies every day of the week, will know that we have suffered from over-regulation and over-emphasis by entities such as NERA, and it has gone over the top. As with everything else, rules were needed; 1913 was the year of the Lock-out with the trade unions, and they were badly needed and fought to be recognised, but, ironically, there are cases now in which the pendulum has swung too much the other way. We have a culture of over-regulation; there are too many institutions and agencies dealing with small business employers and their employees.

It took from 1958, the year I was born, to 1962 to introduce the current Act, and I appreciate that it needs to be changed, but I cannot accept the sheer volume of reading material, regulations and all that is in this legislation. However, I accept that many of the reforms in it are badly needed. The company law review group has introduced countless reports and has been working on the legislation for a long time but we, the legislators, must be conscious in dealing with the legislation in this House and in the committee that it must be workable, it must be manageable and it must do what it says on the tin. What it says on the tin is that we must have tight and stiff regulation, penalties and reporting procedures to ensure there will be no white-collar and big

business tax evasion and none of what has happened previously, but we cannot expect to do that while the Competition Authority and the companies organisation are understaffed. The Minister inherited that problem but we should know what is needed by now with the amount of sheer blackguarding that went on and the number of rogue companies and businesses that went off and did not pay anybody. Senator Feargal Quinn's Construction Contracts Bill is still foundering in that efforts are still being made to bring it in to protect the many subcontractors. I raised that issue here two and half or three years ago, the morning a big company in this city went bust and left more than 600 subcontractors stranded. We must remember that a subcontractor is not an item; he or she is normally a sole trade or the owner of a small company with a number of employees, who all have families. There is a huge human cost involved. Subcontractors all have workers, as Deputy Halligan said, and responsibilities. The way that legislation has been flouted is not good enough.

The new Companies Bill has some significant reforms and I will not say that it has not. The new LTD company, as it is termed, can have a minimum of one member and up to a maximum of 149 members. I welcome that, because there are people who want to set up in business. They have great ideas and enthusiasm. Our young people have the drive, passion, qualifications and energy to create businesses and they have amazing new ideas and technologies of which we would never have thought. I salute the many entrepreneurs, whether they be sole traders, farmers, shopkeepers or hairdressers, or, on the construction side, the small builder, the sole trader or the people with trades who set up their own business and have done tremendous work. However, their businesses have been hammered and decimated in the past two or three years. They need some protection, and I welcome that part of the legislation.

For the first time, guaranteed companies will be able to avail of the audit exemption. This innovation will be of significant benefit to the sectors that tend to use the guaranteed company structure, such as companies in the voluntary sector - I am involved in many of those - voluntary sector charities and residential management companies, while at the same time recognising the particular circumstances applying to guaranteed companies in allowing a single member to object. That is very important as there must be provision for one member to object.

This Bill is long overdue. Previous speakers have been complimentary about the people in the company law review group for the hard work they have done. That is great and I am delighted about that, and I know they engaged in public consultation, but we have to make it easier to do business. In terms of the figures available, we rank 15th in the world for ease of doing business. I would not have thought that was the case. If we are 15th in the world, that is wonderful, but I do not believe it is the case. Deputy Coffey, who is in the Chair, might not like to hear the figure I have seen quoted by his former employer, which is that we are 95th in terms of access to electricity and power. That was not the fault of Deputy Coffey or his colleagues. They were the people on the ground who were doing their best, but again, bureaucracy and monopolies came into play, and that is never good.

Up to 90% of businesses are in the small and medium enterprise, SME, sector and they rely hugely on the goodwill of their families, their staff and many of the agencies with which they deal. All of them have been hit with the tsunami of the banking crisis. Many of them did not get into huge debt and had limited overdrafts. They had built up those overdrafts and worked hard to get recognition from the bank manager and bank personnel who knew them to secure those facilities but, unfortunately, that all counts for naught now, as they cannot avail of any type of credit. Many of them who have overdrafts get phone calls on a daily or weekly basis asking them to come into the bank for a chat. When they go in they find out that their overdraft, which

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they had built up over the years because of their good record with the bank, is the problem. They paid back all the loans they got but they are now being asked to halve the money they got from the bank or the bank will have to take it from them or offer them a term loan instead. People have little choice in that regard because all the negotiation is being done in one direction. They come out of the bank with a term loan under their belt, so to speak.

To add insult to injury, I believe the banks are accumulating all arrangements in such cases and presenting them to the Minister who is present and the Minister for Finance and his officials as new lending. It is a farce. It is a con job. I know that, and the Minister and everybody else knows it. That is unfair. Deputy Coffey would know about that. Deputy Fleming knows there is a huge crisis in agriculture that is not recognised by Government or anybody. It arose because of inclement weather, with a bad summer, a long winter and a very difficult spring. I was surprised and delighted to hear the Minister's ministerial colleague, Deputy Coveney, say that the banks were ready and waiting for farmers to go in to them, but that is not true. Even if they take off the Wellingtons and wear their best suits to go in to the banks they will not get past the counter. They will be told they have no credit rating because they cannot sell their stock; the stock they currently have are unfit to be sold. I do not want to digress from the Bill, but that is a symptom of what is going on in the banks. The farmers are not getting money, and where they have got money to buy meal and forage the banks are screaming at them to give it back, but they cannot give it back. I salute some of the co-operative companies - Dairygold and others - that have recognised this and the co-operatives that have looked after farmers. We are in the midst of a huge crisis that is across the board as regards finance.

I would have thought a lack of finance was the biggest problem facing people but, having listened to previous speakers and noted what was in the report published last week, I have heard that while there is a lack of finance, the ordinary people - the punter, the man in the shop, the housewife, the husband or whoever - do not have money to spend. Austerity is not working. The IMF has recognised that. The biggest problem for companies is to try to keep their doors open and pay the rates, rents and staff while their shops are empty. They will be empty if a further €300 million is taken from the public service and not from many other areas, so that we will not have to deal with the elephant in the room, which is banking. We will have to examine the monopolies in our country. I might mention CRH, which is a huge monopoly. I meet those in companies that are being put out of business on a daily basis. The Competition Authority is toothless, or else it has gone to the dentist and got all its teeth pulled and has only bad dentures, because it is toothless and ineffective. It does not have the staff, the wherewithal or the power to tackle big business which is crucifying small to medium-sized businesses. There is a huge cartel in that industry which needs to be blown asunder because there is too much appalling misery in small companies, by which I mean those employing up to 100 people, and sole traders. There is a monopoly in this and other areas of the economy, which I am sure the Minister sees every day of the week when he meets business people. We must get around this and have to be able to support small businesses.

The winding-up process costs €10,000, which is a lot of money. Small businesses, sole traders, farmers and subcontractors have to be protected. I do not know where they will find solace in this Bill, although it has still to be debated on Committee Stage. I do not know how they will read and understand it or how changes can be made that will suit them. The legal costs of examinerships are prohibitive for companies. In many cases, however, examinerships have worked. Some have failed, but they are a half-way house. More must be done in the Bill to curtail the newest industry in the country - receivership, which is an abomination. I do not

see any change in this document to the Supreme Court ruling that a company director cannot stand in court without having a barrister or solicitor. People cannot afford solicitors and barristers who do not come cheap. They must, if they are able, be allowed to represent themselves in court. They will speak under oath and should be entitled to do so. That is a big shortcoming of this legislation. I hope to submit amendments on that issue because this is wrong. There has been an outrageous explosion of smash and grab receiverships. Some of the big companies involved in receiverships are the ones that did the accounts some years ago for the companies in receivership. It would make one dizzy. We are on a spinning top, spinning around. The Minister knows who and what I am talking about.

Is there anything in this document to deal with sheriffs? It is an outdated title, but they are stalking the land at a ferocious pace. There does not seem to be any clarity or proper legislation for them. Are they legal at all? Most of the documents they bring when they come to people's homes which they cannot enter without permission are not even stamped. I have tried to find out for myself, but will the Minister check if sheriffs operate legally? I salute the county coroner in Tipperary. Some time ago a sheriff visited a small business man in his shop at 1 p.m. to demand money with menaces and at 2 p.m. a customer found the man dead in the shop. At the inquest the county coroner for Tipperary and Laois described it as State terrorism. That is what it was. There is State terrorism up and down the country. Sheriffs and agents are making agreements with people, writing them down, signing them and tearing them up next day. There is no good will. This issue must be dealt with. We cannot deal with ordinary people and make them pay if we cannot deal with State terrorism. That State terrorism has increased and grown legs and ordinary people, including company directors, managers, sole traders, farmers and others, are living in fear and dread of the people concerned who think they are mighty and right all of the time. If companies are not allowed to challenge them in court without legal representation, they will go nowhere.

