Ceisteanna - Questions .......................................................... 2
Priority Questions ............................................................. 2
European Banking Union ....................................................... 2
Bank Charges ................................................................. 4
Credit Union Issues ........................................................... 7
Banking Sector Remuneration ............................................... 9
Small and Medium Enterprises Supports ............................... 12
Other Questions ............................................................... 14
Financial Instruments ......................................................... 14
State Banking Sector Regulation ......................................... 17
NAMA Loans Sale ........................................................... 19
Topical Issue Matters ........................................................ 21
Leaders’ Questions ............................................................ 22
Ceisteanna - Questions (Resumed) ......................................... 28
Official Travel ................................................................. 28
Order of Business .............................................................. 43
Pre-European Council Meeting: Statements .......................... 49
Issuing of fixed ticket charges and exercise of Garda discretion: Statements ................................................. 64
Topical Issue Debate ........................................................ 82
Mortgage Arrears Proposals ................................................ 82
Third Level Grants ............................................................ 84
Homeless Persons Supports ............................................... 86
Early Childhood Education ................................................ 88
Ireland and the Eurozone: Motion [Private Members] ............. 91
Dé Máirt, 21 Bealtaine 2013

Tuesday, 21 May 2013

Chuaigh an Leas-Cheann Comhairle i gceannas ar 2 p.m.

 Paidir.

Prayer.

Ceisteanna - Questions

Priority Questions

European Banking Union

52. Deputy Michael McGrath asked the Minister for Finance when he expects Eurozone banking union to be completed; the way this will benefit Ireland; and if he will make a statement on the matter. [24383/13]

Minister for Finance (Deputy Michael Noonan): The European Council meeting of 29 June 2012 considered a report from the President of the European Council, in co-operation with the Presidents of the Commission, the Eurogroup and the ECB, which set out building blocks for future Economic and Monetary Union. One of these building blocks is an integrated financial framework, or banking union, which comprises three elements: an integrated system for the supervision of cross-border banks in the form of the single supervisor mechanism; a recasting of the deposit insurance scheme directive - the DGS directive - to further harmonise national DGSs; and a European harmonised bank recovery and resolution scheme, commonly referred to as the BRRD.

Significantly, the statement of the euro area summit clearly stated that when a single supervisory mechanism was in place for banks in the euro area, the ESM would, following a regular decision, have the possibility to recapitalise banks directly. Furthermore, to complete the banking union initiative, the European Commission will this summer bring forward proposals for a single resolution mechanism to co-ordinate the application of resolution tools to banks. The European Council of December 2012 noted the Commission’s intention to submit a proposal
for a single resolution mechanism for member states participating in the single supervisory mechanism to be examined as a matter of urgency during the current parliamentary cycle of the European Parliament, that is, before May 2014. The stated position of the ECOFIN is that the building blocks for banking union should be put in place as soon as possible. This is a sensible approach and our work as EU President is helping to advance banking union in as speedy a manner as possible. As we move into the final weeks of our Presidency, we will continue to afford top priority to the legislative files relating to banking union in line with the conclusions of the European Council which set out a timeframe and a series of steps to achieving this.

The Irish Presidency is giving absolute priority to all the files relating to the promotion of banking union in line with the ambitious agenda for banking union. We have achieved agreement on the single supervisory mechanism, a very significant step forward towards ensuring financial stability and thus facilitating growth.

Additional information not given on the floor of the House

We have also achieved agreement on the capital requirements directive IV, which aims to strengthen the capital requirements for banks and the overall effectiveness of regulation for the sector and enhance financial stability. We have made good progress towards agreement on the bank recovery and resolution directive as the essential next step, with a view to agreement by June of this year, as envisaged by the European Council. Once this has been agreed, the European Commission is expected to submit a proposal for a single resolution authority, which will build on the work now under way. The remaining work on the DGS can commence once the financing elements of the BRRD have been agreed.

An important complement to the banking union package is the development of an operational framework for the direct recapitalisation of banks by the European stability mechanism, ESM which should include the definition of legacy assets. It is expected that the ESM guidelines on the direct banking recapitalisation instrument will be completed by end June.

An Leas-Cheann Comhairle: I remind the House that there is one minute for a question and one minute for a reply.

Deputy Michael McGrath: I hope the Leas-Cheann Comhairle will allow me some discretion to wish the Minister a very happy birthday tomorrow. I hope he gets some time with his family to enjoy the occasion.

I wish to raise the issue of banking union with the Minister and in particular its relevance to Ireland. We had some discussion on this issue at the recent Oireachtas Committee on Finance, Public Expenditure and Reform prior to ECOFIN. The objectives that were laid out in June 2012 - the separation of bank debt from sovereign states and the possibility of the ESM directly recapitalising banks once banking union was up and running - seem to becoming remote. I know it was Olli Rehn who made October 2012 the target for the achievement of one of those milestones. It is now May 2013 and by the Minister’s own admission, it will be well into next year before we have any prospect of the ESM being in a position to recapitalise banks.

This is relevant to Ireland for two key reasons. They are the legacy issue - the €30 billion or so that went into the pillar banks and Permanent TSB - and the possibility, albeit perhaps remote, that the stress tests on the Irish banks later this year will identify the need for additional capital. When does the Minister expect that Ireland will be in a position to avail of this new structure and when will the structure be in place and ready to begin to implement the June 2012
Dáil Éireann

decision so we can have a proper separation of banking debt from sovereign states?

Deputy Michael Noonan: We have made significant progress in the Irish Presidency on the single supervisory mechanism which was the first major step that has now been agreed. We have also got agreement on the capital requirements directive, CRD IV, which the Deputy will recall was the directive which decided on the capital requirements of banks and introduces the new Basel rules with which banks must comply. The file now under discussion is the resolution directive and is the next essential step. It is not only the eurozone countries that are involved in the banking union. The other ten “outs”, as they call them, are also involved and there must be agreement among the 27 but, so far, progress is in accordance with the timetable. We had a very good political discussion on banking resolution at the last ECOFIN and the Irish Presidency is bringing forward the bank resolution file again to the June meeting of ECOFIN, which I think is on 21 June in Luxembourg.

I am not quite sure whether we will agree it there. That will be a matter for the colleagues around the table but we will be coming close. The ground has narrowed quite a lot. When the single supervisory mechanism is in place and when there is agreement on the resolution file, the work which is progressing in parallel on the functions of the ESM and its ability to recapitalise banks will come into place. There is not much change in the timetable. There is a slight variation on when the single supervisory mechanism comes in but it was always intended that the ability of the fund to recapitalise the banks would be at the end of the process.

Deputy Michael McGrath: Has there been any discussion - even a preliminary one - of the question of whether the ESM would have any interest in acquiring equity stakes in existing banks. It is a legacy issue in the case of Ireland? There have been interventions by Finance Ministers of powerful triple A-rated countries in recent months who have poured cold water on the possibility of the ESM dealing with legacy issues. Has there been any discussion of the likelihood of the ESM having any interest in taking stakes in Irish banks? Clearly, the ESM is the only way the State will be able to recoup any of the money it has put into these banks.

Deputy Michael Noonan: The stability mechanism is not just an Irish institution; it is in place for all 27 member states. I have explained previously to the Deputy that three Eurogroup meetings included a political discussion to give guidance to the small group drafting the guidelines for the ESM. In that context, there were discussions on both legacy issues and retrospective application in recapitalisation. However, the process has not concluded. It was a political discussion to guide those drawing up the full regulation in order that they would not devise something that was totally politically unacceptable. We are keeping in place the distinction between legacy issues and retrospection. We know that the arrangements for our legacy bank, IBRC-Anglo Irish Bank, are done and dusted with the arrangements on the promissory notes. However, in the case of our trading banks, we want to keep the issue of retrospection and the possibility of retrospective recapitalisation on the table. So far, it is still on it.

Bank Charges

53. Deputy Pearse Doherty asked the Minister for Finance his views on the need for banks to pass on European Central Bank interest rate changes; and the action he will take to compel them to do so. [24350/13]

Deputy Michael Noonan: I must confirm for the Deputy that the lending institutions in
Ireland, including those in which the State has a significant shareholding, are independent commercial entities. I have no statutory role in relation to regulated financial institutions passing on the European Central Bank interest rate change. It is a commercial matter for each institution concerned. Neither have I responsibility for the interest rate paid to depositors by the financial institutions.

The Central Bank has responsibility for the regulation and supervision of financial institutions in terms of consumer protection and prudential requirements and for ensuring ongoing compliance with applicable statutory obligations. However, it has no statutory role in the setting of interest rates by financial institutions, apart from the interest rate cap imposed on the credit union sector in accordance with the provisions of the Credit Union Act 1997.

The mortgage interest rates that financial institutions operating in Ireland charge to customers are determined as a result of a commercial decision by the institutions concerned. This interest rate is determined, taking into account a broad range of factors, including European Central Bank base rates, deposit rates, market funding costs, the competitive environment and an institution’s overall funding arrangements.

I remind the Deputy that in late 2011 the Taoiseach asked for the Central Bank’s opinion on developments regarding mortgage interest rates and possible action by the bank in this regard. In a letter to the Taoiseach, dated 11 November 2011, the Deputy Governor stated the Central Bank would not be seeking the power to have regulatory control over the setting of retail interest rates. He indicated that the experience of such controls in the past and in other countries did not encourage the Central Bank to believe such a regime would be advantageous in net terms as the banking system recovered its normal functioning. Binding controls tend to reduce the availability of credit and channel it to the most creditworthy customers, starving smaller and less secure customers of credit. Binding controls would have a chilling effect on the entry of sound competitors into the market. By absolving banks of their responsibility to price risk accurately, binding interest rate controls would, especially during the recovery phase, impede progress towards the re-establishment of bank management practices that can ensure a healthy and free-standing banking system no longer dependent on the Government for a bailout. The Deputy Governor also mentioned that within its existing powers and through the use of persuasion, the Central Bank would continue to engage with specific lenders which appear to have standard variable rates which are disproportionate to their costs of funds. This is a course of action I expect the Central Bank to appraise continually.

**Deputy Pearse Doherty:** In November 2011, when the ECB cut its interest rate, the Minister, the Taoiseach and the Minister for Public Expenditure and Reform, Deputy Brendan Howlin, brought the banks in and told them clearly that they must cut their rates. Initially, they refused, but as a result of the pressure the Government brought to bear, eventually, they did so. The Taoiseach said at the time that, if necessary, the Government would legislate to make the banks cut their rates. In the intervening period, we have seen mortgage arrears spiral out of control while bankers have been taking excessive pay. The banks have only responded on those two issues when appropriate pressure has been placed on them.

In the past, the Government showed some desire to fight the banks on these issues, but that desire has clearly waned among Ministers. Recent figures from the Central Bank show that while the ECB’s main re-finance rate stood steady at 0.75%, the applicable Irish rate increased by 14 basis points. Those figures are from the period before the recent ECB cut of 25 basis points. In 2013, the same banks that refused to cut rates in 2011 are now refusing to pass on
the ECB’s interest rate cut yet there is not a whimper from the Minister, his party, Fine Gael, or the Labour Party. I note that while the Minister says he has no statutory powers in this area, he did not have them in November 2011 either when the Minister of State at the Department of Finance, Deputy Brian Hayes, said he was very disappointed and that it was pathetic that banks bailed out by the taxpayer should decide not to pass on the rate cut. In the aftermath of the meeting to which the Government summoned the bankers, the Minister said that the ECB had lowered interest rates to avoid recession and it was difficult to see why Irish banks should not follow suit.

The Minister is well aware that in the next two weeks tens of thousands of customers of AIB will see an increase in their variable mortgage rates. Will he repeat his 2011 comments and say that it is unacceptable and, as his Minister of State stated, pathetic that banks bailed out by the State are refusing to pass on interest rate cuts and, instead, are increasing their variable rates?

Deputy Michael Noonan: The Deputy refers to November 2011, which was when the Taoiseach wrote to the Central Bank to ask if it was seeking regulatory powers to control interest rates. The Deputy Governor replied to the effect that the Central Bank was not seeking such powers and provided good and sufficient reasons for not doing so. The difference between the situation in November 2011 and now is that at that time, there was a high reliance by commercial banks on ELG funding from the Central Bank. The commercial banks are not dependent on ELG funds any longer and must be cognisant of the deposit base on the one hand and the cost of funding in general. We must protect the generality of Irish taxpayers who own two of the banks almost completely. The business we are in is always about choices. Why would 2.1 million taxpayers be penalised to protect a smaller group of people who have loans from the banks?

It is not true to say that interest rates have not been passed on in respect of mortgages. Of all Irish mortgages, 50% are trackers and those have seen reductions in the rate of interest applying. However, people with variable mortgage rates have experienced some increases in the last 12 months, particularly where they have loans with AIB, which is bringing its interest rates up to average that prevails in the market. The bank must go to the market to raise funds on deposits as well as to meet the cost of funding. I note that the rates being charged by the Irish banks are comparable to the rates being charged elsewhere in Europe.

Deputy Pearse Doherty: Can the Minister confirm that there is nothing to prevent him, the Taoiseach and the Minister for Public Expenditure and Reform from doing exactly what they did in November 2011, which was to call the heads of the banks in and ask why none of them has passed on the ECB rate reduction? Is there anything to prevent them doing that or does the Minister support AIB fleecing its variable rate mortgage customers by absorbing the reduction in the rate and increasing the rate by 0.4% for over 70,000 customers in the next 14 days?

Deputy Michael Noonan: We have very good formal relationships with the banks now. Contacts can be made quite adequately through officials in the Department of Finance, who are in constant contact with the banks. An interest rate is the price at which money is lent and the price contains a pricing in of risk. The banks must be in a position to arrange these matters commercially when they are no longer relying principally on funds supplied by the Central Bank but are in the market raising funds and where they get a large proportion of their funds from depositors. In that context, we want them to act commercially and we want the banks to be restored to full commercial health. The Irish taxpayer owns two of the banks completely and owns 15% of the third and we want the banks to be profitable again to protect the investment of Irish taxpayers. In due course I hope I, or one of my successors, will be able to recover the
money from the banks by selling the shares in the banks and taking back what the taxpayer was forced to invest after the collapse in the banking system on the watch of the previous Fianna Fáil-Green Party Government.

Credit Union Issues

54. **Deputy Tom Fleming** asked the Minister for Finance if he will ensure that whatever regime is brought into place that the credit unions are in no way detrimentally affected vis a vis the other lending banks and in the event of the debt management that Money Advice and Budgeting Service with persons for years that have had a geographical and sociological knowledge of borrowers on the ground are given responsibility for assisting borrowers with creditors; and if he will intervene with the Central Bank of Ireland to ensure that this work will not be given out to any organisation outside the country [24437/13]

**Deputy Michael Noonan**: Many distressed borrowers have multiple debts with different lenders and have to deal with each lender on each debt. This makes it difficult for a borrower and his or her lenders to address the personal debt difficulties on a whole of debt basis. In view of this, at the start of March the Central Bank commenced a process to facilitate the development of a co-ordinated approach among lenders to the resolution of multiple debts owed by distressed borrowers. The aim of the pilot scheme is to achieve sustainable and fair outcomes without the need for the borrower to enter the statutory insolvency process. It is focused on enhancing co-operation between lenders of secured and unsecured debt at an early stage.