I do not see anything in the Bill to tackle that problem or empower the Competition Authority and other such bodies. There are only seven or eight people in the Competition Authority and very few investigating officers. All of the power is on one side, terrorising families and small businesses. Unfortunately, gardaí are accompanying sheriffs. Gardaí think everything is legal because there is a sheriff and that he or she is acting on behalf of the Revenue Commissioners, a bank or whatever else, but a lot of the documents they have are not worth the paper in the bathrooms here. They are only made up and not stamped.

Are the banks, AIB, Bank of Ireland and others, legal entities? I do not think they are. We have many banks selling their loan books and everything else to other companies. If I have a lease agreement with or a loan from the Minister, it is with him or his company, but he can sell it on to somebody else who writes menacing letters to me looking for the money. That is wrong, illegal and would not stand up anywhere. This is happening wholesale. There have been buy-outs and sell-outs of loan books and everything else. It is a complete and utter racket, almost equal to what is happening with receivers. At the rate the receivers charge per hour, they have a licence to print money. When they go into a company, they plunder it.

Examinership is a fairer system, which is why we must preserve and protect it. The examiner looks at a company with a view to saving it and keeping the workers employed. I would say 90% of receivers are out to rape businesses and they make a fortune out of it. That is totally wrong and disgusting, especially when some of the companies involved were advisers to Anglo Irish Bank, the IBRC. Now they are receivers. The workers who were in the former Anglo Irish Bank, the IBRC, to help the receivers obtain the loans back from people who should not have

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borrowed and did not repay the loans are expected to have goodwill, yet they are being treated with disdain, not receiving the redundancy package that was promised. It would be only a small sum of money in the overall scheme of things.

While I welcome this document, it is too long and unwieldy. We all know from attending meetings around the country as part of our job that any meeting that continues for three or four hours loses its impact. The same is true of any document that runs to 1,300 or 1,400 pages in its short version. Will it do what it is expected to do? Perhaps the Minister should read it again. He could bring it in stage by stage. It has to deal with the problems I have mentioned and if it does not, it is not worth the paper it is written on. I know it costs money to print, but if it costs the ordinary layman in the street or an ordinary employee or company director €109, that is prohibitive and will put them off. They could buy ten novels or thrillers for that price. The Minister knows what are the real problems in our society. I did not even mention the development companies which are being subsumed into the county councils which are not pro-business and never were; they are regulating agencies. The county enterprise boards are being subsumed into Enterprise Ireland. I have the height of respect for the boards, particularly the one in south Tipperary and its staff, as well as for the development companies.

Debate adjourned.

8 o'clock

Public Sector Pay and Conditions: Motion [Private Members]

Deputy Sean Fleming: I move:

That Dáil Éireann:

notes the:

— rejection by public sector employees of the Labour Relations Commission's proposals on pay and conditions;

— failure of the Government to disclose all relevant information concerning the draft agreement;

— difficulties that the proposed changes to conditions of employment would have had for many families;

— inconsistency of treatment of different categories of public sector employees under the Government's proposals; and

— disproportionate impact that the proposed measures would have had on the pay and earnings of frontline and shift workers;

recognises the:

— huge sacrifices made by public sector employees and pensioners in recent years;

— ongoing savings being delivered by the current Croke Park Agreement;

— significant benefit to the economy and society that the absence of industrial action in the public sector has achieved;

— need to ensure that further reductions in the overall public sector pay and pensions bill occur in a fair and structured manner; and

— importance of a shared commitment to reform by all stakeholders in the delivery of public services; and

calls for:

— immediate engagement by the Government with public sector employees with a view to obtaining a balanced agreement that can secure widespread support amongst public sector employees;

— confirmation that the Government will not legislate for an across the board 7 per cent cut in public sector pay; and

— a commitment to full disclosure of all relevant facts prior to the conclusion of a new agreement on public sector pay.

It is now nearly a week since we got word that the so-called Croke Park II proposals had been rejected. Close to two thirds of public sector workers and 70% of individual unions voted against the deal. This has to be seen as a stunning rejection not just of the Government's proposals but also the manner in which it went about selling the deal.

For the second time in 12 months, the Minister for Public Expenditure and Reform embarked on what he promised would be a major cost-saving initiative on the overall public sector pay bill. This is in addition to his failure to persuade the public to support his Oireachtas inquiries referendum some time ago. We have a clear picture now of a Minister who talks a good game but fails to deliver on the big occasions.

In the 2012 budget he told us he would secure €75 million in savings in 2012 and €150 million in savings in respect of allowances by the end of 2013. At the time, I recognised the current system was unnecessarily cumbersome and was in need of being streamlined. However, the process put in place failed to achieve the targets set. In fact, by October of last year, the Minister had to admit the savings he had achieved to date would only be a fraction of his original targeted amount.

The Minister must bear the lion's share of responsibility for the outcome of last week's vote. His words certainly did no favours to those unions which were attempting to sell the deal to their members. In his article on 5 April in the *Irish Independent*, he upped the ante considerably in a manner that may have been a significant contributing factor. It is worth reminding the Minister what he said:

In the absence of these measures, a straight pay cut would require a greater ask to reach the same target. Public servants, that under this agreement face a gross reduction in pay of, say 4%, could potentially see that increase to 7% in the absence of an agreement. The €300 million savings to the pay bill are in this year's budgetary arithmetic. Those savings will have to be made from the pay bill – the money simply is not provided for. Similarly, the €1

billion savings will have to be achieved by 2015.

If they cannot be made within the confines of an agreement with the public service unions, they will have to be made unilaterally. This will require legislation. The precise nature of that legislation will be considered if that eventuality arises.

I have seen the Minister's performance in the run-up to the Croke Park II vote described as swashbuckling in some quarters. If that is the case, his appearance on last Tuesday night's "Six One News" can only be described as extraordinarily meek by comparison. He looked somewhat shell shocked as he told the nation, "I will be taking a phone call from the troika tonight to explain what happened." It is extraordinary to find that the Labour Party, once so closely aligned with the trade union movement, now appears to be so out of touch with public sector workers. He went on the claim that he would run out of money before the end of the year if €300 million in savings were not achieved. This is despite the fact that the National Treasury Management Agency, NTMA, currently has €30 billion in cash. I am not recommending he dips into those reserves but it is extraordinary to claim the State will run out of money when it has such reserves. The statements are mutually contradictory.

What we have not seen from the Minister as yet is any serious analysis of why the deal was rejected or what can be done to rescue the situation to prevent it descending into the same level of farce to which the review of allowances last year descended. The unions opposed to Croke Park II launched an equality audit of the proposals which focused on the impact of changes in working conditions. These issues did not receive as much attention as the pay-cut elements of Croke Park II but I believe they were the decisive factor in the rejection of the agreement. Among the issues the audit highlighted was that the provision for additional hours would have a considerable negative impact of people with caring responsibilities be it for children or parents. In worst-case scenarios, this could force carers out of the workplace or put significant additional financial burdens on them. Restrictions on job sharing and flexitime are also likely to have been a considerable factor in the heavy defeat which the proposals suffered. When the draft agreement was published by the Labour Relations Commission, I met young mothers working in the public sector in Portlaoise who were crying at having to work extra hours and spend much less time with their families. Work-life balance was a significant factor. The audit stated:

These proposals discriminate on the family status ground because they will disproportionately disadvantage men and women with caring responsibilities in the public sector - the Employment Equality Acts prohibit direct and indirect discrimination on a number of grounds including gender and family status. It could further be a matter for the European Commission to adjudicate on, given the provisions of the equal treatment directives on the ground of gender.

One of the most disconcerting aspects of the Government's proposals was the very harsh impact they would have had on front-line and shift workers. Everyone understands the critical nature of the services they provide, yet the Government felt it was acceptable to target them for a disproportionate slice of the overall savings for which they were looking. Two different workers with the same current take-home pay would have seen vastly different changes in their income depending on the extent to which they work shift and overtime. The 24/7 Alliance produced detailed analysis of the loss that would be suffered by different categories of workers. In the case of a staff nurse, the reduction in earnings allowing for the theoretical cost of having to work additional hours and the increment freeze is approximately 11.4% of pre-agreement total pay. For a paramedic, the effective loss would be 9.7% and 9.1% for a care assistant. For a

Garda it would be 5%. I know the Minister will dispute these figures. However, he disputes the number of Sundays worked by some categories of public workers saying it is fewer than 26. He also played a little bit of fun and games with the statistics by talking about the average pay cut. Included in this figure by the Minister are those who will not get a pay cut at all. That means he is trying to reduce the overall average, notwithstanding some people would have a disproportionate higher cut than the average.

These represented a massive additional hit to workers who have already contributed very significantly to reducing the public sector pay bill. We did not get a clear rationale from the Minister as to why he was proceeding in this way. In fact, what we did get was black propaganda as he publicly stated those unions who had remained in the talks had been able to get a better deal for their members while his officials briefed about a supposed €300 million pot of gold which would be available to sweeten the deal for those unions who supported it.

We believe it is imperative the Government urgently engages with public sector unions to seek an agreed approach to public sector pay. The absence of widespread industrial unrest has marked Ireland apart from other countries. The Government's approach has put this at risk. We believe it is possible to conclude an agreement which achieves the necessary savings while achieving fairness and social solidarity.

I welcome the announcement that the chief executive of the Labour Relations Commission has been asked to make contact with the parties in the coming days to establish if there is a basis for a negotiated agreement. I hope tonight's motion has had the effect of galvanising the Minister into action.

Unfortunately, since the rejection of the agreement, his words have spread further confusion. Last week, when I asked the Minister what actions he now proposed to take, he indicated that most of those who would have been subject to pay cuts under the agreement would have seen their salaries restored after 2016. However, for those workers who were being asked to work longer hours, see reductions in overtime payments or the abolition of the double pay rate on a Sunday, no such assurance was forthcoming. This is symptomatic of what can only be described as a divide-and-conquer strategy. Last week, he claimed those earning over €65,000 will only have to take a temporary pay cut and will have their salaries returned at the end of the agreement. However, the Minister has given no such commitment to those people who work on Sundays and nor did he give a commitment to the people being asked to work additional hours, most of whom are on low pay, that those extra hours worked would be of a temporary nature. Instead, he looked after the high paid workers by telling them they would have to take a cut but it would be restored to them in 2016. That is my understanding of what the Minister said here last week.

I accept the need for reform and modernisation in the public service. The Croke Park model is still the best one to achieve that and we support the principles that underpin it. If a new agreement is to be negotiated and put to public sector workers, it cannot be voted on in the absence of full disclosure of all relevant facts to all parties. By that I mean the various letters issued to individual trade unions by the Minister's Department, public sector management and the Labour Relations Commission. We are aware of at least ten letters having been issued shortly after the deal was negotiated, and I understand further clarification would have issued later. I asked the Minister to disclose those and he refused to do so, stating that it is not the normal practice. The Minister has regularly stated that he is in favour of freedom of information, yet he is hiding behind the old practice of not disclosing matters that are part of the labour conciliation process.

This is the first time a deal has been voted down in terms of pay agreements at national level and the circumstances require all correspondence regarding that deal to be published. How can the Minister expect the Parliament to move forward with legislation if he is concealing facts as to the clarifications and implications of that deal?

Further savings are needed, and an agreed framework is the best way to bring that about. It is worth noting that the vast majority of savings achieved to date have been from measures introduced by the previous Government. Last year, the Minister of State, Deputy Brian Hayes, claimed that, “A totality of €2 billion has been taken out of the public sector pay and pension bill as a result of the measures since 2008 and the measures that Brendan Howlin is introducing now”. However, the reality is that the Government has not up to now introduced any significant measures to control the public sector pay bill.

The claim of the Minister, Deputy Howlin, that the Croke Park agreement was “an extraordinary tool for change” and that most of his European Union colleagues would give their right arm to have such an agreement rings hollow given his ham-fisted approach to the recent talks and their aftermath. The country wants and expects good public services. Good industrial relations and a shared commitment to reform are a cornerstone of the delivery of such services. The Government must learn the lessons of its failure to deliver this agreement. It must be open to hearing what public sector workers have to say and respond in a transparent manner.

Deputy Brendan Smith: The Fianna Fáil motion before the House takes stock of where we are now, reflects on the errors made and clearly recognises the need to achieve the savings required in a fairer way.

The fact that the Government has today decided to move part of the way along the road suggested by our motion and by our party spokesperson by asking the chief executive of the Labour Relations Commission to make contact with the parties in the coming days is a welcome development and a recognition of what our party spokesperson on public expenditure, Deputy Sean Fleming, has been saying since the announcement of the vote last week. The only way to begin to undo the damage caused by the “No” vote is to go back to negotiations, treat all public servants equally and respect their goodwill towards the process.

With our party spokesperson, Deputy Fleming, I welcome that the chief executive of the Labour Relations Commission, Mr. Mulvey, has been asked to intercede, but his involvement will only bear fruit if the root causes of the rejection of the Croke Park II deal are fully recognised. Our motion seeks to achieve this as it outlines clearly the issues, the challenges and the need to progress beyond the current impasse.

The serious and difficult position triggered by the “No” vote is of the Government’s own making. It could have been averted if the Government had taken wiser counsel and adopted a less confrontational strategy in the first place. The scale and impact of what has happened is significant. Last week’s rejection of the Croke Park II proposals was the first time in over a quarter of a century that trade unionists have rejected a national agreement.

What could have brought them to discontinue the long-standing practice of industrial harmony in this country that was beneficial to all? As set out in this Private Members’ motion, it was a combination of issues. First, no sooner had Fine Gael and Labour Ministers taken up their portfolios than a large number of them were undermining the contribution of the public service while spinning behind the scenes about perks and privileges.

Second, most of those Ministers ignored the progress and savings achieved under the original Croke Park agreement. The Minister, Deputy Howlin, is exempt from that criticism as well. I remember a comment he made that was fulsome in regard to the Croke Park deal. Third, the Government adopted a divide and conquer approach that targeted public sector workers on the front line, leaving them to bear a disproportionate burden. All of us in our every day work, and people in society in general, recognise that many of those front-line staff are in the most challenging and demanding sectors of the public service. They are the people we rely on 24 hours a day, seven days a week to deliver services for us in many difficult circumstances. That was coupled with leaked details of an unspecified honey pot that would be available to sweeten the deal for unspecified sectors of the public service.

Fourth, when it became clear that points one to three were not working, the Minister, Deputy Howlin, and the Government produced the big stick of a 7% across the board pay cut that would be pushed through the Oireachtas if workers did not support his proposals.

Nowhere in this strategy did we see the fairness and equality that was needed to win the support of the public service in general. Deputy Fleming, on behalf of the Fianna Fáil Party, repeatedly called for full disclosure of all side offers but those particular details were not forthcoming from the Department or the Minister. That full disclosure is an essential first step if the Government and the Minister for Public Expenditure and Reform are to have any chance of restoring good faith with the public sector. So, too, is acknowledging the basic unfairness in some elements of the deal put forward so far.

It is difficult to figure out the reason the Government and its supporters, at various levels of public representation and in unions, could have urged and advocated acceptance of a deal that impacted negatively on women and family life. It should never have allowed a deal where two people on the same income according to their payslip would have seen a considerably different impact on their take-home pay depending on how it is made up between core pay and overtime.

The Labour Party's hard-ball, divide and conquer approach to the Croke Park II deal contrasts with its near silence on the Croke Park I deal. We will recall that in the autumn of 2010 the then Deputy Eamon Gilmore, as leader of the Labour Party in opposition, was singing a different tune. At that time he felt that union members should be left in peace to consider the strengths and weaknesses of the agreement and make their decision accordingly. A few months before that he was telling the Labour Party conference he wanted a government that would "change the way the system works and be prepared to change the system if necessary". It is now April 2013 and the Tánaiste, Deputy Gilmore, and his Ministers are cajoling and warning workers to accept the deal or take a 7% across the board cut. It seems that rather than Labour changing the system, the system has changed Labour.

I appeal to the Minister, Deputy Howlin, who is one of the fairest members of the Government, to ensure that every effort is made to bring about an agreement. It is necessary that the Government engages fully and urgently with public sector unions and seeks an agreed approach to public sector pay. From 1987 until now we have had industrial peace in this country that is for the benefit of all our citizens. I believe it is possible to reach an agreement that achieves the necessary savings while at the same time ensures fairness and social solidarity.

An Leas-Cheann Comhairle: I call Deputy Michael Moynihan who is sharing with Deputy Michael Healy-Rae.