The Central Bank has advised that this framework will help those borrowers because the lenders are agreeing to a co-ordinated approach for resolution of all of the borrowers’ debts. In addition, many distressed borrowers are not insolvent and therefore will not be eligible for an arrangement under the personal insolvency regime but need to have an appropriate solution in place to deal with their debts. This framework aims to test the feasibility and costs of implementing such solutions for borrowers. The Central Bank has also informed me that the framework has the potential to reduce the costs and time it will take lenders operating on an individual basis to deal with distressed borrowers while also potentially resulting in only the more challenging cases proceeding to the new established personal insolvency regime.

The Central Bank has advised that it has been agreed among the lender participants to use an independent third party service provider as the most appropriate way to engage with borrowers, whose consent to participate will be sought and required to take part in the pilot. I am informed by the Central Bank that discussions are under way to determine the most appropriate provider and that no decision has been made. However, I also understand that an important consideration for the Central Bank in this matter, due to the short timelines involved, is the ability of the provider to provide an effective and efficient service at short notice.

The Central Bank is actively encouraging the involvement of all lenders in the process to ensure maximum effectiveness of this learning and information gathering pilot stage and it is encouraged that a number of lenders have agreed to become engaged. The Central Bank advises that it has written to all credit unions individually to invite them to participate in the pilot framework and it is confident the pilot framework will offer outcomes which support borrowers and will also allow the Central Bank to test and learn from this approach.

It must be borne in mind that a key issue in a decision to opt out by some lenders is that
borrowers from these institutions cannot be part of the pilot framework to restructure their debt. For example, if a distressed borrower has multiple debts and one of their lenders is not involved in the pilot scheme, then such borrowers cannot be part of the pilot scheme and cannot avail of the benefits that can accrue from the operation of the framework.

**Deputy Tom Fleming:** Is the Minister aware that his Department, with the Central Bank, is engaged in a deliberate and sustained act of vandalism against the credit union movement across Ireland? In the recent past a number of banks, acting as a type of cartel, announced that they were putting in place a new protocol to deal collectively with unsecured debt, that is, debts that are not mortgages. In doing so, they were effectively giving the two fingers to our new personal debt laws which were designed for debt in general, not just bank debt. It is also important to point out that it was not the credit unions that almost caused the collapse of the State. It is a known fact and will go down in history as such that the banks were the main instigators. It is equally important to point out that it was not the credit unions that cut off credit to tens of thousands of citizens in the State. Again, the banks were the culprits.

While there is a deliberate act of sabotage in play against the credit union movement, there is very little effort to rein in the banks. It appears that the Central Bank is taking the side of the commercial banks. Why does it allow Allied Irish Banks and other banks to raise standard variable interest rates? Permanent TSB is also engaged in this. The increase in the variable rate for mortgages about three weeks ago could probably put mortgage holders further into arrears. Credit unions are being blocked from providing small loans. The Minister should intervene and remove these barriers. I ask him to act immediately. It is a complicated issue, but given his portfolio, he should make a stronger effort on behalf of the people who receive small loans from the credit unions.

**Deputy Michael Noonan:** The Department of Finance and I have a very good relationship with the credit union movement, both at national level and with individual credit unions around the country. The Deputy will recall that when the legislation to restructure the credit union movement was brought before the House, many amendments were suggested by Deputies on behalf of the movement. All issues were resolved by dialogue. Uniquely, the Credit Union Bill passed all Stages in the Dáil and the Seanad without a division. That shows the very good relationship that not only I but also Deputies Michael McGrath, Pearse Doherty and others have with the credit union movement.

In addition, the Government has committed to spend €500 million in restructuring the credit union movement. Where there is impairment, funds will be provided to repair, where necessary. The Central Bank, of which the credit union director is an employee, has decided to carry out a pilot scheme to see if arrangements for the debts of persons with borrowings from a number of sources, including credit unions, can be made informally. To examine how this might best work, the Central Bank is bringing in outside expertise in running the pilot scheme which, of course, like all pilot schemes, will not be set in concrete. Different approaches will be tried and we hope there will be a permanent scheme drawing on the experience of what does and does not work.

There is a particular problem where people are indebted to a number of creditors, especially when somebody has a mortgage with a bank or a building society where the debt is secured and a loan from the credit union where the debt is not secured. How to deal with secured and unsecured debt is the essential ingredient in terms of why the pilot scheme was advanced. I understand discussions are ongoing. I hope the Central Bank in its talks with the credit union
movement will secure full participation in the pilot scheme in order that there can be an inform-
mal system in parallel with the systems in place under the insolvency legislation.

**Deputy Tom Fleming:** Surely the Minister and Governor of the Central Bank can see the
games that banks have been playing. This is not about debt and mortgage arrears but about
market shares. The Minister is really rewarding the banks with a bigger share of the market at
the expense of the credit union movement. That is the reality.

It is shameful that MABS is being bypassed. There appears to be ongoing negotiations with
the UK company with a view to its coming here to engage on behalf of the consumer in respect
of the pilot scheme for 750 mortgage holders. Allowing this to happen represents a complete
dereliction of duty by the Government. The Central Bank should certainly be taken aside. We
must recognise that MABS is a wonderful organisation with experience. It is dealing with
mortgage holders. The British company deals mainly with unsecured debt. I ask that the Min-
ister give us a very positive reply on behalf of the people who have given wonderful service to
this State and the public. MABS is a State body and it should be given recognition.

**Deputy Michael Noonan:** I have been urged by all sides of the House to come up with
solutions to the problem of personal debt. We have spent a lot of time on it and we are now
at the point where the system is beginning to work properly. The primary legislation is the
insolvency Act. It is just ready to come online but there are circumstances where problems
could be resolved better informally. The Central Bank is about putting in place a pilot scheme
to determine whether it can resolve informally the debt circumstances of individuals who have
borrowed from the banks and other lending institutions, but who also have unsecured borrow-
ings from the credit union movement. It is in the interest of the credit union movement to get
back as much as it can of what it has lent. The pilot scheme is intended to work out a fair system
in which different lenders will get a proportion of what they have lent returned to them and in
which the borrower will be put in a position in which his or her personal debt is sustainable.
That is all that is occurring. It is another method of resolving the problem that everyone in the
House is aware of.

**Banking Sector Remuneration**

55. **Deputy Michael McGrath** asked the Minister for Finance the actions he expects and
the timetable for implementation following the completion of the Mercer report on bank pay
and pensions; and if he will make a statement on the matter. [24384/13]

**(Deputy Michael Noonan):** The Deputy will be aware that when publishing the review
of remuneration practices and frameworks at the covered institutions on 12 March 2013, I
indicated that the Government had formed the view that with the remaining State-supported
banks still incurring losses it was an inescapable conclusion that the cost base of the institutions
needed 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, I directed the banks to come up with plans as to how
they intend to address this issue in a manner that can help meet the State’s objectives, and I ex-
pect the value of those plans to mean a saving of 6% to 10% of total remuneration costs. I was
not prescriptive in how this was to be achieved, respecting their differing State ownership and
investment arrangements and paths to profitability. I can confirm that the three State-supported
banks responded with their individual strategies designed to achieve the required savings by
the due date of 30 April, as requested by the Government. Those plans are being evaluated by
my Department currently. It is not possible at this stage to reveal precise individual details
bar what has been put into the public domain. I can confirm that all three institutions have put
forward pension changes to varying degrees as part of their respective overall responses. I am
constrained as to what I can say at the current time due to commercial sensitivities and, perhaps
more critical at this stage, industrial relations concerns as the normal protocols continue and
need to be respected and observed by all parties. This is something I have advocated throughout
the process. I am anxious, therefore, that all the participants in these discussions are given
space and time to conduct these critical negotiations.

Accordingly, I would encourage all sides to engage in these discussions proactively, through
the appropriate forums, in view of the serious and critical consequences for all concerned. In
this context, the Government readily acknowledges the sacrifices and changes made by bank
employees to date at all levels, and recognises that this has been achieved without major indus-
trial unrest in what is a critically important sector.

It follows that, at this stage, it would not be appropriate or realistic to specify a timeframe
for the savings to be delivered. However, in view of the fact that the three institutions continue
to be loss-making, the timely delivery of such savings is critical to their viability and to the
future employment prospects of their employees.

Deputy Michael McGrath: I thank the Minister for his reply. He is right to acknowledge
that many bank employees have taken some pain and made sacrifices, and are concerned about
what will be imposed on them by way of the cuts required as a result of the Mercer report. As
he stated, the Government has decided that cuts of between 6% and 10% in total remuneration
costs are required across the State-supported banks. I have some questions on that.

The Minister said he was not prescriptive in what he was asking the banks to do once they
brought in savings within the band of 6% to 10%. Does that mean he is completely neutral as
to how the banks achieve those savings? For example, if they proposed a flat rate cut from the
CEO down to an ordinary bank official, would that be acceptable to him and the Department?
Has he given the banks an indication that he would at least expect a sliding scale, whereby the
greater impact of the reductions will be felt by those on the highest pay? Is he completely indif-
ferent as to how they achieve the cuts?

What will become of the savings that will be achieved as a result of these decisions? He
mentioned the need for banks to return to profitability, with which we all concur. It is essential.
As the Minister knows, a commitment was given that the banks would be required to reduce
their costs in order to forgo a 0.25% interest rate increase. Will the cost savings be used to ac-
celerate the return to profitability? Will customers, in particular those on variable interest rates,
enjoy a rate cut as a result?

Deputy Michael Noonan: I am not neutral on the method the banks may use to achieve
payroll savings. We are talking about a reduction of between 6% and 10% in the cost base of
each institution. The Deputy will recall that Mercer did an evaluation of the three institutions
concerned, which we published. Arising from that, the Government decided that the cost bases
of the banks were still too high. They are all suffering losses and they need to reduce their cost
bases.

They have submitted an initial response to my letter, laying out in primary colours what
their plans are. I have to be satisfied with the work out of that. We are all living in the real world; there is an industrial relations process. The banks are unionised and represented, and we have to respect the negotiation process. Some things that are being proposed will, I presume, be acceptable and others will not. They will work their way through the process. In the final analysis, my officials will advise me as to whether what is happening is adequate. The arrangement will not be put in place unless I sign off on the agreement on behalf of the taxpayer.

My weight in respect of AIB and PTSB is more than that in respect of Bank of Ireland, in which the State is a 15% shareholder. The purpose of the savings is to cut the cost bases of the banks in order that they become profitable again. Profitable banks are a great advantage to people who do business with them, in terms of the availability of credit, the service they can give and the cost of what happens. It is within all this range of activity that I would see customers of the banks benefiting in due course. One point on which we can be absolutely certain, however, is that banks which continue to lose money in present circumstances are not doing any favours to their customers.

**Deputy Michael McGrath:** Ordinary bank employees would be quick to point out that they have not had much say thus far in the cuts to their pay and the changes to the terms and conditions of their employment. There may have been some consultation, but when it comes to pension changes, for example, unilateral decisions were made by the management of the banks. I acknowledge that a parallel industrial relations initiative is under way between the banks and employees’ representatives. The Minister, however, is more than a passive bystander in this.

My question in this regard was very straightforward. The Minister said he is not neutral but that the savings have to come from remuneration. I am asking whether he will insist that those who are earning the most in the banks - the highest-paid executives - rather than ordinary employees, will bear the brunt of the pain. I accept what he is saying about profitability; it is a given that the banks must return to profitability. Nevertheless, a commitment was given regarding an interest rate reduction of 0.25%, to be facilitated by a reduction in costs. Costs are being reduced, but the promise to reduce the interest rate seems to have disappeared.

**Deputy Michael Noonan:** Surely nobody in this House is advocating that the banks should continue trading unprofitably and that Irish taxpayers should be asked to put more money in to keep salaries up and pensions high. That is a ridiculous proposition. Banks must cut their cloth according to their measure, but I will not dictate the specific terms of how they cut it. I have said that I want to see reductions of between 6% and 10% in the cost base. That is a fairly wide tolerance. I have said that management must negotiate with employees and include the representatives of those employees in the negotiations, before coming back to me with a proposal which achieves that level of saving. Then we will talk about it. It is not the job of the Minister to blunder into delicate negotiations seeking to lay down the arrangements. That simply does not work. The banks must be run on a commercial basis, they must be run by the management and board of directors, and they must negotiate arrangements with their employees in the normal way.

Doing nothing is not an answer. My colleague, the Minister for Public Expenditure and Reform, Deputy Brendan Howlin, will today announce the result of the negotiations on a successor to the Croke Park agreement. We are very pleased that he has again reached a satisfactory arrangement with the unions. We are aware, however, that this will cause a great deal of pain for large numbers of civil and public servants, including teachers, nurses and gardaí. It is incredible that anybody would propose that the banks which are being kept going with taxpay-
ers’ money should not cut their cost base in order to make them commercial.

**Deputy Michael McGrath:** Nobody is saying that.

### Small and Medium Enterprises Supports

56. **Deputy Finian McGrath** asked the Minister for Finance if he will outline the tax and PRSI support for small and medium enterprises on the northside of Dublin. [24480/13]

**(Deputy Michael Noonan):** In the November 2012 medium-term fiscal statement, my Department published a paper on the importance of small business to the Irish economy. The paper highlighted that small and medium-sized businesses, SMEs, make up more than 99% of businesses in Ireland and account for almost 70% of people employed. To that end, as part of budget 2013, I included a ten-point tax reform plan containing measures to assist small business in a number of ways, including in regard to their cash flow position, access to funding, reducing the costs associated with the administrative burden of tax compliance, boosting demand for their products in new markets, and incentivising them to create jobs.

The ten measures are not subject to any geographic restrictions and will be applicable on the north side of Dublin or anywhere else where the SMEs concerned meet the relevant criteria. The first measure involves reforming the three-year corporation tax relief for start-up companies to allow unused credits to be carried forward, thus helping to create jobs and improve cash flow. The second measure is to amend the close company surcharge by increasing the *de minimis* level to €2,000 in order to reduce the administrative burden and assist cash flow. Measure 3 involves increasing the amount of expenditure eligible for the research and development tax credit on a full volume basis, without reference to the 2003 base year, to €200,000 to encourage innovation and help cash flow. Measure 4 is to increase the VAT cash receipts basis accounting threshold from €1 million to €1.25 million to help cash flow. Measure 5 extends the foreign earnings deduction for work related travel to Algeria, the Democratic Republic of Congo, Egypt, Ghana, Kenya, Nigeria, Senegal and Tanzania to help boost demand for Irish goods and services abroad, while measure 6 extends the employment and investment incentive scheme to 2020 to help companies access funding. Measures 7 and 8 would not perhaps be relevant to the Deputy’s specific question, but I will include them for the sake of completeness. They concern extending the general rate and young trained farmers’ rate of stock relief, amendments to the definition of registered partnerships for stock relief to give targeted assistance to the farming sector and introducing a capital gains tax relief for farmers for land restructuring to give targeted assistance to the farming sector. Measure 9 involves reviewing the “carried interest” provision in the tax code to help small businesses to access funding. Measure 10 involves the announcing of a joint Revenue and Department of Finance public consultation, Taxation of Micro Enterprises: Reduction in Compliance Costs, to identify ways to ease the administrative burden.