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Deputy Michael Moynihan: I welcome the opportunity to contribute to this debate. Over the past 26 years the social and industrial partnership relationship has brought a huge dividend and we have had industrial peace around the table. Irrespective of the partnership's shortcomings, the long-term goal for the nation is to retain social partnership and ensure any agreements are negotiated. That is the right way to go forward politically. We must acknowledge the huge sacrifices that have been made by the public service. While there is an ongoing debate in the context of the public versus the private sector and the pros and cons of both sides, those who work in the public sector have made a huge contribution to Irish society.

When we speak about foreign direct investment, one of the first points made is that we have an educated young workforce available. Our education system, developed over the decades since the foundation of the State, has led us to a situation where we have a high standard of education for our young people. People who work in the education sector, school teachers, principals and those in the third level sector, have contributed and invested much of their life and work in creating an education system of which we can be proud. It is very easy to say one section of these workers is cleaning out the system and that there is another building it. However, when we look at the strengths of our system and society which have been developed over the years, we must acknowledge that the people working in the public service have contributed enormously.

Since the crash in 2008, people in the public sector have made sacrifices in the form of the pension levy and pay cuts. These people are good, conscientious citizens who work hard and believe it is their social responsibility to do what they can to ensure Irish society develops in a positive way and they are willing to make sacrifices to achieve this. There are always some who say the sector is willing to pay, but not us. However, by and large the public sector has contributed and made huge sacrifices. In the areas of innovation and expertise within the public sector and State services, such as in Forfás and training authorities, there has been ingenuity with regard to contributing to savings. This must be acknowledged.

We all remember the negotiations for Croke Park I and remember that some people behind the scenes were critical of those negotiations and agitated against them, but the deal worked and we tried to move forward with Croke Park II. I feel the failure of the negotiations had to do with the language used in handling them. All of society is vulnerable currently, and negotiations relating to pay cuts and conditions need to be framed in language that will bring people with us. Just as in 1987, when the first model for social partnership was introduced, an initiative that was also being developed elsewhere and which was introduced here successfully, it is vital the language used is moderate, considered and appropriate. The media always wants to find an angle on partnership, but that leads us to a tangent to which we do not want to take those working in State services.

In many instances, the morale of people working in State services is on the floor and what we need to be able to do is to bring those people with us, because they have the greater good of Irish society in their hearts and minds as they go to work each day. We must also be conscious of those people who work in our front line services. These people risk their lives for citizens on a daily basis and they must be recognised in a special way. However, the language that was being used in the context of "sweetheart deals", whether these deals were real or imaginary, inflamed the emotions of ordinary, decent public sector workers. Statements were being made with regard to what would be done in 2016 and elsewhere, rather than what would happen in the here and now.

I welcome the initiative to bring both sides together now under the auspices of the Labour Relations Council to see whether there is any middle ground or whether any initiative can be introduced in regard to partnership, because it is the only way forward. The only way forward is to have an agreed solution. We need industrial peace in the country. We face significant challenges throughout the country on a raft of issues and the last thing we need is for a disagreement to open up which could have been avoided if moderate language had been used, if consideration had been given to the people involved and if respect had been shown to those at the coal face, whether people in the public service from nine to five, those on weekend work, those working 24/7 or those in our health service, justice or school systems. All of these people deserve and need our respect because they do a hugely important job for the State.

I commend the motion drafted by Deputy Sean Fleming to the House. It is a considered and calm motion which highlights that we believe industrial peace is vital for well-being and security of the State.

Deputy Michael Healy-Rae: I thank the Fianna Fáil Party for allowing me some of its speaking time. This is a difficult and traumatic time to try to negotiate an agreement that will be acceptable to all. Last Saturday I met with retired psychiatric nurses who outlined for me their position and what they feel about what has happened. We can only squeeze so much out of people. As the Minister knows, I respect his position and I appreciate that he is dealing with a poisoned chalice and is trying to do the impossible. However, at the end of the day it is all about fairness. Deputy Moynihan was correct when he stated this is a considered and calm motion, not a motion that picks politically at the Government. The motion has been well thought out and tries to bring about a situation where a mutual agreement can be found that will be acceptable to all.

I have attended many meetings of the 24/7 group, who rightfully feel they have been targeted enough in the past. Retired people also feel they have been targeted enough already. All of these people are struggling daily with their budgets and that is the situation. Take, for example, a young garda who borrowed money for a mortgage during the height of the boom. He now finds himself in an impossible situation where he is paying a mortgage for a house that cost €300,000 or €400,000 but which is worth only €120,000 and he has a young wife and kids. Other people were trying to better themselves. They had been doing well in the public service and they borrowed money on the strength of that. Nobody can blame anybody for trying to better themselves. I would certainly support every person who ever tried to do that. Having got caught when the investments they made went wrong, they are now relying on their jobs to assist them with their payments. One cannot blame them for being angry when the money from their jobs is being cut.

I agree that a terribly difficult balancing or juggling act has to be performed. That is why I thank Fianna Fáil from the bottom of my heart for bringing this motion before the House. It is right, proper and prudent that this matter is debated in a cool and thoughtful manner. Deputies on all sides of the House should get to make their contributions. We have to try to achieve what needs to be achieved in a fair way that is acceptable to all. I agree with the part of the Fianna Fáil motion that calls on the Government not to rush to “legislate for an across the board 7 per cent cut” in the manner that was suggested in this House by the Taoiseach and two or three Ministers. I do not think it would be right to rush into anything like that. I genuinely do not think it would be fair or proper.

At all times, we have to think of the young families, the middle-aged people and the people

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who are facing retirement. Last week, I met a deputation of retired psychiatric nurses who made a great case when arguing that they could not bear any further cuts in their pensions. The Government must listen to all of those arguments and take them on board in trying to achieve an agreement that is fair and equitable for all. I thank Fianna Fáil again for proposing this motion. I hope everybody who wants to make a contribution will get an opportunity to do so tonight and tomorrow night. I am grateful to the Minister for being here to listen to our viewpoints. I know he takes his job seriously and earnestly. It would be a mean person who would not stand up here and acknowledge that he is doing his best in difficult circumstances.

Deputy Billy Kelleher: I welcome the opportunity to speak on this motion, which is timely in light of what happened last week. It is fair, rational and well thought-out. It underpins something that is critically important in the overall context of public sector reform. Real reform should involve more than paying reduced salaries to public and civil servants. The only way for real reform to come about is by means of engagement. It is clear that the carrot and stick approach, which almost involved threatening and intimidatory behaviour towards the end when it was suggested that the pay of public servants would be cut by 7% across the board if the deal was not accepted, was not helpful at the best of times.

Social partnership has served this country well. I think most political parties support it. Obviously, Fine Gael is quite happy that it has fallen at this juncture. It was never ideologically, emotionally or politically attached to it. At a time when this nation is still vulnerable and is trying to restore confidence internally, domestically and internationally, industrial unrest is the last thing we need. I hope the skills of the Minister for Public Expenditure and Reform and, more importantly - I do not mean any disrespect when I say this - the State industrial relations apparatus, including the Labour Relations Commission, are used to find a way through this impasse when those involved sit down together.

I cannot claim to have an indepth knowledge of the internal workings of a union like the Minister, Deputy Howlin, and others have. However, my impression is that this proposal was rejected because there was a perception that lower-paid workers, front-line workers and those who carry out a great part of public duties as they deliver services were being unfairly targeted. That might be an unfair perception, but that is certainly how it seemed to an outsider looking in. For all those reasons, it is important for us to acknowledge that nurses, gardaí and others who deliver front-line services on a daily basis would have been most unfairly affected by these proposals. The Minister was right when he said the core pay of people under a certain level was being protected, but he should accept that the vast majority of people who do shift work, who provide front-line services and who work outside the hours of 9 a.m. and 5 p.m. would have been unfairly affected if these proposals had been accepted. That has to be acknowledged when the negotiating table is revisited.

I suppose the area in which I have the most interaction with unions at this juncture is the health care sector, as my party's spokesperson on health. There was a genuine concern that the graduate scheme which was announced last year would undermine the nursing profession by requiring some of our highly qualified, motivated and committed nurses to start working on lesser pay than their peers with the same responsibilities. Such schemes genuinely undermine our workers.

I understand the difficulties the Minister is facing. I recall the difficulties we faced when we were in government. The Minister and his colleagues might not have acknowledged them in the same way when they were in opposition. Perhaps they exploited them. We can put that aside.