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

The Finance Act 2013 added two further provisions to this plan: amendment of the “key employee” provision of the research and development tax credit regime by reducing, from 75% to 50%, the proportion of time such an employee must spend solely on research and development activities in order to qualify for the credit - this should assist small and medium enterprises to avail of the provision; and amendment of the EII scheme to permit the operating or managing
of hotels, guesthouses, self-catering accommodation or comparable establishments to qualify for the incentives.

These measures are in addition to existing taxation-based measures which are aimed at SMEs. These include the seed capital scheme, SCS, which is available to certain individuals who start a new business venture - income tax paid over the previous six years can be refunded, subject to certain conditions; the Revenue job assist scheme, RJA, which continues to be available to employers who employ an individual who has been unemployed for the previous 12 months. Employers may claim a double deduction when computing the profits of the trade or profession in respect of the first three years wages paid to qualifying employees. This double deduction may also be claimed in respect of the employers’ PRSI contribution on such wages. Qualifying employees, in addition to their normal tax credits, can claim certain income deductions, including additional deductions for qualifying children for the three year period after taking up employment.

Other incentives focused on PRSI would primarily be the responsibility of my colleague, the Minister for Social Protection.

Deputy Finian McGrath: I welcome some of the measures the Minister has announced. He has said 70% of people are employed in the small business sector. That is very important and many are not aware of this fact. Despite some of the improvements and offers in respect of tax and PRSI and supports for small business, does the Minister accept that there are still huge problems in the small business sector, particularly in my constituency, Dublin Bay North? We see small businesses that are struggling with job losses, high rents, high rates and access to credit. All of these issues cause them major grief. Does the Minister have any other new creative idea to assist these businesses? Will he have a strong word with the Minister for Jobs, Enterprise and Innovation, Deputy Richard Bruton, on the issue? I feel very strongly that he needs to up his game on job creation and in supporting small businesses on the northside of Dublin. In the run-up to the budget will he consider retaining the VAT rate at 9% for restaurants because there is potential in the next 18 months to create in the region of 2,000 jobs? That is a practical measure to help small businesses.

Deputy Michael Noonan: Accessing credit is a problem for small businesses. We have strengthened both the banks and the credit union movement to enable them to provide credit, but, in addition, we have introduced the seed capital scheme and the bank guarantee scheme. We have also set up the Credit Control Office to enable small businesses whose banks have refused loans to appeal to the Director of Credit Control who is overturning the decision made in approximately 50% of the cases referred to him. We have also got the European Investment Bank to increase the amount of funds made available to Ireland from €250 million to over €600 million, much of which is being channelled through AIB and Bank of Ireland to the SME sector. There is approximately €200 million for each bank, specifically dedicated to providing funds for SMEs. We are doing a great deal, but it takes a long time to repair the damage caused by the disastrous collapse under the Fianna Fáil-Green Party Government. When GDP falls by almost 20%, one can see the damaging effect on business. I understand that around the country small businesses are picking up slowly and we hope we can sustain this. It is beginning to turn and I hope for the sake of all those who hung in and worked so hard that it will turn quickly for them and that their businesses will strengthen in the course of the summer.

Deputy Finian McGrath: Will the Minister consider retaining the 9% VAT rate for restaurants and the catering industry, as it will create another 1,800 jobs? I know from people work-
ing in that sector that they were delighted over the past year with the rate as it held them in there. There is potential to develop that aspect for further job creation.

**Deputy Michael Noonan:** That is an issue that we will consider in the context of the budget. It is far too early in the year to be talking about taxes.

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**Other Questions**

**Financial Instruments**

57. **Deputy Andrew Doyle** asked the Minister for Finance if he will outline measures taken at the May ECOFIN meeting to secure protections against excessive financial speculation in the food and other commodity derivative markets through the review of the Markets in Financial Instruments Directive; and if he will make a statement on the matter. [23718/13]

**(Deputy Michael Noonan):** The MiFID, markets in financial instruments directive, file was included on the ECOFIN agenda as part of the any other business legislative updates on key files and there was very little discussion on the issues in the file. The purpose of the discussion was to update the member states on the current state of play of this dossier and to reiterate my hope that the Council can reach an agreement on a general approach during the Irish EU Presidency.

Trading in commodity derivatives, including food commodity derivatives, forms part of the regulation of derivative trading in the EU. Regulation of derivatives has been part of Council discussions within the EU since September 2010 when the Commission published its proposal for the European market infrastructure regulation, EMIR, to regulate this market in the context of over-the-counter, OTC, trades. This EU regulation, which is directly applicable in all member states, entered into force on 16 August 2012.

In October 2011, the European Commission published a revised MiFID proposal, MiFID II, which includes within its scope commodity derivatives traded on exchanges. As previously stated, the negotiations on the MiFID review are still under way in the Council of the EU.

EMIR and MiFID II combined are expected to result in a tighter regime for all derivatives, including food securities, whether traded OTC or through exchanges. The measures are intended to keep pace with trends in derivatives trading, in line with G20 commitments made at the 2009 Pittsburgh summit.

The Central Bank of Ireland is the competent authority in this country for the purposes of derivatives legislation. In particular, the current Council text of MiFID II contains important provisions relating to position management, position limits and product intervention. These provisions are in respect of all financial instruments, including commodity derivatives, and have the purpose of providing regulators with tools to avoid excessive speculation in financial instruments, including commodity derivatives. Competent authorities will be obligated to es-
establish and apply position limits on the size of a position in a commodity derivative which a person can have over a specified period.

Furthermore, competent authorities will have product intervention powers whereby they may prohibit or restrict trading of financial instruments or prohibit or restrict investment activities when there is a threat to the orderly functioning and integrity of financial markets or commodity markets. The European Securities and Markets Authority, ESMA, will have contingency and co-ordination powers in position management and product intervention to ensure consistent application across all member states. In the exercise of its powers, ESMA will also have to consult public bodies competent for the oversight, administration and regulation of physical agricultural markets.

When an agreement is reached on Council general approach, the negotiations will move to trilogues between the Council, European Parliament and Commission.

**Deputy Noel Harrington:** Deputy Andrew Doyle is not in the Chamber as he is chairing a committee meeting. I thank the Minister for his response.

The review of the markets and financial instruments directive is a very complex area. Speculation on food and other commodity derivative markets has significant repercussions not just for producers in Ireland and the European Union but also global consumers. The effect of excessive speculation is contributing to huge price inflation for food, particularly in developing countries. It is not just affecting people’s pockets but is almost a matter of life and death in developing countries. I accept other issues, such as the consolidation of banking in the European Union, will take up much of the agenda at the forthcoming ECOFIN meeting. However, regulation and supervision under MiFID should be European wide and it should not be left to member states to supervise or regulate their own markets. Over the counter trading must be included in the regulation and not exempted or watered down, and there should be genuine reporting of trading on these markets. We are aware of the algorithms and the processes by which traders and markets operate and the speed with which they operate. There should be a matched response in reporting to the Central Bank to assess these issues. It is a hugely important issue and I urge that the position be taken against the lobbying by the financial industry, particularly in the UK.

**Deputy Denis Naughten:** Deputy Harrington has raised the kernel of the issue. Price volatility on the world markets has an impact on food inflation. Farmers who have to purchase protein supplements to feed animals can outline the impact of price speculation on their day-to-day livelihoods. This issue is not only about speculators on the commodities markets gambling with the lives of people in the developing world; it is also threatening the livelihoods of livestock farmers in Ireland. An additional 159 million have become hungry because of food spikes in both 2008 and 2011 and food speculation on the derivatives markets was a factor in this regard. Will the Minister clarify that the Government’s position is to force position limits across the sector on an individual rather than a market management situation, which it is feared could be the approach taken? Can he ensure the loopholes are not allowed to water down this directive to make sure speculators can get around market speculation through the use of individual limits rather than limits across the sector as a whole?

**Deputy Pearse Doherty:** There is significant concern about this issue and it was ventilated earlier when we discussed food poverty and the impact that has on developing countries. I would like to focus on the concerns of many groups about the watering down of this directive
Dáil Éireann

during the review. There has been a deal of transparency. For example, Sharon Bowles and a number of other senior MEPs have put on record the number of lobbies they have received. Will the Minister put on the record whether he has received any lobbies from the industry, who they were, the number of meeting requests and so on, and take a leaf from Sharon Bowles and others? Barclays won the award of shame last year for its speculation on food commodities. Will he confirm that none of the financial institutions the State owns or in which it has shares is involved in such speculation?

Deputy Michael Noonan: I have had no representation from people in the industry on expanding or watering down MiFID but there may have been representations to my Department. If Deputy Doherty tables a parliamentary question for written answer, I will make sure it is answered adequately.

The best way to reply to all three Deputies is to give a short summary of the current Council text. It states:

First, more products will be defined as derivative financial instruments as compared to MiFID I and will, therefore, fall within the scope of MiFID II and other financial legislation such as market abuse.

Second, MiFID II narrows down exemptions as compared to MiFID I. This means that many commodity firms will fall within the scope of the legislation and will have to comply with all MiFID II provisions.

Third, MiFID II also contains position management position limits and product intervention provisions in respect of all financial instruments, including commodity derivatives, as tools to avoid excessive speculation in commodities.

3 o’clock

The current Council text of MiFID II proposals places position limits at the centre of position management and requires limits to be imposed as part of the position management regime for commodity derivatives. Competent authorities will be obligated to establish and apply position limits on the size of a position on a commodity derivative which a person can have over a specified period of time. Investment firms and market operators operating a trading venue which trades commodity derivatives will also have to apply position management controls. Furthermore, competent authorities will have product intervention powers whereby they may prohibit or restrict trading on financial instruments or prohibit or restrict investment activities when there is a threat to the orderly functioning and integrity of financial markets or commodity markets.

The European Securities and Markets Authority will have contingency and co-ordinated powers in position management and product intervention to ensure consistent application across all member states. In the exercise of its powers, ESMA will also have to consult public bodies competent for the oversight, administration and regulation of physical agricultural markets. Moreover, entities and persons otherwise exempt from MiFID II will still have to comply with position limits and position management provisions.

It meets many of the Deputy’s requirements. In terms of the Irish Presidency, we are committed to advancing it as a priority and we think we will have it substantially advanced in the last weeks of our Presidency, but it may not be fully in place. However, I think we will have
taken it beyond the point of no return.

Deputy Denis Naughten: Will the Minister try to ensure the position limits are set at a European level rather than at a national level? He might take that on board in the discussions.

Deputy Michael Noonan: I will do that.

State Banking Sector Regulation

58. Deputy John Browne asked the Minister for Finance if he has drawn up clear corporate governance guidelines in respect of the way the State should exercise its voting rights in State supported banks; and if he will make a statement on the matter. [23909/13]

(Deputy Michael Noonan): I can confirm for the Deputy that my Department takes very seriously its responsibilities in regard to safeguarding the State’s assets and maximising the return to the taxpayers of the funds invested on their behalf. In this regard, a number of directions have been issued to the National Pensions Reserve Fund Commission, NPRFC, since the directed investments were acquired pursuant to my powers under Investment of the National Pensions Reserve Fund and Miscellaneous Provisions Act 2009.

The initial directions were issued in 2009 and these have now been superseded by directions given in 2010 and 2011. The 2011 directions require the NPRFC, on an ongoing basis, to notify the Minister for Finance in advance of all corporate actions, meetings or other exercise of voting or other rights the NPRFC has as a shareholder and exercise those rights in accordance with ministerial instructions; exercise its rights as a shareholder to require the bank to convene a general meeting if instructed to do so by the Minister for Finance; not dispose of the directed investments without instructions from the Minister of Finance; and take any action necessary to appoint or remove or maintain the directors as directed by the Minister for Finance from time to time.

The section of the NPRFC Act 2000 - consolidated to 1 October 2012 - that governs voting instructions is section 19B. This section requires the NPRFC to notify me in advance of any meetings or other exercise of voting rights as shareholder and they then vote or exercise those shareholder rights in accordance with my specific or general instructions. Analysis and advice is provided by my Department in regard to the votes cast by me and also in regard to actions taken by me as shareholder.

I reassure the Deputy that when I am entitled to vote or act as shareholder in respect of the State supported banks, I weigh up all the relevant facts and decide in the best interests of the taxpayers who have invested enormous sums in order to support these banks given their vital role in our economy.

Deputy Michael McGrath: I thank the Minister for his reply, a summary of which is that he personally decides on issues as they arise. We all know the issue which brought this into sharp focus was the recent Bank of Ireland annual general meeting. The Minister gave us his rationale for abstaining from the vote, namely, the ongoing Mercer report dialogue in the bank. I felt it was important to get clarity on how decisions are made. This is particularly important with regard to Bank of Ireland, which is in a different category from AIB and Permanent TSB. In the future, the decisions that will have to be made on certain issues will require recourse to
shareholders. I refer to the re-election of directors or - please God - the payment of dividends. It is important for us to understand the process the Minister undertakes when he arrives at the decisions he makes on behalf of the Government and, by extension, the Irish people for whom he holds these shares. Perhaps he can elaborate on that. When these individual decisions arise, from whom does he seek advice so that he can exercise his vote accordingly?

Deputy Pearse Doherty: It is fair to say the general public was sickened when the Minister decided not to exercise his right to vote against the remuneration of the CEO of Bank of Ireland, Richie Boucher, who receives a salary of €843,000. He holds the citizens’ votes in trust. He holds them on behalf of the citizens who bailed out the bank. I would like to join Deputy McGrath in asking the Minister to explain the decision. Did the Minister receive formal advice from within the Department or from the Central Bank? Did he receive any advice that was contrary to the direction he has taken? Will he make the advice public? If not, will it be available under freedom of information? It is very important for us to know what type of advice the Minister is getting on this issue and other issues. If he decides to sell the shares in one of our banks, for example, it could be a very negative issue for the State and its directed investment if the wrong price is achieved. Some banks have lost substantial sums of money because they sold at the wrong time. Will the Minister make the advice available? Did he receive any contrary advice on the remuneration issue?

Deputy Michael Noonan: The salary paid to the CEO of Bank of Ireland was negotiated by the relevant Ministers in the previous Government, which was led by Fianna Fáil and the Green Party. While we would like the salary to be lower, we have been legally unable to dismantle it. This Government has provided for a much lower ceiling for remuneration for CEOs. I will not take any lectures from Deputy McGrath about extravagant salaries because his party provided for such salaries when it was in government.

Deputy Michael McGrath: I gave no lectures. I asked valid questions.

Deputy Michael Noonan: I would like to address the issue of the abstention at the AGM. As we have just 15% of the vote, our decision to abstain, vote against or vote for was not going to influence the outcome. All the other investors voted in favour of what was recommended. I gave my reasons previously. I think they are valid. I think the decision to abstain was a very good one. Arising from the recommendations of the Mercer report, I have written to Bank of Ireland and the other domestic banks to instruct them to respond by the end of April outlining their strategies for the delivery of savings of between 6% and 10% of total remuneration costs. We have discussed this already. I did not consider it appropriate to endorse the directors’ remuneration at Bank of Ireland in advance of receiving a response to my instruction. Therefore, I decided to abstain on this resolution. I can confirm that I voted in favour of each of the other resolutions. That is the position. It is a very valid position, contrary to what has been suggested in various contributions inside and outside the House. In his capacity as a journalist, Deputy Ross has written several articles criticising me. If my predecessor had followed the Deputy’s advice in respect of Anglo Irish Bank, Seánie FitzPatrick would have been the CEO.

Deputy Finian McGrath: Come on. That is an old line now.

Deputy Michael Noonan: That was the advice given by Deputy Ross in 2004.

Deputy Finian McGrath: He did not say that.

Deputy Shane Ross: I did not hear the Minister. What did he say?
Deputy Michael Noonan: Deputy Ross heard it all right.

Deputy Michael McGrath: I did not lecture anybody. I asked about the corporate governance guidelines that are in place to enable the Minister to make decisions on behalf of the citizens of this State when questions arise at the AGMs of the banks in which we hold shares. I accept that the final decision is made by the Minister. Who advises him? Is he advised by the NTMA or by the banking unit within the Department of Finance? That is the issue that brought it into focus, which is fine, but more issues will arise in the future. The question is how the Minister arrives at those decisions.

Deputy Pearse Doherty: I will be succinct in the hope of getting a reply. Did the Minister receive any contrary advice on the direction he took, which was to abstain in regard to Mr. Boucher’s remuneration or salary? Did he receive any contrary advice, other than to abstain?

Deputy Michael Noonan: As on all matters, this is a democracy and the Government, which has a majority in the House and is elected to govern the country, governs it. The Minister for Finance’s mandate comes from the electorate and he takes advice from the appropriate authorities and makes decisions as best he can. That is the way it works. The NPRFC is the body that holds the shares and the officials from my Department are appropriate advisers, as are the NTMA and the Central Bank, depending on the issue. I take advice all the time and I then make up my mind and make a decision.

Deputy Pearse Doherty: I take it he got contrary advice given the fact he will not give it out.

NAMA Loans Sale

59. Deputy Niall Collins asked the Minister for Finance if the National Asset Management Agency has changed its strategy to give greater preference to loan sales rather than direct asset disposal; and if he will make a statement on the matter. [23914/13]

Deputy Michael Noonan: As the Deputy is aware, NAMA is obliged under section 10 of the NAMA Act to obtain the best achievable financial return to the State on the assets acquired by it. I am advised by NAMA that there has been no change in its strategy. For any particular asset or group of assets, NAMA assesses whether the best return to the taxpayer is achieved through the sale of the underlying property by a debtor or receiver or through the sale of the loan by NAMA itself.

As set out in response to recent parliamentary questions on the topic of NAMA loan sales - Questions Nos. 179 to 182, inclusive, of 16 October 2012; Question No. 167 of 16 January 2013; Questions Nos. 279 and 280 of 19 February 2013; and Question No. 216 of 23 April 2013 - NAMA has adopted a very thorough approach in line with accepted international market best practice for the sale of loan portfolios. NAMA operates a phased and orderly programme of disposal of both assets and loans to achieve the best possible outcome for the taxpayer. NAMA’s policy in regard to loan sales, as with the sale of properties by its debtors and receivers, is that other than in exceptional circumstances, loans should be openly marketed. To date, loan sales have been mainly triggered by third party approaches. After receiving such approaches, NAMA’s practice is to appoint loan sale brokers to market the loans and to deal with offers from the original bidder and from other interested parties.
As the Deputy is aware, the unaudited accounts for NAMA for the fourth quarter of 2012 were published last month and these accounts highlight the progress that NAMA has been making in delivering on its business plan. A detailed account of debtor strategies will be included in NAMA’s annual report and financial statements for 2012 which have been submitted to me and will be published in the coming weeks.

NAMA has maintained a strong cash position, generating over €10 billion in cash, it has repaid €4.75 billion in NAMA bonds and I am advised that it will meet its target to redeem €7.5 billion by the end of this year. In addition, NAMA is playing a key role in supporting employment in the property and construction industry and is continuing to work with a wide range of public bodies, including Government Departments, local authorities and State agencies.

**Deputy Michael McGrath:** The reason I put down the question is that I noticed a lot of recent activity in NAMA has centred around the sale of loan portfolios as opposed to the sale of actual property assets. There was one high profile sale, Project Aspen, which was in regard to a joint venture, and another which was subsequently cancelled in regard to a portfolio called Project Club. I know the Minister has issued guidance to NAMA in regard to how the sale of property assets is to be conducted with a view to ensuring they are open market sales. The Minister referred to a certain procedure involving the appointment of loan brokers who then put the portfolios out to the market under certain circumstances. He might advise as to whether he has issued comparable guidelines to NAMA in respect of the sale of loan portfolios as he has already done in respect of the sale of property assets.

**Deputy Michael Noonan:** As the Deputy knows, NAMA operates under the NAMA Act and, in general, it operates totally independent of politics. The Deputy knows that while one may inquire for information from NAMA, it is a criminal offence to make representations to NAMA. The same rules apply to the Minister for Finance as to everybody else, apart from the specific bars the Minister has under the Act. The way I proceed is that the chairman of NAMA, Mr. Frank Daly, keeps me informed of all the major issues. When required, I seek the advice of the gentlemen I appointed to advise me in accordance with the Act, sometimes on the telephone or, about once a quarter, they come in and we have a formal meeting on that basis. That is the way it works. There is a general awareness of what is going on. As I said, it is a property organisation that is operating independent of politicians, but it is, of course, accountable to the Dáil. Its CEO and chairman report to the Dáil committee quite frequently and they report to the Minister on an ongoing basis.

**Deputy Pearse Doherty:** We need a very big debate in regard to the direction NAMA is taking, given the fact it has now bunched these loans into projects such as Project Aspen and Project Club. I am glad Project Club has been cancelled because there are serious questions in regard to individuals around that. Given the decision to sell portions of projects instead of individual assets, it is very clear NAMA is now incapable of managing the loans. We were told, from the establishment of NAMA, that it was to pursue developers to the ends of the earth to get the last penny from them. However, if these loans are sold on as they are, below par or at par value, these developers will in many cases walk free from their debts - that is the reality.

We have to ask why NAMA is not using the measures established under the last Finance Bill or the real estate investment trusts, or REITs, legislation, which allows these assets to be transferred, which would have a benefit for the Irish economy, and why it is actually mass-selling projects at this time. Is it incapable of doing its job, which, we must remember, is as an asset management agency, or is there a fundamental shift in the way NAMA is approaching matters?
We have seen the cancellation of Project Club. How can we be sure developers who owned the original loans are not advising potential bidders? What is there to stop that? The Minister knows I have put down a number of parliamentary questions in this regard and I am glad these assets have been brought off the market since then.

Deputy Michael Noonan: As I have said, it is an independent organisation put in place by the Houses of the Oireachtas and I have confidence in it as an organisation. I believe it is doing what it says on the tin. It is behaving in accordance with its mandate and it is profitable at present. I have no plans to introduce amending legislation at present and I am not going to interfere with its process either. It is accountable both to the Minister and to the Houses of the Oireachtas. I will maintain that accountability but I will not interfere in commercial decisions being made by NAMA. As property prices rise in the country, I hope it will continue to be successful.

Topical Issue Matters

An Leas-Cheann Comhairle: I wish to advise the House of the following matters in respect of which notice has been given under Standing Order 27A and the name of the Member in each case: (1) Deputy Gerald Nash - the impact on credit unions of the proposed pilot scheme, announced by the Central Bank, in respect of distressed mortgages; (2) Deputy Pearse Doherty - the closure of hospital beds in community hospitals in County Donegal due to the moratorium on hiring staff; (3) Deputy John O’Mahony - the plans in place for the further roll-out of the Student Universal Support Ireland grants for the coming academic year; (4) Deputy Tom Fleming - the need for the Central Bank of Ireland to engage MABS to act as an intermediary with 750 mortgage bank clients rather than a UK company; (5) Deputy Simon Harris - the need to review DART fares to Greystones; (6) Deputy Jonathan O’Brien - the lack of psychiatric services available to minors in Cork; (7) Deputy Joe McHugh - the need to implement a strategy to anticipate fodder shortages in winter 2013-14; (8) Deputy Noel Harrington - the changes in criteria for special needs assistants to children with disabilities in mainstream classes; (9) Deputy Charlie McConalogue - the impact of the recruitment embargo on community hospital beds in County Donegal with particular regard to the closure of beds recently in Carndonagh and Dungloe community hospitals; (10) Deputy Michael McGrath - the amount of corporation tax paid in various jurisdictions, including Ireland, by some of the worlds largest multinationals with operations here; (11) Deputy Martin Ferris - the need to provide funding to address the fodder crisis; (12) Deputy David Stanton - the steps being taken to address long delays in orthopaedic outpatient services in Cork; (13) Deputy Kevin Humphreys - the need to address concerns regarding the use of private information provided by An Garda Síochána; (14) Deputy Denis Naughten - the need to introduce immediate measures to assist farmers who are overstocked or who face challenges based on fodder projections for winter 2013-14; (15) Deputy Mattie McGrath - the need to put in place contingency plans to deal with any future fodder crisis and to prepare for the winters ahead; (16) Deputy Dessie Ellis - the effect of the cut in social welfare to those under 25 in emergency accommodation coming out of homelessness or care; (17) Deputy Robert Troy - the evaluation of the free preschool year; (18) Deputy Niall Collins - the use by the Minister for Justice and Equality of Garda information on last Thursday’s “Prime Time” programme; (19) Deputy Eamonn Maloney - the need for new thinking in relation to new methods for collecting
monetary fines; (20) Deputy Finian McGrath - the recent actions of the Minister for Justice and Equality in relation to Deputy Mick Wallace; (21) Deputy Seán Ó Fearghaíl - the need to ensure that the Croppies Acre remains open to the public as a tourist and educational attraction; (22) Deputy Richard Boyd Barrett - Ireland’s role in corporate tax avoidance; (23) Deputy Joanna Tuffy - the need for the Minister for Justice and Equality to give an update on his remarks made on last Thursday’s “Prime Time” programme; (24) Deputy Mick Wallace - the need for those responsible for the horsemeat scandal to face justice; and (25) Deputy Luke ‘Ming’ Flanagan - water pollution in Boyle, Roscommon town and Castlerea.

The matters raised by Deputies Gerald Nash, John O’Mahony, Dessie Ellis and Robert Troy have been selected for discussion.

**Leaders’ Questions**

**Deputy Micheál Martin:** As the Taoiseach knows, on 15 May the Minister, Deputy Shatter, received a report from the Garda Commissioner in regard to allegations that were made concerning the improper cancellation of fixed charge notices. That report found no evidence of criminality in that area but, subsequently, on “Prime Time”, in a debate with Deputy Mick Wallace, and even though he was armed with the facts of the report, the Minister, Deputy Shatter, decided to use private information supplied to him by An Garda Síochána about Deputy Wallace in an attempt to undermine him in a political debate on the issue.

Fundamentally, this action represents an abuse of power and the office the Minister holds. The position of Minister for Justice is a very powerful and sensitive one. As the Data Protection Commissioner said, there is a solemn duty on behalf of such a Minister, indeed all Ministers, to hold such information as he or she receives privately with the greatest of respect and to treat it properly and honourably. The use of this private information on a Deputy to undermine him in a debate is fundamentally wrong. It represents the politicisation of An Garda Síochána which is also reprehensible. The Minister has crossed the line and shown contempt for democratic norms. He publicly set very rigorous standards in this area some years back when he said such behaviour in disclosing Garda information publicly by any Minister in any Government was entirely unacceptable. The Taoiseach has compounded the problem by endorsing the Minister’s misbehaviour. There seems to be a reluctance on his or the Minister’s behalf to accept that what the Minister did was wrong. He does not seem to get to the core of the issue. Will the Taoiseach outline to the House how this private information on an incident that occurred over 12 months ago found its way to the Minister last week? Are there files in existence in which such information is kept and stored for use eventually? Does the Taoiseach accept that the use by the Minister of private information supplied to him by An Garda Síochána to undermine a political opponent was wrong?

**The Taoiseach:** The Minister and the Government decided that there should be a full, thorough and comprehensive analysis of fixed penalty charges. That report was brought before the Government, together with appendices, and sent to the Garda Inspectorate. It was also sent in unredacted form to the Oireachtas committee, together with the appendices in unredacted form. This allows the Oireachtas committee to do what it wishes with the information.

I do not agree with the Deputy that the Minister wished to undermine Deputy Mick Wal-
The Minister did not say Deputy Wallace had done anything wrong. I would contest this with the Deputy because what the Minister wished to undermine was the argument made by Deputy Wallace that there should be no discretion applied after fixed penalty charges had issued. In the context of the information made available as part of the general briefing about the background and reports on fixed penalty charges, the Minister made the information publicly available. It was not a case of wanting to undermine Deputy Wallace who is elected like anybody else. It was clearly to undermine his argument because it was that there should be no discretion when it had been applied in his own case.

This matter will be the subject of statements and questions and answers by the Minister for Justice and Equality this evening. Anybody who wishes to ask a question on it or the relevance of the information on the background to the comprehensive report for the Minister will be entitled to do so.

An Leas-Cheann Comhairle: I will take a supplementary question from Deputy Micheál Martin.

Deputy Micheál Martin: That is an appalling response. The debate later today will not be specifically about this issue, which the Taoiseach has camouflaged also. I did not say the Minister had said Deputy Mick Wallace had done anything wrong. The Taoiseach is a great man for answering questions that have never been asked and making points about points that have never been made. I never said that. Neither did Deputy Wallace say discretion should never be used. The point is that it was private information supplied to the Minister by the Garda and used in a debate to undermine a political opponent. There was a background of threatening innuendo that “if you question us too much, we will get you.” That was the import of what the Minister was saying and that is what is distasteful about it - “Don’t push this one too far, Deputy Wallace, because we have information.” It was private information supplied by the Garda Síochána. By the Minister’s own standards, he said this kind of behaviour involving the making public of information on the part of any Minister in any Government to undermine a political opponent was utterly unacceptable. The Taoiseach did not answer the question I asked him. Does he believe it is appropriate behaviour? Does he believe it is right for a Minister to reveal private information - the Office of the Data Protection Commissioner has confirmed this - in the context of a debate to undermine a political opponent? Is that behaviour on the part of a Minister for Justice right or wrong?

The Taoiseach: In his previous question the Deputy said this was an attempt by the Minister to undermine Deputy Mick Wallace. I made the point that the information had been given as part of the general briefing about fixed penalty charges and that it was relevant to the argument being made by Deputy Wallace. In that context, the information made available by the Minister was important in pointing to the difference between what the Deputy was saying about fixed penalty charges and how discretion had been applied to him. I am glad that he cleared up that matter and said it had taken place.

The Minister for Justice and Equality will answer all questions in the House today and at the committee about the general briefing given about fixed penalty charges. It is outrageous that Deputy Micheál Martin makes a claim or insinuates here that the Minister is going around collecting files on individuals or Members of this House of all parties and none.