The key issue is whether these people feel they are valued by the State. The best way to reward them is to accept the important role they play in the delivery of public services. I think that role has been undermined. I have previously made the point that it is inherently unfair to ask a generation of people who are now coming out of college - they were in primary or secondary school when certain decisions were made, supported and encouraged - to carry the can for the difficulties we presently face. I accept that we started it to some extent. It is intergenerational solidarity in reverse. We are asking those who are coming out of college to accept being paid less for something they had no hand, act or part in. They did not even vote in the relevant general elections.

To be quite blunt about it, I do not think this matter has been handled in a wonderfully diplomatic way. I expected more from the Minister, Deputy Howlin. I would have expected other members of the Cabinet, who will remain nameless, to have handled it in a ham-fisted way. In light of his background and his membership of the Labour Party, I expected the Minister to have a more intimate knowledge of the workings of the trade union movement. Any renegotiations should be based on parity and fairness. The Government should not ask people who were kids in secondary school or college when certain decisions were made, and who may never have voted, to carry a disproportionate burden as the State tries to address the difficulties in its public finances. That is something that should be acknowledged.

I find that Irish people are inherently decent and fair. When union members were asked to vote for this proposal, in effect they were asked to rubber-stamp the imposition of an unfair burden on those who provide front-line services and those who have just joined the public service or are about to do so. The unfairness of the proposals that were presented should be acknowledged when the Labour Relations Commission, the Government and others enter into overarching negotiations. If the Government removes the threat, that will represent a signal that it values public services, particularly front-line services.

Minister for Public Expenditure and Reform(Deputy Brendan Howlin): I would like to share time with Deputies Nash, Connaughton and Dowds.

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

Deputy Brendan Howlin: I move amendment No. 1:

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

“acknowledges:

— that public servants have made a substantial contribution towards the necessary reductions achieved in public expenditure since 2008, including through the unilateral imposition by the then Government of the pension levy and pay reductions applied under the Financial Emergency Measures in the Public Interest Acts 2009; and

— the ongoing contribution made to cost savings in the public service pay bill and to improving productivity by public servants under the terms of the Public Service Agreement 2010 - 2014, and the related agreements made under its auspices;

welcomes the contribution made by public servants to economic recovery including through the absence of industrial action;

commends:

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— the Government on its early and open engagement with public servants and their union representatives on the difficult but necessary actions required to restore the public finances; and

— representatives of Public Service employers, unions and the Labour Relations Commission on the development of a balanced set of proposals that would deliver €1 billion in savings on the public service pay bill by 2015;

notes:

— that the Labour Relations Commission’s proposals protected the basic salary rates of low and middle income earners in the public service while applying progressive reductions to the remuneration of higher paid public servants, and provided for a negotiated and equitable approach to securing the necessary savings in the public service pay bill; and

— the proud record of the public service in introducing and implementing work-life balance arrangements and that public service employers continue to be committed to equality of opportunity in its employment practices;

agrees that, in view of public servants’ non-acceptance of the measures proposed by the Labour Relations Commission, it will now be necessary for the Government to decide on and secure alternative measures that will deliver the additional pay and pensions savings of €300 million for 2013 and €1 billion by 2015 to meet public expenditure targets; and

further welcomes the Government’s request to the Labour Relations Commission to explore and report back to Government on whether the basis for a negotiated agreement exists between the parties.”

It is ironic to be standing here debating a Fianna Fáil motion on the public service agreement on the day the troika arrives in town for the tenth programme review. As we speak, representatives of the current Government continue to discuss the carnage in the public finances and banking sector we inherited from Deputy Martin’s Government.

Deputy Billy Kelleher: And supported and encouraged.

Deputy Brendan Howlin: Thankfully, things have improved somewhat since Fianna Fáil were run out of office. This Government has reduced the deficit to 7.6% of GDP. In the year before Deputy Martin, Deputy Fleming and their colleagues opposite left office, the deficit was over 30% - in fact, 32.4% - the highest deficit on the planet at that time.

Deputy Billy Kelleher: This is not helpful.

Deputy Brendan Howlin: The contrast does not end there. This Government approached the issue we are debating very differently from its predecessor Government.

Deputy Billy Kelleher: That is why it failed.

Deputy Brendan Howlin: This Government afforded trade unions the opportunity to ameliorate the budgetary challenge facing their members in the public service. On two occasions, Deputy Martin’s Government cut the pay of public servants unilaterally - no negotiations, no votes, just cut.

There is no doubt, and I say this honestly, that I would prefer to be standing in front of this House this evening defending the outcome of a negotiated process and the need to implement the LRC proposals to reduce the cost of the public service pay and pension bill by €1 billion over the next three years. That was not to be. I do not doubt, though, that if it had been passed, there would be many opposite who would be opposing me, although not necessarily some of those who spoke earlier, who actually have an understanding of these matters. However, I still believe that the LRC proposals were fair and balanced, and, in particular, fair and balanced to the public servants involved. They protected core pay and allowances where those allowances were part of core pay. I have spent two years defending the Croke Park Agreement. I have spent two years explaining why, in many instances, allowances are part of core pay.

In terms of the comments just made on intergenerational solidarity, one of the core objectives of this set of proposals was to end the disparity that had developed in recent years in that regard. The proposals segmented the workforce into four income categories and treated each differently. Those earning in excess of €100,000 would suffer permanent losses in pay. Those between €65,000 and €100,000 were afforded a path to pay restoration following the expiry of the agreement. Those under €65,000 suffered no loss in core pay. In the zero to €35,000 and €35,000 to €65,000 categories, the treatment of increments was similarly progressive. Central to the agreement was a series of productivity measures which reduced the need for cash savings. This was a complex deal, much more complex than Croke Park I because it strove so hard to be fair and balanced. The negotiators, particularly from the trade unions, worked hard to achieve that balance.

The proposals were also, I believe, fair to the taxpayer. We have not heard much about the taxpayer in this debate so far - in fact, I do not believe the taxpayer was mentioned by any of the Deputies opposite. The taxpayer is entitled to have public services that reflect the 24-7 nature of the modern world. I regard that as important as ensuring that the public service reflects best practice in the treatment of its workforce. The proposals also made good on a strong desire of mine to replace the two-tier pay scales introduced by Deputy Martin's Government, the very point that was just referred to opposite.

Let me put it on record that I accept the decision of public servants in the ballot. I do not believe this decision constitutes a rejection of collective agreements by them but, in the absence of an alternative agreement, that is the space we now find ourselves in. I have heard some teacher unions' representatives defend their move towards strike ballots by claiming they are not the "aggressors". I find the language strange. There are no aggressors here, merely a Government seeking to make good the huge hole in the public finances caused by Deputy Martin's party. This issue arises solely because of the place we, as a people, collectively find ourselves in. The public finances - or in normal parlance, the employer - remain in a perilous position. Were this the private sector, there would talk of job losses and jobs would be on the line.

I was concerned about some of the information imparted during the ballot process and felt it necessary to make some statements during the debate. Deputy Fleming and others have sought to make some noise about those comments, and we have heard them again tonight. Why this is so in Deputy Fleming's case, I am not sure, because his only point of substance was to demand €50 million more in savings this year - that was his contribution on the politics programme on the Sunday before the ballot was announced. Nor is there any evidence that he read what I said, although he did accurately quote it tonight, finally.

My message was a simple one. The savings required were and are real, and in the absence

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of the desired agreement to pursue them in a negotiated fashion, they would still have to be made and there is no escaping that. That remains my position. It was for clarity on this issue, so people would make very difficult and momentous decisions that affected themselves and their families while knowing the full facts, that I made the statements I made, with a rigorous appraisal of the State's finances and laying out the quantum of savings I genuinely believe are required from pay and pensions. Some of those who left the talks on the eve of the agreement had been aware of scale of the challenge for well over a month at that stage.

Listening to some union leaders commenting since the vote, it seems there is now a groundswell against austerity. Austerity is a nice phrase to hang your hat on, so let us deal with that one. I am not a believer in austerity. I believe in a more coherent anti-austerity strategy across Europe, which would be a good idea not only for Ireland but for all of Europe. If President Barroso needs an ally in this regard, given the comments he made yesterday, he certainly has one here, in me. The key threat to Ireland successfully exiting its programme of assistance is the economic environment in Europe itself. I am not a dreamer either, however. I have been in politics long enough to know the damage done to a small country like ours by not being able to pay its way. Burgeoning deficits in the 1970s - Fianna Fáil again of course - undermined our viability and led to the inevitability of an imbalance in our books. As we found out then, who will invest in a country in a permanent sense of crisis? We dragged on that recession unnecessarily because we did not take the necessary corrective action early enough, which is the fault of all parties.