Deputy Michael Healy-Rae: That is what he is doing.
The Taoiseach: That is an outrageous claim for Deputy Micheál Martin as leader of Fianna Fáil to make. We had a situation in this House before-----

Deputy Micheál Martin: The Taoiseach is at it again. I did not make that claim. I asked him a question.

The Taoiseach: Let us never forget the past when the Minister sitting beside me who was then Minister for Justice had to intervene when conversations were being listened to in respect of the business of the House.

Deputy Micheál Martin: Was it right or wrong?

The Taoiseach: The information was relevant in the argument being made by Deputy Mick Wallace.

An Leas-Cheann Comhairle: We must move to the next speaker.

(Interruptions).

Deputy Micheál Martin: The Taoiseach is leader of the Government and cannot stand up and say whether it is right or wrong for a Minister for Justice to use private information given to him by An Garda Síochána to undermine a political opponent. That is the level he is at.

(Interruptions).

An Leas-Cheann Comhairle: We must move on. Can we have order for Deputy Gerry Adams, please?

Deputy Gerry Adams: In 2010 the then Minister for Defence, Deputy Willie O’Dea, was forced to resign. The Minister for Justice and Equality, then Fine Gael spokesperson on justice, said:

What Minister O’Dea admitted yesterday is that he willingly and publicly discussed, for his own electoral gain, confidential information furnished to him by a member of An Garda Síochána. Such conduct is entirely unacceptable by any Minister in any Government.

He went on to say members of An Garda Síochána and the Defence Forces could not be assured that information provided by them for Ministers would remain confidential. These are not my words. That is what the Minister said and what he clearly meant was that information given by gardaí and members of the Defence Forces to Ministers should be kept confidential. He holds a very special brief where he has unique access to sensitive information on other citizens. His actions in using this information to smear a political opponent raise serious questions about his suitability for office because it is abuse of office, pure and simple.

The Taoiseach spoke about the past. Given his criticism of a former Minister for Justice, Mr. Michael McDowell, who in 2005 tried to smear a journalist, how can he stand 100% behind the Minister? If it is good enough for Michael McDowell and good enough for Deputy Willie O’Dea, it is good enough for the Taoiseach’s Minister for Justice and Equality and this Government which was to bring so much transparency, democracy and clarity into the way it does its
The Taoiseach: The answer to that question is No. What is good enough for everyone else is never good enough for Michael McDowell who had his own way of putting information into the public domain. I remind Deputy Adams that the issue that arose with the previous Minister for Justice, Deputy O’Dea, was to do with a false sworn affidavit. That is a hell of a different matter to making a comment relevant to a discussion here about a very thorough, very comprehensive-----

Deputy Niall Collins: That is not what Deputy Shatter said.

The Taoiseach: -----report on fixed penalty charges. As I said in reply to Deputy Martin, the question was whether the information which was made available was relevant to the argument being put forward by Deputy Wallace, whom Deputy Shatter did not accuse of anything other than hypocrisy in respect of his argument. I am glad that Deputy Wallace confirmed that the incident referred to actually happened.

Deputy Gerry Adams: I do not think there can be any argument about the means used to put this information out. The question is should a Minister use information against a political opponent which has been given to him or her by a member of An Garda Síochána. That is the nub of the question.

The way in which the whistleblowers in this case were dealt with was completely unsatisfactory. There has not even been an independent investigation by the Garda Ombudsman. These folks brought forward their concerns to the appropriate Garda authorities and they were ignored. They brought forward their concerns to the Comptroller and Auditor General and they were ignored. They were never interviewed. There is some suggestion that they were anonymous but that is not the case; they put their names to their concerns. They have been in an awful situation since and one of them has been forced to resign. This matter needs to be examined.

What is really annoying people is the attitude of the Minister. The Taoiseach has said the Minister should not resign. I acknowledge that is within the gift of the Minister and of the Taoiseach. However, could the Taoiseach provide for a truly independent investigation into this penalty points debacle, including the Minister’s handling of the whole affair? Could that be done as a means to try to restore some confidence in the claims the Taoiseach has made about this being a different form of governance and a cleaner, fairer and very transparent Government? Patently that is not the case.

The Taoiseach: The reason for such a comprehensive and far-reaching report is because the Minister recommended that it should be so. The report was presented to Government and approved. I repeat that the unredacted report and the very comprehensive and unredacted appendices have been sent to the Oireachtas committee which is fully entitled to call anyone it wishes, including the Minister and anyone else, to discuss the report. The report has also been sent to the independent Garda Síochána Inspectorate. I repeat that the report was commissioned as a result of Deputy Clare Daly and others raising this matter. It was accepted by the Government and sent to the appropriate and proper bodies-----

Deputy Gerry Adams: That is not what I asked. I know all that.

The Taoiseach: -----the Garda Síochána Inspectorate and the Dáil committee.
Deputy Pádraig Mac Lochlainn: Why was it not sent to the Garda Ombudsman?

The Taoiseach: I expect the Deputy will attend the committee and ask all these questions. The Minister for Justice and Equality will be in the House this evening to make a statement about this matter and to answer any questions.

Deputy Gerry Adams: I am asking the Taoiseach.

Deputy John Halligan: The annual report of the Data Protection Commission released yesterday highlighted disturbing abuse of the public sector’s information system because of inappropriate employee access and abuse. This is a very serious matter. The public sector and the Minister heading that Department, has a solemn duty to protect data in its possession which it may only disclose with the consent of the individual concerned or under legislation enacted by the Oireachtas. Hence, the Minister for Justice and Equality, one of the most important and influential positions in Government, has been using privileged information on national television - for whatever reason - which, in my view, represents a threat to every citizen. The fact the Taoiseach supports this misuse and abuse of the ministerial office, strengthens that threat, as does the relative silence of Deputies from both Government parties.

I ask the Taoiseach whether, prior to last Thursday night’s “Prime Time”, the Minister, Deputy Shatter informed the Taoiseach of his intention to disclose confidential information relating to Deputy Mick Wallace on national television. Did the Taoiseach speak to him before the programme? Was the Minister acting with the Taoiseach’s authority?

The Minister, Deputy Shatter, has said that he was made aware of the incident at a Garda briefing. Does the Taoiseach seriously expect us to believe that the Garda Síochána makes the Minister aware of every single incident referred to at these briefings? Was it just pure fluke that Deputy Wallace’s name was mentioned? These are fundamental questions that need to be answered. For example, does the Minister have further information on public representatives, on the media or on journalists? These are very relevant questions.

Will the Taoiseach agree it is the role of journalists rather than of the Minister with responsibility for law and order, to go on national television and disclose information? Indeed, if a journalist were to put such an allegation to the Minister, he would be asked to reveal his source.

Democracy is built on the basis that Government, the Judiciary and the police act as separate entities. If the Government interferes with the other two, then we are slowly heading towards a banana republic. In his support for the Minister, is the Taoiseach saying that he will now give the go-ahead to all Cabinet Ministers likewise to disclose publicly any sensitive information they might see fit in order to abuse State power for political purposes? I think the Taoiseach has underestimated the public concern. I do not believe this was a once-off action by the Minister. I believe it probable that he has information, however ethical it is, on Deputies, journalists and others. People want to know whether he has this information and whether the Taoiseach was aware that he planned to make this information public when he appeared on “Prime Time” last week.

The Taoiseach: The answer is No. The Minister did not brief me or inform me on that matter. I understand the Minister appeared on a television programme along with Depute Wallace. The Minister made available information that was relevant to the case being made by Deputy Wallace in respect of discretion being used or not being used. During the debate I understand that Deputy Wallace could not recall that the incident had occurred. He clarified that fact the
following day.

Deputy Halligan is correct that it is important for the Minister for Justice and Equality to attend the House this evening and he will answer any questions from Deputies.

**Deputy John Halligan:** When an allegation is made against any citizen in this State, information on that allegation is between the citizen, possibly the Director of Public Prosecutions, the Garda Síochána and maybe the offended individual. Are we seriously saying that it is now the position in this State that an allegation can be made against an individual by a Minister who may have been informed by a member of the Garda Síochána and for that Minister to go on television and mention the individual by name when, to my mind, having listened twice to the programme, no offence was committed? An offence has been committed if a person is charged by a garda. No offence was committed because he was not charged with any offence. Does it give any Minister the right to go on public television and to name an individual? This relates back to the fundamental issue in the first question I asked. If the case is as he stated, the Taoiseach is opening it up to other Ministers to do likewise where they have information on an Opposition Member, journalist or other person. A Minister can say “oh well, I got this information from the Garda, so it is relevant and right information”. We cannot gloss over this. The Taoiseach cannot throw it under the carpet. We must understand that it is unacceptable that the Garda would provide this information and that the Minister would make a statement on it where no charge had been brought and nobody had been brought to court. We should forget that this man is a politician. That the Minister can put an individual’s name out on public television on the basis of an assumption, allegation or words passed at a meeting to the effect that something had taken place is dangerous to democracy.

**The Taoiseach:** I repeat that the Minister for Justice and Equality is not going around collecting information on any individual or party.

(Interruptions).

**Deputy Michael Healy-Rae:** How do we know?

**The Taoiseach:** The discussion that took place on the television programme in question involved the Minister and Deputy Wallace and was on the question of fixed penalty charges. What the Minister said was not an allegation about anything. What he said was a comment - a piece of information - which was actually confirmed by Deputy Wallace himself as being true and accurate. It is not an allegation, it was a segment of information that was true and was relevant to the overall discussion and the argument being put forward by Deputy Wallace in respect of a fixed penalty charge.

**Deputy John Halligan:** The Minister assumed it to be true on the basis of what a garda said to him. That is the point I am making. That is what is dangerous.

**The Taoiseach:** The Minister for Justice and Equality will attend the House this evening to make a statement, hear statements from Opposition Members and take questions from any Member who wishes to raise them. He has already made it perfectly clear that he will be available to attend at the Oireachtas committee depending on the way the Chairman and members decide to use the information that is in the unredacted report and the unredacted appendices.
Deputy Michael Healy-Rae: That was very informative.

**Official Travel**

1. **Deputy Micheál Martin** asked the Taoiseach if he has discussed the undocumented Irish with President Obama at his meeting in March; and if he will make a statement on the matter. [13586/13]

2. **Deputy Micheál Martin** asked the Taoiseach if he has discussed the situation in Syria with President Obama at his meeting in March; and if he will make a statement on the matter. [13587/13]

3. **Deputy Micheál Martin** asked the Taoiseach if he has discussed the lack of progress made in relation to an independent inquiry into the murder of Mr Pat Finucane with President Obama; and if he will make a statement on the matter. [13588/13]

4. **Deputy Micheál Martin** asked the Taoiseach the bilaterals he attended when visiting the USA in March; and if he will make a statement on the matter. [13589/13]

5. **Deputy Micheál Martin** asked the Taoiseach if he discussed the new EU-US free trade agreement with President Obama; and if he will make a statement on the matter. [13612/13]

6. **Deputy Jerry Buttimer** asked the Taoiseach if he will report on his visit to Washington, New York, Seattle and Silicon Valley; and if he will make a statement on the matter. [14636/13]

7. **Deputy Jerry Buttimer** asked the Taoiseach if he will report on the overseas visits for Saint Patrick’s Day of the Ministers of State at his Department and the Attorney General; and if he will make a statement on the matter. [14637/13]

8. **Deputy Gerry Adams** asked the Taoiseach if he will report on his visit to the United States for St Patrick’s Day. [14816/13]

9. **Deputy Gerry Adams** asked the Taoiseach if he will report on his meeting with US President Barack Obama in the White House, Washington, on 19 March 2013. [14817/13]

10. **Deputy Gerry Adams** asked the Taoiseach if he will report on bilateral meetings he held while in the United States for St Patrick’s Day. [14818/13]

11. **Deputy Gerry Adams** asked the Taoiseach the issues he discussed with US President Obama during their meeting in the White House, Washington, on 19 March 2013. [14819/13]

12. **Deputy Gerry Adams** asked the Taoiseach if he raised the issue of the need for an inquiry into the killing of Belfast human rights solicitor Mr Pat Finucane with President Obama during their meeting on 19 March 2013. [14820/13]
13. Deputy Gerry Adams asked the Taoiseach if he raised the issue of the Israeli-Palestinian peace process with President Obama during their meeting on 19 March 2013. [14821/13]

14. Deputy Gerry Adams asked the Taoiseach if he raised the issue of the undocumented Irish with President Obama during their meeting on 19 March 2013. [14822/13]

15. Deputy Gerry Adams asked the Taoiseach if he raised the issue of outstanding issues from the Good Friday Agreement with President Obama during their meeting on 19 March 2013. [14823/13]

16. Deputy Gerry Adams asked the Taoiseach if he will report on his visit to Breezy Point during his visit to the United States for St Patrick’s Day. [14824/13]

17. Deputy Micheál Martin asked the Taoiseach the issues that were discussed with Mr. Stephen Spielberg when he met him; the actions, if any, that he will take as a result; and if he will make a statement on the matter. [15990/13]

18. Deputy Micheál Martin asked the Taoiseach if he will provide the details of his meeting with Vice President Biden; the further actions that will be taken as a result; and if he will make a statement on the matter. [15993/13]

19. Deputy Micheál Martin asked the Taoiseach if he met any Republican Senators in relation to the undocumented Irish in his most recent visit to Washington; and if he will make a statement on the matter. [17251/13]

20. Deputy Joe Higgins asked the Taoiseach if he discussed a proposed EU-US trade agreement with the President of the United States. [22455/13]

21. Deputy Joe Higgins asked the Taoiseach if he has plans for any official visit to the United States. [22456/13]

22. Deputy Richard Boyd Barrett asked the Taoiseach if he discussed the ongoing Syrian crisis and escalating regional tensions in the Middle East at his meeting with US President Obama in March; and if he will make a statement on the matter. [22631/13]

23. Deputy Richard Boyd Barrett asked the Taoiseach if he discussed the humanitarian crisis as a result of the ongoing blockade of Gaza at his meeting with US President Obama in March; and if he will make a statement on the matter. [22632/13]

24. Deputy Richard Boyd Barrett asked the Taoiseach if he discussed the US President’s priorities for the forthcoming G8 summit in Fermanagh at their recent meeting; and if he will make a statement on the matter. [22633/13]

25. Deputy Richard Boyd Barrett asked the Taoiseach if he discussed the closure of the US prison in Guantanamo and the release of prisoners at his meeting with US President Obama in March; and if he will make a statement on the matter. [22634/13]

The Taoiseach: I propose to take Questions Nos. 1 to 25, inclusive, together.

The questions relate to my visit to the USA and meeting with President Obama, with the exception of one question which relates to the Minister of State in my Department. As the House is aware, I travelled to the United States of America again this year for the St. Patrick’s Day period. Every year, the St. Patrick’s Day holiday provides the Government with a unique and
invaluable opportunity to reach out to heads of state, senior politicians, business leaders, civic organisations and the media right across the globe to strengthen Ireland’s international relations and enhance our profile and reputation as a location for trade, tourism and investment. It also gives us a unique opportunity to connect with and advocate on behalf of Irish people living abroad. My visit to the USA this year included a comprehensive programme of engagements from 16 to 22 March 2013. I had an extensive set of meetings and engagements with political, business and civil society representatives, which began in New York, continued in Washington DC and finished on the west coast in Los Angeles, silicon valley, San Francisco and Seattle. My programme for the visit included over 50 engagements, including bilateral meetings, formal speaking events and civic engagements.

In New York, I had a range of meetings focused on political, economic and cultural issues. I attended the traditional St. Patrick’s Day mayor’s breakfast with the city’s political leaders, including Mayor Bloomberg and Speaker Christine Quinn. I also met with a range of Irish organisations based in New York, which are doing tremendous work on behalf of Irish people generally and, specifically, for the Irish living in New York. Nowhere was this better illustrated than in Breezy Point, which I had the privilege of visiting. This small community was left devastated last year following Hurricane Sandy. I met with the residents of Breezy Point, many of the heroes from the city services and with people in US and Irish organisations from across the city and beyond who joined in the relief effort. I commended all those involved in efforts to get the community back on its feet and expressed the support and solidarity of the Irish people. I note in particular the members of the GAA who did outstanding work during their appearances out there. I also had the opportunity to visit the 9/11 Memorial, where so many Irish citizens and people of Irish descent are commemorated, and to tour the primary building of the new World Trade Center complex, Freedom Tower.

In Washington, I had bilateral meetings with political leaders, including President Obama, Vice President Biden and Speaker Boehner. I also had meetings with Democrat and Republican members of the Senate and the House of Representatives, including Senators Leahy, Schumer and McCain and Congressmen King and Neal, who have long been to the forefront in dealing with policy issues of concern to the Irish Government. My discussions in Washington covered a number of issues of interest to the USA and to Ireland, including the prospects for negotiating a transatlantic trade and investment partnership, progress with Ireland’s economic recovery, the current situation in Northern Ireland and, of course, the prospect for immigration reform and the resolution of the very difficult situation for the undocumented Irish living in the USA. In recent months, President Obama has clearly set out his intention and determination to achieve comprehensive immigration reform. During my discussions with both the President and Vice President Biden, they acknowledged the particular significance of this issue for Ireland and the Irish living in the USA. In all of my discussions on the issue with the President, the Vice President, Speaker Boehner and key figures in the debate, including Senators Leahy, Schumer and McCain, my message was that immigration reform needs to resolve the situation for the undocumented Irish living in the USA and to provide adequately for legal migration flows in the future through reciprocal arrangements between Ireland and the USA.

Another issue of keen interest to both political and business leaders in the USA was the question of a transatlantic trade and investment partnership. This was the key focus of my speech to the US Chamber of Commerce in Washington. I also had a very productive discussion about the issue with President Obama and we both expressed the hope that formal negotiations will begin before the end of Ireland’s EU Presidency. The President and I are very clear
that an agreement between the USA and Europe will bring significant benefits to both our economies and help set global standards. We also had a good discussion about progress in Northern Ireland. I briefed the President on the discussions I had recently had with Prime Minister Cameron. The President and I agreed that it is vital to continue to support the institutions of the Good Friday Agreement. I thanked the President for his ongoing support for the peace process.

On international issues, we discussed the situation in Syria. For my part, I briefed the President on the European Council meeting the previous week, which had considered both the security and the humanitarian dimensions of the problem in Syria. The President and I did not discuss the issue of Guantanamo nor the blockade of Gaza. I understand, however, that the wider Middle East peace process was the subject of discussions between the Tánaiste and US Secretary of State Kerry. Finally, we discussed the forthcoming G8 summit in very general terms only and I indicated that I looked forward to meeting the President again at that stage.

In Washington, I also met with Vice President Biden and we discussed a number of issues of mutual interest. I had the pleasure of presenting Vice President Biden with a certificate of Irish heritage, which documents his extensive Irish roots. The Vice President confirmed his desire and intention to visit Ireland. While we were in Washington, the Tánaiste and I also took the opportunity to meet jointly with Northern Ireland First Minister Peter Robinson and Deputy First Minister Martin McGuinness to discuss recent developments in Northern Ireland. During my visit to Washington, I also participated in a number of other important events, including addressing a major business event organised by Enterprise Ireland, the IDA and Tourism Ireland. I delivered the Paul O’Dwyer memorial lecture, the theme of which was “making democracy work,” at George Washington University. I also attended the American Ireland Fund’s 21st national gala, where I acknowledged the tremendous work done by the fund in support of people and communities on all parts of this island. I note the debt of gratitude we owe to the work of our ambassador, Michael Collins, and his staff in Washington. The ambassador will take up a position in Berlin later in the year.

My engagements on the west coast included a series of meetings with US companies and with Irish companies operating in the USA. In silicon valley, I met with the chief executives of both Yahoo and McAfee and was delighted to announce the creation of 260 additional jobs for Cork and Dublin. I also met with Steven Spielberg and had very useful discussions with him on how Ireland can become a more attractive location for film making. The job-creation potential of the film production sector in Ireland is considerable and is an issue that the Minister for Arts, Heritage and the Gaeltacht, Deputy Deenihan, is prioritising. On the west coast, I had an opportunity to engage with Irish emigrants and the Irish-American communities in San Francisco and Seattle as well those Irish working in the high-tech world of silicon valley. This was the first visit to Seattle by a serving Taoiseach and I had the pleasure of meeting a wonderful and dynamic Irish community there. Everywhere I travelled, the same sentiment was evident of tremendous goodwill towards Ireland and enthusiastic acknowledgement of our progress towards economic recovery.

I have also been asked if I have any plans to visit the United States again. I have recently returned from a brief visit to Boston and I have no further visits to the US scheduled at this stage.

I have also been asked to report to the House on the visits of the Chief Whip and the Attorney General during the St. Patrick’s Day period. The Attorney General travelled to France for the St. Patrick’s Day period and represented Ireland at a range of political, economic and cultural events. She spoke on behalf of the Irish Government at the St. Patrick’s Day reception.
in the Irish Embassy in Paris. She also attended an event at the Irish Cultural Centre in Paris and rang the opening bell at the NYSE Euronext. She paid courtesy calls on the heads of two of France’s most important legal institutions, the President of the Constitutional Council and the Vice-President of the Council of State. Finally, the Attorney represented the Irish Government at Aifreann Lá le Pádraig in the Cathedral of Notre Dame. This was the first time in the 850 year history of the cathedral that a service was celebrated in the Irish language.

The Chief Whip represented the Government for Saint Patrick’s Day in Australia and New Zealand. The Minister of State’s visit took place from 8 to 17 March, where he travelled to six cities including Perth, Melbourne, Sydney, Canberra, Brisbane, and Auckland. The Chief Whip met senior political figures, including Australian Prime Minister, Julia Gillard, the Minister for Immigration and Citizenship, Mr. Brendan O’Connor, the Premier of Queensland, Mr. Campbell Newman, as well as federal MPs and senior parliamentarians in New South Wales, Victoria and Queensland. He also met with New Zealand Chief Whip Ms Louise Upston.

The Chief Whip’s Programme included seven formal speaking engagements, including three keynote speeches on economic issues, two major community events and a reception hosted by the consulate and Tourism Ireland for business leaders and parliamentarians in New South Wales. He also had several media engagements and a number of meetings with the Irish community in Perth, Melbourne, Sydney, Brisbane and Auckland.

Since the Government came into office, Ireland has seen significant progress in repairing its international reputation. St Patrick’s Day offers us a unique opportunity to promote Ireland on the global stage, from the small family celebrations in remote corners of the globe to the wonderful celebrations and parades in villages, towns and cities at home and abroad. All of this has a tremendously positive impact on Ireland’s profile and reputation and, ultimately, on our ability to compete for tourism, investment and job creation opportunities. The roles played by our Ministers when they travel abroad, and by the staff of our diplomatic missions and overseas agencies who represent this country so professionally, are essential to Ireland’s social and economic interests. I commend all those working so hard on behalf of the country.

Deputy Micheál Martin: Some 25 questions were covered in that reply and I had submitted eight questions. A number of broad areas were covered by the questions and the answer, including the G8 agenda, the undocumented Irish, Mr. Pat Finucane, the Israeli peace process in Gaza, Guantánamo Bay and the EU-US trade agreement.

Europe and the US are still caught in what has been the worst economic downturn in 70 years. It is being labelled the great recession. Is anyone out there proposing action that can do something to restore economic growth at global level? Recovery has been faltering and the situation is regressing in Europe and across the eurozone. The Taoiseach will be attending the summit as the holder of the EU Presidency. Will he be raising any concrete issues at the summit in an economic context or is it just the usual photo opportunity?

Does the Taoiseach accept the basic premise emerging from the debate in the eurozone that we must move from retrenchment to investment? We need to moderate and change direction in terms of economic policy at eurozone level. Cutting the European budget and the CAP budget by 10% over the lifetime of the next CAP is incredible given the context. We should be increasing the budgets to provide a stimulus to the European economy, which would help countries in greater difficulty.
The other issue that may emerge at the G8 summit is Ireland’s corporation tax and our corporate tax structure. The situation pertaining to Google and its tax arrangements in Ireland were highlighted in a negative fashion at the Westminster Parliament. It is important to reassert that Ireland’s corporation tax structure is perfectly legal. It is in compliance with OECD standards and international law. We are now having similar discussions in the context of Apple in the House of Representatives in the United States. It is important the Government takes robust steps to defend the Irish position and to argue proactively on Ireland’s behalf, particularly given that we are in a globalised economic world where other countries will do what they need to do to sustain jobs and win investment. On previous occasions, when the corporation tax rate came under attack, we located specialists in the US Embassy to appraise commentators and American politicians of the importance and background to our situation. An initiative of that kind is needed, given that there seems to be a concerted move on multinationals located here. Part of that is because everyone is feeling the pinch because of the great recession. People are hitting out in various directions and it is important the Taoiseach outlines his perspective on that.

In terms of the undocumented Irish, there are reports today that the J1 visa will only be secured if a sponsoring employer coughs up $500. The students will not be able to pay the fee and, given that many students who go to the United States on J1 visas do not have jobs organised, we urgently need clarity on the issue and we need that measure removed from the draft legislation proposed. Former Congressman Bruce Morrison has spoken about it and it would be a significant step backwards if the J1 visas were undermined in that manner. It would represent a significant undermining of the capacity of Irish students to access the United States on J1 visas for the summer for a number of months to work and to engage in the American economy and cultural activities. In terms of the wider immigration Bill and the need for Ireland to develop an E3 visa, will the Taoiseach indicate if he met with some Republican Senators during his visit? There was an indication that some Republican Senators were not given meetings and there was some indication that among them were members of the “gang of eight”. Perhaps the Taoiseach can indicate who he met and the nature of the lobbying effort that went in.

On the EU-US trade agreements, it is not just enough to say we want talks about an EU-US agreement or an agreement at any cost for the sake of having an agreement. There are fundamental reasons for the failure of the EU and US to agree on trade matters. It could have a positive impact for us on traded services but we should be open to the view that any agreement may not be good. There are many areas in which the doctrinaire approach to free trade would have a severe impact. I ask the Taoiseach to provide an assurance that no agreement that undermines the social and economic viability of family farms will be acceptable. We are aware of the model of enormous, mechanised farms drawing major State subsidies in the United States and that is only fair competition if one abandons the idea of maintaining rural life and environmentally sustainable practices. There are real issues in agriculture and food in terms of the EU-US trade agreements that could negatively impact on Ireland.

Has the Taoiseach weighed up the possibility of Britain leaving the EU or the threat of Britain leaving the EU? What impact will that have on the EU-US trade agreement?

**The Taoiseach:** Deputy Martin has raised a number of questions.

*4 o’clock*

I am invited to attend the G8 summit at Lough Erne as the holder of the Presidency of the European Union. Clearly, Ireland is not a member of the G8. I made it clear when speaking to
President Obama that the issue of major concern in that context was to have the agenda for the EU-US trade area discussed. What we hope to achieve during our Presidency is approval for the mandate to open the discussions and negotiations. If that were to happen before the end of June, it would be significant in its own right in terms of what the potential is, but it will not be easy. The argument will apply to genetically modified organisms, GMOs, on the one hand, and interaction between the European Union and the United States in the agri-sector, on the other. A number of countries have particular difficulties with this, but the overall imperative should be to get approval for the mandate in order that the discussions can be opened. This comes as a result of a high level report from both the United States and the European Union that was generally favourable and positive towards such an outcome. If the Irish Presidency can achieve this, it would be important.

The Deputy has mentioned issues about the development of economies and taking meaningful action. It is important from the European perspective to see what is happening in the United States. The energy capacity of the United States will have a significant impact on Europe and beyond. Energy costs in the United States have dropped by 30% to 33%, whereas in Europe they are tending to rise. This is due to the activity in the United States on drilling, fracking and shale gas. Fixed prices are being offered for long-term periods for major investments and the indications are that the United States will become a net exporter of energy within the next decade. That will have an impact on the geopolitics of the Middle East and beyond and the issue of Europe getting its act together in terms of the eurogrid and the opportunity for it to have a consistent, stable and competitive energy price regime. This is important for major industry and small and medium enterprises, SMEs, across the European Union. These comments relate to the EU-US trade issue.

The question of a European Union stimulus for investment and job creation opportunities is absolutely critical. There are 26 million people registered as unemployed, of whom 19 million are in the eurozone area. This is not acceptable to anybody. One of the issues of real importance is that of banking union. This is essentially a banking crisis that has infiltrated into the economies of the European Union and the eurozone. I hope substantial progress can be made at the meeting in June. The Deputy is aware of the progress that has been made such as on the single supervisory mechanism, the CRD4 or fourth capital requirements directive and the question of resolution and recovery. However, banking union is a credibility test for how serious European leaders are about dealing with this issue. It is one that will have serious direct implications for the improvement of the situation of many countries.

One of our other priorities is to seek a resolution in respect of the multi-annual financial framework, MFF. The Deputy made a point about CAP reform. The Minister for Agriculture, Food and the Marine, Deputy Simon Coveney, has been working diligently on the matter. There were allegations that there would be a cut of more than 30% in the agriculture budget. It is less than 10%, which is very significant when the indications from all the so-called knowledgeable sources were that it would be in excess of 30%.

We cannot have a European budget without the authorisation of the European Parliament. This arises from the Lisbon treaty. We discussed this issue with the President of the European Parliament when the European Parliament voted overwhelmingly to reject the Council budget. President Schulz said clearly that there would not be an MFF until we dealt with the deficit for 2012-13. The only moneys that can be spent in Europe are paid in by countries under particular arrangements and conditions. The absolute legal ceiling for the deficit is €111.2 billion. The Tánaiste and I flew to Brussels and met President Schulz and President Barroso to discuss this
matter and clear the blockage, if possible. The conditions set down were that there would have to be a sizeable first tranche to be paid up front on receipt of bills from the Commission and that at the end of the year the remainder, whether it was €3.9 billion or €4 billion, would be paid by the contributing countries. The President wanted a legally binding guarantee from me on that issue. However, I did not have a mandate and could not give it. However, the Minister for Finance was able to get the first tranche of the payment of €7.3 billion through ECOFIN, which leaves €3.9 billion to be paid at the end of the year. In return for dealing with this question, the parallel discussions on the MFF were begun by the Tánaiste with Mr. Lamassoure, but the European Parliament has not been as forthcoming as it said it would be with regard to movement on the MFF. I hope the matter can be resolved and that during the course of our Presidency we can reach a conclusion on both the acceptance of the figure of €7.3 billion, for a start, in respect of the deficit for 2012-13 and on the MFF for the period 2014 to 2020.