This State is pursuing anti-austerity policies by any definition. We continue to run up a sizeable budget deficit each year despite our enormous debt burden. The size of the budget deficit is being reduced in a steady and rational fashion. The Government has already added a further year to that timetable by negotiation with the troika, but the idea that we can push that debt burden higher and higher on a permanent basis defies reason and mortgages the future for the next generation of Irish citizens.

I know the measures the Government has to take are unpleasant. God knows I do not want to be the bearer of bad news. I wish I was Minister for Public Expenditure and Reform in good times rather than the most awful times in our history. These measures are difficult for people to accept, and I understand that, but this will be the final push to secure the exit from Deputy Martin's troika programme.

On a side issue, Deputy Fleming is much taken with the idea that letters of clarification issued during this process. I find his fascination with the issue to be strange. He seems unfamiliar with the normal practice of industrial relations, at least as practised by his own party. There are numerous letters of clarification in existence in regard to the original Croke Park deal negotiated by his Government.

Today, the Government had an initial discussion on the implications of the rejection of the proposals of the LRC. In line with our overall approach, which is that we much prefer to achieve the reductions that are needed in pay and pensions by way of negotiation rather than by unilateral expropriation, the Government decided to ask Mr. Kieran Mulvey of the LRC, who facilitated the talks process in January and February, to make contact with the parties to see whether there is a basis for a further engagement that might lead to an agreement. He will do that exploration over the coming days with both sides and report in time to allow for a further discussion and decision by the Government. I do not want to put a timeframe on his work but we estimate it will be about a fortnight. The Government is certainly willing to talk to staff

representatives who are prepared to reach a realistic compromise with the Government on how to make these demonstrably needed savings. The reality of the budgetary timetable is such that time for any discussions is running out. I hope this satisfies Deputy Fleming. It certainly meets his dual requirement of holding open the door to a negotiated solution while remaining clear about the scale of the fiscal challenge to be met, although, as I pointed out earlier, he wants to make deeper cuts this year.

Indeed, looking at Fianna Fáil's pre-budget material from last year, one can see a sense of *faux* outrage at the Government's strategy that is manifest in tonight's motion. It is no harm reminding the House of Deputy Fleming's commitments made less than six months ago on this talks process. This is what the Fianna Fáil pre-budget proposal said. It was the published, official position of Fianna Fáil for this year's budget:

We believe the pay and pensions bill is not falling fast enough and an additional €350m needs to be achieved in 2013. However, should agreement with the unions not be reached by March 1st 2013, the Government will have to consider a range of measures to achieve this additional level of savings including: a reduction in the sick leave, including uncertified sick leave bill of €50m; an average cut of 5% in actual allowances to save €75m; deferral of increments for 2013 to save €170m, with no increments payable above €100,000; accelerated targeted redundancy in administrative and management grade numbers to save €30m; additional working hours and a change to work practices.

So said Fianna Fáil six months ago. This House is well used to Fianna Fáil's year-zero approach to anything that took place between 1997 and 2011 but it appears that on this occasion, a special exemption is being made for 2012. Earlier today, Deputy Fleming led a walkout of the Opposition from the Select Sub-committee on Finance, Public Expenditure and Reform, having falsely accused the Government of doing what his party had advocated - same old Fianna Fáil.

In conclusion, as a Government and as a society, we are now facing an extraordinarily serious and daunting challenge. It is certainly the most serious challenge we have faced in generations and is probably more serious than any challenge except those faced by the founding Government of the State. We are entering a critical period of our engagement with the troika, which I met this evening at 6 p.m. We are moving to discuss our exit from the bailout programme. Adherence to our budgetary targets remains as important as ever if we are to achieve this critical national goal.

Despite a media furore about public service pay, since taking office, this Government has remained wedded to walking the route of co-operation with public sector workers. We want to work with trade unions that want to work with us. We would like to afford public service workers the protections of a collective agreement and certainty. It is for that reason that the Government decided today to ask the Labour Relations Commission to talk to all the parties involved to see if, even at this late stage, there is any possibility of an a negotiated outcome which meets the Government's and the country's spending targets. I thank Mr. Mulvey and his team for accepting this task. They contributed hugely to this process in the original discussions. They are respected by all the parties involved and I know engagement with them will be honest and constructive. For those reasons, I commend the amendment to the House.

Deputy Gerald Nash: Fianna Fáil's sheer brass neck never ceases to amaze me. As outlined by the Minister, Fianna Fáil and its leader do not come to this issue with a clean pair of hands. The party that had no compunction in unilaterally slashing the pay of public sector

workers is now attempting to pose as the new best friend of the public service. Its hope that the Irish people and public sector workers have short memories is as vain as this motion is nakedly self-serving. Like the Bourbons, Fianna Fáil has learned nothing and forgotten nothing. Public servants do not need to cast their memories back too far to recall a party that at the stroke of a pen took thousands of euros per year from their pockets without even the fig leaf or the courtesy of attempting to engage with the trade unions on an alternative approach. The Government can do without Fianna Fáil's advice on this matter. The conduct of Fianna Fáil on this and other critical issues of national importance is the equivalent of the arsonist who starts chucking stones at the fire brigade while telling the gardaí that the blaze had nothing to do with him. It is incomprehensible and a distraction from the main issue which has been concentrating the minds of the Government and many trade union officials, namely, the question of how we can resolve this major challenge in a fair and equitable manner.

This motion makes extraordinary, inaccurate and downright misleading claims about the fairness and equity of the proposals voted on by public sector workers in recent weeks. I do not intend to go into any great detail about a set of proposals that were, all things being equal, objectively fair and progressive in that they took more from those who had more to give and asked those earning under €65,000 to make concessions on the productivity side but not on the core pay side. All that being said, public sector workers have given their view on the proposals and the Government and I completely respect the outcome of the ballot, as has been iterated by the Minister. While the outcome of the ballot demands that we seriously and earnestly reflect on the ramifications and the way forward, the mathematics and the required quantum of savings have not been altered.

I have huge respect for colleagues in the trade union movement who stayed the course and worked with the realities of the situation that confronted their members, as most progressive trade union leaders do. They confronted the situation as they objectively found it and worked under very challenging circumstances to ameliorate and mitigate the more egregious aspects of the propositions as originally tabled. I welcome the fact that the chief executive of the Labour Relations Commission will engage with the public sector union leaders to scope out the prospect and potential for engagement. In this light, I believe trade union leaders would be reluctant to sacrifice some of the hard-fought gains extracted from the recent process - protection against outsourcing and excessive reliance on agency staff, no compulsory redundancies, protection of core pay for lower and middle-income workers and, crucially - if the House needs to be reminded - the benefits and opportunities provided by the system of collective approach traditionally taken in this country in recent years to the setting of wages and conditions in the public service. There is a limit to the amount and depth of reform that can be achieved by alternative approaches outside of arrangements arrived by collective agreement. I know this is a factor that will inform all our considerations in this House and those of the Government and unions in the coming days and weeks.

Deputy Paul J. Connaughton: Like many Members of this House, I am disappointed that the Croke Park II proposals were rejected by the unions, but now that they have been rejected, it is important that we properly explore the reasons they were rejected and consider the views that were shared in order to determine the best course of action. There is no easy option to be taken. A total of €300 million in savings must still be found from the public pay bill. After the significant cuts to pay in recent years, there are no easy avenues to take on this occasion, and the necessary cuts will be a cause of great concern for many public sector workers. The pay and pensions bill currently accounts for over 35% of all public spending and so, in order to

bring the public finances back to a more sustainable level, that bill must be tackled. The savings necessary for this year are significant in terms of getting public spending back on track but are also important in ensuring that Ireland's finances are put on a more sustainable footing in years to come.

At all times the Government has endeavoured to proceed on the basis of consensus, and thus a lengthy negotiation process took place before the proposals rejected last week were finalised. The proposals rejected last week would have seen €1 billion in savings delivered through a range of pay and productivity measures as well as workplace reforms. The aim of the proposals presented last week was to protect lower-paid public servants and would have protected the core salaries of the 87% of public service workers who earn under €65,000. That fact has been lost somewhere in the fog of debate surrounding this issue. Protecting the pay of those who earn under €65,000 was a significant element of the deal rejected last week, and this core protection was a key reason many public service workers opted to vote for the proposals despite the many harsh measures they contained.

If legislation is the route pursued, although I hope this will be a last resort, it will institute pay cuts for public servants, Members of the Oireachtas and members of the Judiciary, and will also involve cuts to pension payments of former public servants.