The question of the OECD and corporation tax is important and being commented on in the media. The system operating in Ireland is open and transparent. The headline rate is very close to the effective rate. According to a recent study by PricewaterhouseCoopers and the World Bank, Ireland’s effective rate stands at 11.9%, compared to the statutory rate of 12.5%. That is very different from the situation in other countries, where there is a substantial difference between the statutory corporate tax rate and the effective tax rate. In some places the tax rate is over 33% but the effective rate might only be less than 10%, depending on the location and the sector involved. The corporation tax rate in Ireland has been a fundamental cornerstone of the country’s attractiveness for foreign direct investment. It is not the only one, but it is one that has been consistent and clear for all companies wishing to invest here. Since the 1950s there has been a consistent Government policy to use a competitive corporation tax rate as a means to attract investment and jobs to Ireland and a deliberate decision was made to ensure our corporate tax system would be transparent and that our competitive rate would be applied to a very wide tax base.

In response to Deputy Micheál Martin’s question, Ireland does not do special tax rate deals with companies. We do not have any special extra low corporation tax rate for multinational companies. As our tax system is statute based, there is no possibility of individual special tax rate deals being done for companies. All companies pay the standard rate of 12.5% on their trading profits arising in Ireland and a corporation tax rate of 25% on their Irish non-trading income. Reports of a lower effective tax rate appear to arrive at their figures by running together the profits earned by group companies in Ireland and other jurisdictions and incorrectly suggesting the Irish tax rate does or should apply to both. Differences arise in the legal and tax systems between countries. International tax planning takes account and advantage of these differences in national systems and rules.

The OECD has confirmed that Ireland’s tax rate is clear and consistent. Ireland is an active participant in the OECD project on base erosion and profit shifting. Ireland was one of the first countries to sign the agreement with the United States to improve international tax compliance, an implement called the Foreign Account Tax Compliance Act, FATCA.

This type of agreement, which shares information between countries and tax systems, is now being hailed as the emerging international standard for the automatic exchange of tax information. Differences do arise in the legal and taxation systems between countries. International tax planning takes account and advantage of these differences in national systems and rules. Concerns typically arise from the result of the interaction of the tax regimes across countries in which global companies operate rather than the law or the practice of any individual coun-
try. The best ways to deal with this are for countries to work together, as Ireland does both at EU and OECD levels, to examine the structures and to consider how international rules can be implemented to ensure fair levels of taxation. Ireland is fully supportive of international efforts in this regard and, as I stated, it is an active participant in the OECD project on base erosion and profit shifting. Our statute-based corporate tax system is clear, transparent and consistent, and it is spread right across the sector. The use of other international facilities to effect changes in respect of which Ireland will participate is a matter for consideration.

The Minister for Finance and EU Tax Commissioner Semeta sent a joint letter to the Ministers for Finance of the other 26 countries outlining seven areas where concrete action could be delivered in the short term in regard to tax avoidance. That is being followed through. This matter is central to discussion at the European Council meeting this week.

I met a number of Congressmen and Senators in Washington regarding the undocumented Irish. The remarks that the Deputy makes about the J1 visa concern proposals only. Obviously, when proposals are made, the final result can be very different. Information was given to me yesterday and the day before in regard to the E-3 visas. Apparently – I cannot speak for the Senate or the Congress – it may well be that the Senate might adopt a comprehensive measure that would include significant benefits for a country such as Ireland. It appears as if the Congress may be divided on some elements. Clearly, as the Deputies are aware, if there is a difference of opinion between the Senate and Congress, the matter proceeds to conference. Persons are appointed from each group to deal with the issues that constitute the point of disagreement.

As far as I can figure out from the information being given to me, Ireland will benefit greatly from a path to citizenship and legitimacy under the system that is currently in place and the comprehensive Bill under the Senate. If the new arrangement is put in place, there will be a system of renewable two-year visas which could apply for quite a long time.

We all have an interest in this matter and I hope there will be a successful conclusion. I understand the Senate Bill may be taken fairly soon. I spoke to Senator John McCain at some length about this matter. He was favourably disposed towards the principle. It is important from an Irish perspective that the arrangement not be limited to very high-level skills alone. We would make the point that those who might wish to travel to the United States to work, in whatever trade or sector, should have the opportunity to do so. We were very clear on that. It is a matter for the Senate. We support the passage of the legislation, obviously.

The Deputy referred to family farms and the European Union. The Minister for Agriculture, Food and the Marine, Deputy Coveney, is very conscious of this. He has been a very consistent and strong advocate of the retention and preservation of family farms. His success in the debate on the Common Agricultural Policy speaks for itself.

**Deputy Micheál Martin:** I referred to the context of the EU-US trade agreement.

**The Taoiseach:** An example of the confidence being reflected here is that Glanbia’s major recent announcement will result in 1,500 jobs on family farms right through the crescent from north Cork to County Louth when quotas go. This is a measure of the company’s statement of intent to invest. That is already under way.

If the mandate is given during the Irish Presidency on the EU-US agreement, there will be many areas in respect of which there will be complex technical discussions and disagreement.
The menu is very broad. The setting down of trade conditions that could apply globally for the next 30 to 50 years is an important consideration and would be in the interest of both the United States and European Union.

It is a little bit early to talk about the detail. Of course, we support and always have supported the preservation of family farms and the fabric of rural life. What is involved, however, is securing a mandate to open the negotiations. If we could conclude the approval for that mandate by the end of this Presidency, it would be a job well done. This would allow for the negotiations to be opened during the next Presidency.

**Deputy Gerry Adams:** Tá fadhanna ann fós maidir leis an slí atáimid ag déileáil leis na ceisteanna seo. Tá a lán ceisteanna ann, agus ba mhaith liom amharc ar na moltaí atá ag an Taoiseach faoi athrú a dhéanamh ar na rialacha a bhaineann le diospóireachtaí anseo.

It might be appropriate if we expressed solidarity with and sympathy for the people of Oklahoma, who have suffered. Early this morning, it was stated approximately 96 people have been killed. Countless people have been injured.

I have many questions. With a view to not using too much time, I will pursue those that the Taoiseach has not answered fully. It is good that some progress has been made on the effort to deal with the undocumented Irish. Mighty work has been done by the Irish Lobby for Immigration Reform. The Taoiseach will agree that the difference now is that we have a bipartisan Bill going through Capitol Hill. There are four Republican and four Democrat Senators involved. The President has thrown his weight behind the legislation, as has the Senate majority leader, Harry Reid. We need to keep in touch with those concerned. The Taoiseach obviously has many contacts in the United States. These are issues that can be coaxed along by consistent nurturing of our relationships and encouragement of those who have to take the decisions in question.

The Taoiseach said he and President Obama agreed it is vital to support the political institutions. Bearing in mind the will of the people, we note the political institutions are secure. However, considering the way in which the British Government is dealing with the political institutions and remembering that the Irish Government is an equal guarantor of the political institutions and all the other commitments in the Good Friday Agreement, we must factor in what is happening at present. There is the ongoing injustice regarding Marian Price. I updated the Taoiseach on this the last time we spoke. Ms Price had just been moved because her health had deteriorated very substantially. It is almost three months since Sinn Féin made a submission to the review body. It is a case of justice delayed. The Government needs to be energised on the issue of Martin Corey, who was also held without charge.

The Government is a government of austerity so the Taoiseach might feel uncomfortable raising welfare cuts with the British Government. However, it is introducing £1 billion in cuts in welfare benefits in the North. We all know the urban and rural neighbourhoods which suffered the worst aspects of the conflict were those which were the most disadvantaged and dependent on the state to help them. The Government in London has reneged on the £18 billion capital investment commitment made at the St. Andrews negotiations and has taken £4 billion out of the block grant.

I ask the Taoiseach to devise a strategy to deal with these issues. I know during the debate we had on Private Members’ business last week that the Government very clearly and explic-
itly acknowledged a lot of the things we said. What do we do about it? I say that in the most fraternal way possible. Part of what we should do is devise a strategy to engage internationally, in particular with the diaspora and our friends in the White House and on Capitol Hill. With the G8 summit coming up, there will be an opportunity to renew our demand that all of these matters are dealt with.

I am disappointed the Taoiseach did not raise the issue of Guantanamo Bay and the hunger strike taking place there. President Obama has declared he wants to close it and release or charge those being held there. On this date in 1981 Patsy O’Hara died on hunger strike in the H-Block. Raymond McCreeesh died on the same date in south Armagh. We have a long history of hunger strikes and prison protest, going back to Ashe and MacSwiney, on this island. The Government should raise this issue with the President.

I understand the Taoiseach said he did not raise the issue of Gaza. We have a peace process, imperfect though it may be. We have an international reputation because of that. There were bomb attacks in Iraq yesterday and 90 people, I understand, were killed. Today nine or ten people were killed in bomb attacks in Iraq. We have talked about the Jerusalem report and the failure to raise it with the President. I ask the Government to raise those matters.

The Taoiseach said all companies pay a standard rate of tax. News came yesterday of a Senate hearing on Capitol Hill which was told Apple had negotiated a special corporation tax rate of 2% or less. There is obviously a complete contradiction with what the Taoiseach said. The Senate report states Apple uses what it describes as tax havens such as Ireland, Bermuda and the Cayman Islands. Are we a tax haven for global multinationals?

**The Taoiseach:** The answer to that question is “No.” Ireland does not do special tax rate deals with companies. Our corporate tax rate is statute based. As I said, PwC and the World Bank point out the headline rate of 12.5% is very close to the effective rate of 11.9%.

I share the Deputy’s sympathy and consolation for the people of Oklahoma in respect of the horrific scale of the tornado. I understand 24 people have died and 200 have been injured. President Obama has declared the area a federal case for emergency aid. We hope the rescue workers will be able to help those who may be trapped or injured. Let us hope the death rate is not too high, although one death is too many.

We cannot interfere with the process of legislation in Congress or the Senate, as Deputy Ellis is well aware. We are keeping a close eye on the matter and close interaction and engagement is taking place. The intention is, as part of the overall immigration process, to bring about a resolution for those who are undocumented, with a path to citizenship and a chance for those in the future to avail of the long established opportunities people see as being available in the United States. As far as possible, we will keep an eye on the issue. As I said, I was very happy to engage with Senators and those in Congress in Washington about the matter.

I said this is a Government of reality. We have managed not to cut headline rates in social protection. It is important that we rise to the challenge of meeting the live register numbers in a realistic way. Some 90,000 people on it are employed for three or more days a week. For those who do not have that opportunity, it is important that we see this as a resource, so that when investment from abroad or indigenous companies takes place there is a measure of understanding that the live register is a resource for companies which wish to take on new staff.

Last year there was a turnover of 147,000 in the live register which, admittedly, was re-
placed, but it shows the scale of activity and the churn, as it is called, in the labour market. I am glad to see there is at least movement in the private sector, with over 1,000 jobs per month being created.

I do not know President Obama’s schedule, but he may have the opportunity to visit some locations in Northern Ireland during his attendance at the G8 summit. I am quite sure, from the discussion we had in Washington-----

**Deputy Gerry Adams:** He is going to Belfast.

**The Taoiseach:** I know of his interest in the situation in Northern Ireland. He expressed that and I understand he may well be in Belfast and will, more than likely, address the matter. He also spoke to the First and Deputy First Ministers in the context of a very strong joint approach for the development of the economy. The question the Deputy asked in respect of the institutions is one which I am quite sure he will raise.

Obviously, I do not structure the agenda for the G8 summit, but as it is being held in County Fermanagh it is an issue of concern to us. I have spoken directly to the Prime Minister in Downing Street and the President in the Oval Office. It might be appropriate, if we have the time available, to address the issues raised.

As I said, we do not do special deals with individual companies. Our tax system is statute based, and is very clear and transparent. In terms of the environment of other institutions and the tax environment internationally, we are supportive of working with the OECD and other institutions, and of change when it is necessary. Ireland was one of the first countries to sign the agreement with the United States for the sharing of information in these matters. We are not a tax haven. Some US statistics indicated that a number of years ago, and the matter has been dealt with. American investors quite understand that. The tax system is effective right across the board.

**Deputy Richard Boyd Barrett:** I suggest to the Taoiseach that it is time for the Government to stop the big lie about corporate tax in this country and the claim that we are not a tax haven. The evidence is now mounting all around us that we are a tax haven, and that we are one of the worst culprits in facilitating multinational corporations and financial vultures to dodge their tax liabilities and obligations to contribute to the economies and societies which sustain them.

These greedy companies want it all. They want all the profits and do not want to make any contribution to the societies or citizens which help them generate those profits. The Government, and Fianna Fáil in its previous incarnation in government and now in opposition, continue to wish to facilitate these corporate tax dodgers. It is outrageous.

How can the Taoiseach claim that our corporate tax regime is transparent when a subsidiary of Apple makes €22 billion in profits and pays a tax rate of 0.2%, yet he maintains the patently ludicrous claim that we have an effective rate of 12.5%? He should give us a break. The facts are staring us in the face, in newspapers and media reports all over the world. The issue is being discussed in the United States Congress and in the British Parliament, yet the Taoiseach continues his denial. Everybody knows this country is a tax haven. When will the Government admit the truth that we are at the centre of a rotten financial and tax culture which is facilitating these corporate monsters in avoiding their tax responsibilities? We are getting next to nothing for our efforts, with only 0.2% in tax being paid out of €22 billion. It cannot be claimed, moreover, that this is merely an isolated case. Another multinational company which made €70
billion in pre-tax profits in 2010 paid only €4 billion in tax. I am sure the Taoiseach will do the maths and see this amounts to a rate of only 6.5%. Meanwhile, a subsidiary of General Electric in Shannon paid 0.1% of its pre-tax profits in tax to this State. This activity is rampant and the Government is facilitating it.

We are also up to our neck in shadow banking, which is a nice term for the facilitation of hedge funds engaged in massive speculation, precisely the type of speculation that is destabilising the global economy. We are making ourselves very vulnerable to global shocks if we continue to base our financial and economic stability and prosperity on this type of activity. We are now learning that in the United States, because of the recession caused by these types of activities, the Government is seeking to close down loopholes in the corporate tax system. That is absolutely the right thing to do and, if successful, it will have serious implications for the Irish economy. It makes the folly of the Government and Fianna Fáil all the greater in arguing that we should continue to facilitate these arrangements and protect our corporate tax rate. In other words, we should protect the right of super-profitable multinational corporations to pay no tax. What an appalling set of priorities from both the Government and main Opposition party. It seems there are no red lines when it comes to attacking the wages and conditions of workers and going after public services. Those targets must be allowed, apparently, but a red line is drawn when there is any suggestion of taking even a few additional percentage points from the multinational corporations or closing down the shadow banks. It is absolutely outrageous and it will blow back on our economy if the Government does not address it.