9 o'clock

There was a perception abroad that front-line workers were going to bear the brunt of these cuts. However, the LRC proposals were, in fact, fairer than the perception. For example, a staff nurse working 22 Sundays and public holidays and twilight shifts every two weeks would have seen a reduction of 3.8% in gross pay or 2% in net pay. Similarly, a garda on the maximum point of the scale would have seen a drop of 3.6% in gross pay or 2.3% in net pay, while a primary teacher on the tenth point of the scale would have seen a reduction of 3.5% in gross pay or 1.9% in net pay. However, there are two points that are not represented by these figures. First, many of the families concerned are already in considerable financial distress, having borrowed at the height of the property boom. They now find themselves in negative equity and struggling to make mortgage repayments. Second, the impact of workplace reforms on teachers whose supervision and substitution arrangements are being totally overhauled has to be noted.

Another misconception relates to the number of public servants on very high salaries. As most public servants are only too aware, there are very few positions at the top end of the pay scale. Some 1% of public servants are paid over €150,000. Under the proposals rejected last week, a senior public servant on €175,000 would have faced a reduction of 7% in gross pay or 5.9% in net pay.

It is welcome that the Government has requested the head of the Labour Relations Commission to contact the various parties involved to establish if further negotiation can yield results. Perhaps a teasing out of the exact reasons people voted "No" might point towards a possible solution to allow progress to be made in the coming weeks.

One element of the entire set of proposals that needs to be looked at is pensions. I note that the LRC recommendations do not relate to pensions currently in payment as the trade unions do not have a mandate to negotiate for pensioners. It is the Government's stated intention to require public service pensioners to make a further contribution, ensuring an element of burden-sharing by higher paid pensioners. It will remain incredibly difficult to sell this deal

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while former Taoisigh, politicians and bankers enjoy huge pensions. This element needs to be tackled. Many of those at the root of the problems we are facing have, apparently, sailed off into retirement without as much as a backward glance at the trail of destruction they have left in their wake, free to enjoy over-generous pensions paid by a nation which simply cannot afford such generosity.

Deputy Robert Dowds: The result of the ballot must be accepted by all of us. I acknowledge that it was very difficult for public servants to be asked yet again to accept any pay reduction or a worsening of their conditions of work. Like others, I recognise that public servants have made a very great contribution to efforts to tackle the appalling financial state in which the country finds itself.

I commend the Minister for Public Expenditure and Reform, Deputy Brendan Howlin, for his work in this area. He strove night and day, with very respected and hard working trade union leaders, to come up with a fair and equitable arrangement which, unfortunately, has been rejected. I have no doubt that part of the reason for the rejection was that people were completely and utterly fed up with austerity, and that goes for every one of us. The more we can persuade the central European authorities to loosen the purse strings to enable Europe's economy to expand again the better because this will help us to get out of what is a very difficult situation.

It is clear from the details of the proposal that the Government was attempting to deal with the need to save €300 million this year in as fair a manner as possible. This is evident in the fact that only salaries greater than €65,000 a year were to be cut in terms of core pay. Politicians were rightly included in that pay cut, with other public servants such as doctors and judges who are also very well paid. One of the commendable aspects of the arrangement was the effort to ensure fairness for lower paid workers. For example, the position of younger teachers who had been disadvantaged was strengthened. Deputy Gerald Nash referred to others who similarly had their positions protected.

The problem dates back to when Fianna Fáil negotiated with the troika. Some cuts were not assigned to any particular area. The result of that complete and utter fudge by Fianna Fáil and also the meltdown in the public finances over which Fianna Fáil presided is that the Government needs to reduce the public sector pay bill again. This is a case of handling another unexploded mine which Fianna Fáil passed on to the Government.

I welcome today's news that in deciding how to achieve savings of €300 million the Government has requested Mr. Mulvey to make contact with the unions to explore the possibility of holding talks. I am convinced that the best way to deal with this issue is through negotiation. It is far better than trying to ram through legislation and imposing something on workers who understandably are upset and unhappy. It worth remembering that when Fianna Fáil held the reins, it imposed a 7% reduction and cut the national minimum wage by €1, thus taking €35 to €40 a week from the lowest paid workers, most of whom are women.

The Government's proposed approach would help to guarantee industrial peace, which is obviously preferable to conflict and confrontation. Whatever happens, it is vital that the 13% of public servants, including politicians, doctors and judges, bear the brunt of the cuts as was the case under the original plan. Increments for higher paid civil servants should also be frozen. It is highly regrettable that the Government has had to return to the situation where more public service pay reductions are necessary. It is my hope this will be the last time they will be asked to accept reductions.

There is a very important message in the financial mess from which we are trying to escape. It points to the need for a new type of politics with a sound economic base. The societies in Europe which are most equal and fair are the Nordic countries. These are also the countries that keep very tight control of their finances. They do not allow themselves to go seriously into the red, whereas we have tended, particularly when led by Fianna Fáil - it is very hard to resist that urge - to try to buy the electorate, rather than trying to sell it an idea as to how society should be organised, whether it be in the area of health or education, for example. We need to get away from this type of politics. We need to begin with a determination to maintain our economic base as strong as possible and then build as fair and equal society as possible.

An Leas-Cheann Comhairle: Deputy Mary Lou McDonald is sharing time with Deputy Sandra McLellan.

Deputy Mary Lou McDonald: I feel as if I have entered some kind of twilight zone in the Chamber. Those on the Government benches are lauding the Croke Park deal. Apparently, it was fair, progressive and equitable. The message seems to be coming from the Government that anyone with an ounce of wit would have understood that it was so. When workers came to vote, they had considered the matter very carefully. It is all very well for Deputies to say the pain would not have been so bad for a nurse or a garda. Nurses, gardaí, teachers, front-line workers generally and clerical officers took out their calculators and did their sums and their conclusion was that the agreement was not equitable. They were not prepared to sign up for it. The Government can stick to its line of argument in respect of the deal, but to do so is academic. The Government should remember, as it congratulates itself for not acting unilaterally and commends itself, as it does in its amendment to the motion, on its early and open engagement with public servants, that it made the choice to summon the unions to the table and agree a process which included an open and fair ballot of public and civil servants. It defies logic that a Government that freely entered into the process and insisted that unions come to the table should set its face against the democratic verdict of the workers.

I do not believe, as some in the House may, that public and civil servants are lacking in the judgment department. They looked at the deal, including pay and flexible work arrangements, and said “No, thank you.” It is not because they are irresponsible. Let us remember that over the last number of years, 30,000 public servants have been lost to the system. Bear in mind that we face a further loss of 10,000. Public and civil servants have heard the mantra of doing more with less repeated *ad nauseam* as they struggle in accident and emergency departments or continue to process medical cards and disability allowances. It is the trite response and position of Government. It should be borne in mind that this set of workers have had an average cut of 14% thus far. In the case of new entrants, cuts have been as high as 25%. It is not a sector of workers who have got off scot free - far from it. Nevertheless, the Minister lauds himself as being “wedded to walking the route of co-operation with public sector workers”. It is very interesting language. I imagine the marriage will be very short-lived. The Minister is wedded to this form of co-operation, yet he stands time and again, including this evening in the House, to point the finger at public and civil servants and tell them they got it wrong. The Government has asked the Labour Relations Commission to intervene. According to the Taoiseach, the commission has been given a two-week timeline to decide whether there is scope for a negotiated settlement. The interesting thing is that the Government has clearly said to the LRC that it is still Croke Park II. I can only gather from the Taoiseach and the Minister that those are the clear instructions. While the workers have voted the deal down, the Government is trying a ruse to rehash it.

The Minister, Deputy Brendan Howlin, and his colleagues correctly castigated the Fianna

Fáil administration for unilaterally savaging the pay of public and civil servants, but they have fallen short on that score in the wake of the rejection of Croke Park II. Some members of Government, particularly the Minister, were vociferous in threatening workers and their unions with a 7% cut across the board. In all of the reflection and discussion since the rejection of the Croke Park II, nobody has come out to say that threat has been withdrawn. It is disgraceful, dishonourable and mind-boggling from an Administration that is wedded to walking the road of co-operation with unions. It is not a very co-operative stance for the Government to take. Not only has the Government failed to withdraw the threat of unilateral action, it has moved through the Houses of the Oireachtas to have the Revised Estimates considered and rubber-stamped by select committees. The Revised Estimates have the Croke Park cuts hard-wired into them. The Minister made reference to the fact that the combined Opposition left the Select Sub-committee on Public Expenditure and Reform today as a mark of protest at the fact that the Government - which is, let us remember, wedded to walking the road of co-operation with the unions - has decided to include in the Revised Estimates the very measures workers rejected comprehensively.

I predict that the Government will try by some ruse to get Croke Park II through. While it is very critical of its predecessor, the Government has not only adopted its policies, it has also taken on a number of its bad habits. One of its chief bad habits is the inability to understand that when a democratic process returns a verdict of “No”, “No” is the categorical answer. That is what the workers have said. I imagine the Government will try to find some tweak or manoeuvre to get this through. It will not succeed. As a last resort, the Government, particularly the Labour Party, will keep the option of legislating for cuts. Everyone must understand that the workers who have resisted this deal by democratic ballot will resist, quite correctly, any attempt by Government to impose a legislative cut unilaterally. To do so would be bad politics and bad form. To claim that one is anti-austerity as a member of a Government that has heaped austerity on low- and middle-income families in particular is nothing short of a bad joke. Everybody has been hurt. Workers in the private sector have taken a significant hit. Those families we refer to as the working poor know all about austerity but so too do low- and middle-income workers in the public and civil service. The CPSU, which represents clerical officers, rejected the deal by 87%. It is more than definitive; it is overwhelming. They are not wrong. They knew full well the implications of the deal for their pay packets and their working lives.

The Minister with responsibility for Croke Park, Deputy Brendan Howlin, will no doubt attempt to revive and resuscitate the agreement. I wish him nothing but the best of bad luck in his endeavours.

Deputy Sandra McLellan: Now that it is in opposition, Fianna Fáil is calling for reform of the public service. It complains about “the inconsistency of treatment of different categories of public sector employees”. To call for fairness and balance in the aftermath of the rejection of Croke Park II is typical Fianna Fáil manoeuvring and reeks of hypocrisy and political opportunism. When it was in power, Fianna Fáil could have introduced reforms to benefit low- and middle-income workers, but it did nothing. Its legacy is, rather, a public service that is bloated at the top with overpaid bureaucrats while the vast majority work for low and middle incomes. What makes Fianna Fáil’s Private Members’ motion even more nauseating is the fact that in 2010 when the party was in power, 2,855 public servants were in receipt of family income supplement because they could not survive on the poverty wages that Deputy Micheál Martin and his party stood over. So let us not be fooled by Fianna Fáil’s recently discovered bleeding heart. When in power, the party is as ruthless, anti-worker, and pro the *status quo* as Fine Gael any day. Since Fine Gael has come into power, the number of public service workers in receipt

of family income supplement has increased. Under Fianna Fáil it was 2,855 in 2010 and, as of April 2013, it is 3,339, an increase of 484 workers under the current Fine Gael and Labour Party Government. If evidence were needed that Fianna Fail and Fine Gael are two sides of the same coin, this is it.

In government, both parties are prepared to preside over a public service where over 8% of workers are officially classed as the working poor and dependent on Government hand-outs for basic survival. Fianna Fáil, Fine Gael and Labour have no problem with almost 9% of hard working public servants earning poverty wages. If both parties were genuinely concerned about low and middle income public sector workers, they have had many opportunities to address the huge gap in terms of pay between the high earners at the top and the bulk of public servants, who are middle and low income workers.

Before union members voted on Croke Park II, Sinn Féin was of the view it was a bad deal for ordinary workers. It was a bad deal for nurses, teachers, gardaí, clerical staff, support staff, ambulance and fire crews and all the other occupations that make up our public service. Public sector workers have now spoken and Sinn Féin commends them on their stand against austerity. They are put to the pin of their collar and can take no more. One third of the public sector earns the average industrial wage or less. Another two thirds can be defined as middle to low income. These workers and their families did not bring the country to the edge of economic ruin. They did not borrow millions during the boom years. They did not live lavish lifestyles or surround themselves with expensive trinkets bought on borrowed money. These are ordinary women and men who work long and often unsocial hours to put food on the table and a roof over their families' heads. Austerity is not working and the socialising of private debt is bad economic policy and damaging to society and the body politic.

There is another way. If the Government is serious about reform of the public sector, it should eliminate runaway pay at the top and gold-plated pensions. In its budget proposals for 2013, Sinn Féin suggested a third tax band of 48% on individual incomes in excess of €100,000. Sinn Féin supports ordinary public sector workers and will continue to oppose any and all efforts to cut their pay or alter existing agreements that would have a negative impact on their working conditions.

Deputy Finian McGrath: I propose to share time with Deputy Seamus Healy. I thank the Leas-Cheann Comhairle for allowing me to speak on this important debate on the public sector, the Croke Park agreement and the broader economy. I am not surprised by the rejection of the Croke Park II proposal. Most public servants I know are hopping mad because of the way they were treated by the Government. That is the harsh reality. Even moderate people are fuming because they have taken a major hit. Now, the Government wants them to take more in an economic climate where people's backs are to the wall.

Some of the comments and publicity I hear about public servants gets up my nose. Most of the Ministers, commentators and politicians would not last five minutes in an accident and emergency unit, in a disadvantaged school, or on duty on a Sunday morning stopping fighting and anti-social behaviour as part of ambulance or fire-fighter teams and being abused and attacked trying to help people in the wider world. That is the reality for many public servants. They are right to be angry and to make their views known.

Does the Government realise the difficulties the proposed changes to conditions of employment will have on many families? Does it realise the inconsistency of the treatment of different

categories of public sector employees under the Government's proposals and the disproportionate impact the proposed measures would have had on the pay and earnings of front-line and shift workers? Is the Minister of State aware of the major sacrifices made by public sector employees and pensioners in recent years? Is she aware of the ongoing savings being delivered by the Croke Park agreement, the significant benefit to the economy and the need to ensure further reductions in the public sector pay and pensions bill occurs in a fair and structured manner? Is she aware of the importance of a shared commitment to reform by all stakeholders in the delivery of public services? Is she aware of the major negative impact for SMEs because of cuts and reductions? I support the motion in calling for the immediate engagement by the Government with public sector employees, confirmation that the Government will not legislate for a 7% cut in public sector pay, and full disclosure of all relevant facts prior to the conclusion of the new agreement on public sector pay.

Deputy Seamus Healy: This Private Members' motion by Fianna Fáil is the height of hypocrisy. This is the party that cut the wages of workers. It is the kettle calling the pot black. I am opposed to the Private Members' motion and the Government amendment. Both motions target public sector workers for major cuts, amounting to €300 million a year and €1 billion by 2015. Public servants have been unfairly targeted and they have already lost 14% to 22% through wage cuts. They have already had the so-called pension levy and lost 30,000 through redundancies in the service, with more to follow. There were some 6,000 redundancies in the health services and there is also a moratorium on recruitment.

The rejection of Croke Park II is a blow to the Government and to the overpaid trade union bureaucrats. It is the beginning of a rank and file fightback to take back the unions from bureaucrats, many of whom were in league with the Government's austerity programme. Workers have rejected austerity and they resent being forced to shoulder responsibility for a recession they had no hand, act or part in creating. Trade union leaders would be betraying those who voted "No" and said they had enough of austerity and cuts if they were to enter talks again. The talks will only focus on how cuts are to be distributed across public sector workers. There must be no concessions to the cuts agenda.

Following the Croke Park II vote, trade union leaders have no mandate to enter talks on the cuts agenda. If the trade union leaders want the introduction of progressive taxes, they should refuse to let the Government off the hook. They should refuse to enter talks and launch a campaign of all public sector workers seeking the tax changes identified by ICTU. If they really believe austerity has failed, they should lead a campaign for a real alternative. Unfortunately, the reality is the trade union leaders are more concerned with protecting the Labour Party in government than advancing the position of their members.

It is a pity the Minister for Public Expenditure and Reform, Deputy Howlin, left the Chamber. It is shameful that a Labour Party Minister would attempt to cut pay and pensions, undermine the working conditions of workers and threaten them with cuts through legislation of 7%. What would Connolly have thought of that? What would Jim Larkin, who led Dublin workers 100 years ago this year in the 1913 Lock-out, think of it? What would Helena Moloney and Delia Larkin, founders of the Irish Women Workers Union in 1911 to support the rights of women workers, think of that? What would the founders of the Labour Party in my home town of Clonmel in 1912, just over 100 years ago, think of it? The Minister should consider his position and he should resign.

Debate adjourned.

Dáil Éireann

The Dáil adjourned at 9.30 p.m. until 10.30 a.m. on Wednesday, 24 April 2013.