I have a simple question for the Taoiseach. When these matters are raised with him at the G8 conference or in any other encounter with the United States authorities, will he own up to the reality of the situation and undertake to do something about it? As it stands, he is anchoring the economic future of this country on a policy of tax piracy which is of no benefit to Irish people and is helping to destabilise the global economy.

**An Leas-Cheann Comhairle:** I now call Deputy Joe Higgins and advise him that there are eight minutes remaining.

**Deputy Joe Higgins:** It is most unsatisfactory, as Opposition Members have pointed out previously, when the Taoiseach gives overly lengthy answers of up to 20 minutes. Instead of beating around the bush, he should answer the questions put to him in a succinct fashion. He could do so in a fraction of the time he sometimes take. I at least will be succinct in my questions.

Greatly exaggerated claims are being made about the alleged benefits of the European Union-United States trade agreement which the Taoiseach is very anxious to advance. Figures are being bandied about for which there is no concrete basis, including talk of hundreds of thousands, or even millions, of jobs. It is useful to bear in mind that the North Atlantic Free Trade Agreement did not result in increased jobs, despite claims to the contrary at the time. In this country, we are still waiting for the Taoiseach and his right-wing political party colleagues to reveal all the jobs that were promised during the campaigns preceding the referenda on the Lisbon treaty.

Is the Taoiseach aware that what is being sought by big business interests in both the United States and Europe is the total and absolute liberalisation of public services? Is he aware that the standards or thresholds demanded by these entities are the most liberal regulations in existing free trade agreements? Wherever such liberal provisions exist, representatives of big business
want them brought into any agreement between the United States and the European Union. They are demanding minimum regulation and full access to public services so they can grab whatever is going. This will have major consequences in the form of a race to the bottom in terms of workers’ wages, conditions, safety and so on.

Does the Taoiseach recognise the major problems that would arise for agriculture as a result of a free trade agreement? United States agribusiness has massively different standards even to those in the European Union when it comes to food safety. Big business in America wants access for hormone-treated beef to the European Union. That is not acceptable to people in Europe. It wants access for chlorine-sterilised chicken. That is not acceptable to consumers in Europe. It wants access for genetically modified organisms, crops and so on. That is not acceptable to the majority of people within the European Union, yet the Taoiseach is seeking to facilitate a process by which these measures will be bludgeoned through. He should bear in mind that on foot of the North Atlantic Free Trade Agreement, the Canadian Government is being taken to court by big business corporations seeking billions of euro in compensation on the basis of their claim that the moratorium on fracking in Quebec is in breach of the agreement. That is the type of liability to which the Government would have us exposed.

It is time the Taoiseach stopped trying to fool the working-class people of this country, who are over the barrel with austerity taxes, on the issue of what corporations pay, both rates and amounts. Government policy on this matter, which is supported by the Fianna Fáil Party, is being exposed. How can he use the word “transparency” when these massive tax dodges by large multinational corporations are such that Dublin, Holland and Bermuda now constitute a taxation swindle triangle. We are facilitating these companies to avoid paying taxes not only in Ireland, but in many poor countries throughout the world. I do not have time to go into it now but Christian Aid, for instance, has done excellent work in revealing the level of tax avoidance - to use the legal term; I would say “tax robbery” - by these large business interests, which are stealing from the poorest people in the world. This country is part of that process.

The Taoiseach: I will begin by clearing up some issues for those who have a peculiar view on tax havens. One should never disregard the information provided by the Organisation for Economic Co-operation and Development, which has set out four key indicators for what constitutes such a haven. The first is having no taxes or only nominal taxes. That does not apply in Ireland. The second is a lack of transparency. The Irish system is statute based and very clear and transparent. The third indicator is an unwillingness to exchange information with the tax administrations of OECD member countries. Not only does Ireland meet the requirements in that regard, we were one of the first signatories, with the United States Government, of an agreement for the sharing of information in this regard. The fourth indicator is an absence of substantial activity. I do not know whether either of the two gentlemen opposite has ever been in a multinational facility in the country or whether they have ever met the men and women of their own constituencies who work in these facilities. I do not know whether they have ever spoken to them about their conditions and the wages that they draw week after week and the productivity that they achieve for the companies which are very happy to site here because of Ireland’s extraordinary capacity to meet the challenges internationally. This has been our best year for foreign direct investment and for exports. Ireland does not meet any of the four criteria in the indicators set down for the definition of a tax haven because we measure up in all of these indicators as not being a tax haven.

The Deputies raised a point about difficulty with questions. I had 50 different engagements in the United States and were I to spend even 30 seconds on each of those engagements, which
were important for this country’s exports to the US, we would be here for a very long time. I am quite happy to look at the matter of questions to the Taoiseach and the way we do business. We can divide them even further into sub-groups if the Deputies wish or maybe take one question and just answer that and discuss that for as long as the Deputies want. When I came into this House back in the 1970s Minister X was in from October until March answering questions and nobody else ever got a chance. I am happy to discuss this with Deputies Martin, Adams and representatives from the Deputies’ group but this works both ways. If the Deputies want to go off, as they do occasionally, and ask whom did the Taoiseach meet in Davos and what for, as if there was some ulterior suspect motive here-----

**Deputy Paul Kehoe:** Did he have tea or coffee?

**The Taoiseach:** They ask all these questions particularly about telecommunications and things like that, as if there was something surreptitious going on here when everything is completely clear about where we are and all the rest of it-----

**Deputy Paul Kehoe:** Did he order a cappuccino?

**The Taoiseach:** I do not accept-----

**Deputy Micheál Martin:** I think it is about parliamentary accountability.

**The Taoiseach:** If they do not get information by way of questions here they go off on their own tangents and raise their own issues. I make the point to Deputies Higgins and Boyd Barrett that the question of the EU-US trade agreement is one for approval for a mandate to negotiate only. While the US, as they say, or other countries, might wish to have access to particular markets that does not mean that they will achieve those. Are they to condemn the Minister for Agriculture, Food and the Marine who went last year to the United States specifically to negotiate for the possibility of entry of Irish beef to the US market? Do they condemn that? That is being done outside the potential of the EU-US market. Maybe they do condemn that. Maybe they do not want people who work in the farm business and food sector here to have that opportunity. They cannot have it both ways. The issue of GMOs and hormones in beef is one that will raise complications for countries on either side, for us as well as others but we are negotiating to get approval for the mandate to start the negotiations. That does not mean, as Deputy Higgins well knows, that what people want would be approved or agreed in the end. I suggest to him and to Deputy Boyd Barrett that they go around the country to the multinationals and talk to the men and women who work in them and ask them about their conditions and their pay and the opportunities given to them to work in companies that are globally recognised as being exceptionally competent and see whether the conditions measure up.

**Deputy Joe Higgins:** The Taoiseach is avoiding the issue again. We were raising corporation tax.

**The Taoiseach:** Maybe the Deputies do not want to recognise that because they love to hide behind the curtain of austerity every day of the week instead of recognising reality.

**Deputy Richard Boyd Barrett:** We are talking about corporation tax and everybody else is talking about it.

**The Taoiseach:** The Deputies should go out and meet these people when they are coming out of those multinational firms every evening and talk to them about the work they do, about
the fact that they are changing the future and about the way they are working.

**Deputy Joe Higgins:** That does not mean they should not pay corporation tax.

**The Taoiseach:** If the Deputies do not have a weekly protest to go to or to organise they feel disillusioned and despondent.

**Deputy Richard Boyd Barrett:** There is no shortage of reasons to protest.

*Written Answers follow Adjournment.*

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**Order of Business**

**The Taoiseach:** It is proposed to take No. 15, statements on pre-European Council meeting of 22 May; No. 15a, statements on the matter related to issuing of fixed ticket charges and exercise of Garda discretion, on the Supplementary Order Paper. It is proposed, notwithstanding anything in Standing Orders, that (1) the Dáil shall sit later than 9 p.m. tonight and shall adjourn on the adjournment of Private Members’ business which shall be No. 104, motion re Ireland and the eurozone and shall be taken on the conclusion of topical issues and adjourn after 90 minutes; (2) No. 15 shall be taken immediately following the Order of Business and the proceedings thereon shall, if not previously concluded, be brought to a conclusion after 65 minutes and the following arrangements shall apply: (i) the statements shall be made by the Taoiseach and by the main spokespersons for Fianna Fáil, Sinn Féin and the Technical Group, who shall be called upon in that order and who may share their time and shall not exceed 15 minutes in each case; (ii) a Minister or Minister of State shall be called upon to make a statement in reply which shall not exceed five minutes; (3) the proceedings on No.15a shall be taken on the conclusion of No.15 and shall, if not previously concluded, be brought to a conclusion after 60 minutes and the following arrangements shall apply: (i) the statements of a Minister or Minister of State and of the main spokespersons for Fianna Fáil, Sinn Féin and the Technical Group, who shall be called upon in that order, and who may share their time, shall not exceed ten minutes in each case; (ii) a Minister or Minister of State shall take questions for a period not exceeding 20 minutes; and the order shall resume thereafter with Topical Issues.

**An Leas-Cheann Comhairle:** There are three proposals to be put to the House today. Is the proposal that the Dáil shall sit later than 9 p.m. tonight agreed to? Agreed. Is the proposal for dealing with No. 15, statements on pre-European Council meeting of 22 May, agreed to? Agreed. Is the proposal for dealing with No.15a, statements on the matter related to issuing of fixed ticket charges and exercise of Garda discretion, agreed to?

**Deputy Micheál Martin:** No. The decision to table this proposition is a pre-emptive strike to prevent a situation in which the Minister for Justice and Equality, Deputy Shatter, would come into the House to be specifically examined about his behaviour in releasing private information supplied to him by An Garda Síochána on the public airwaves to undermine a political opponent. Members on this side of the House tabled several private notice questions and special notice questions because they were anxious that the Minister clarify this issue alone, not the wider issue of the report on the alleged cancellation of fixed notice charges. The core issue that
many Deputies, particularly the Opposition spokespersons on justice want to put to the Minister is his unacceptable behaviour in publicising such private information. I understand he already faces two inquiries, one under the Standards in Public Office Act, the other on whether he is in breach of the Data Protection Act. These are very serious issues. The special notice questions that were tabled on that specific issue should have been allowed today. That is where the focus should be. What will happen later, when there are four speeches of ten minutes each and a 20 minute question and answer session, will be an attempt to subsume that key issue into a wider set of issues and to let the Minister off the hook. That is the gambit or parliamentary ploy that is being used by putting this proposition before us.

These are very serious issues. Under the Garda Síochána Act 2005 if a garda passed the kind of information that the Minister has to the media or other places he or she would be fined €50,000 or would be imprisoned for six months under the provisions of section 62(5) of the Act. The Minister for Justice and Equality can boldly ignore such rules and do what he likes with private information supplied to him. That is unacceptable. The Taoiseach’s endorsement of him, his own behaviour and the Taoiseach’s failure to state whether he believes he was right or wrong is equally unacceptable. The Garda Commissioner indicated to the Oireachtas Joint Committee on Justice, Defence and Equality last week that the report to be discussed today could very well be referred to the Garda Ombudsman for further inquiry and investigation by any individual who may wish to do so. It might be premature to be discussing its content. In the final analysis, what Deputies require today is a very specific and focused question and answer session with the Minister on his decision to release private information on Deputy Mick Wallace in the course of a debate with him with the set purpose of undermining him.

**Deputy Paul Kehoe:** That was a Second Stage speech.

**Deputy Gerry Adams:** The position our spokesperson and Sinn Féin have taken up is that the breach of the Minister’s office in declaring information given to him by a member of Garda Síochána should be subject to an independent inquiry. I asked earlier why this was not made the responsibility of the Garda Ombudsman. The way the Taoiseach has set this out could prejudice an inquiry which may be held in the future. I do not know if we can force that on the Government, but it certainly strikes me that we are going to have a discussion around all of the detail of this report and so forth when the crux of the issue is the way the Minister, as we see it, abused his office in using this confidential information to have a go at a political opponent.

**The Taoiseach:** The fact of the matter is that the Government Whip was approached by Opposition personnel, including Whips, to arrange for the Minister for Justice and Equality to come into the Dáil to answer questions about this matter. That is what is happening later.

**Deputy Micheál Martin:** No, it is not.

**The Taoiseach:** Is it not?

**Deputy Micheál Martin:** It is not what will happen.

**The Taoiseach:** Is the Deputy ordering business now?

**Deputy Micheál Martin:** No, I am not.

**The Taoiseach:** The fact of the matter is that there was a request made to the Government Whip for the Minister for Justice and Equality to come into the House to make a statement and
answer questions. That is what is on the Order Paper. I have no control over people in tabling Priority Questions.

**Deputy Micheál Martin:** The Taoiseach means a private notice question.

**The Taoiseach:** Neither do I have control over complaints made to the SIPO, the Standards in Public Office Commission, or the Data Protection Commissioner. These are completely independent matters.

I am happy to have tabled this motion in response from our perspective and, in order that everyone is quite clear on this, requests from Opposition Whips that the Minister come into the House to make a statement and answer questions. We are wasting time as he prepares to do this. He is quite willing to come into the House and will go before the Oireachtas committee to discuss all of the issues involved, either individually or the report and its appendices.

**Deputy Micheál Martin:** However, he will not address the issue of what he did with Deputy Mick Wallace’s information. That is the point I am trying to make. That is the specific issue.

**An Leas-Cheann Comhairle:** Order, please.

**The Taoiseach:** Deputy Micheál Martin can come this evening-----

**Deputy Micheál Martin:** That is what parliamentary accountability is all about. The Taoiseach is dodging it.

**The Taoiseach:** The Deputy still has not lost it. The purpose of this evening’s business is to answer questions the Deputy might have for the Minister.

Question, “That the proposal for dealing with No. 15a, without debate, be agreed to,” put and declared carried.

**An Leas-Cheann Comhairle:** I call Deputy Micheál Martin on the Order of Business.

**Deputy Micheál Martin:** On the thirty-third amendment of the Constitution, the Government in its programme for Government has committed to holding a referendum to protect the right of citizens to communicate in confidence with public representatives. Given that it claims to be protecting the rights of citizens, on the one hand, it is somewhat ironic that it is proposing this amendment as it blatantly misuses private information on citizens and Members of this House supplied to it by the Garda. When will the legislation dealing with this objective of the programme for Government to protect the right of citizens to communicate in confidence with public representatives be published? I do not believe one could have too much confidence in the Minister for Justice and Equality if one wanted to communicate with him.

The protected disclosure in the public interest Bill is meant to provide protection against reprisals and victimisation, as well as redress, for workers who disclose information on serious wrongdoing in their workplace. This is another topical issue because it seems anyone who attempted to provide any information or raise any issue on fixed ticket charges became the target and focus of various activities. When is it expected to publish this Bill?

**The Taoiseach:** Regarding confidentiality between citizens and politicians, is the Deputy referring to the section in the Houses of the Oireachtas Inquiries (Privileges and Procedures) Bill 2013, Second Stage of which will be taken tomorrow?
Dáil Éireann

Deputy Micheál Martin: No, I am referring to the protected disclosure in the public interest Bill which is to protect whistleblowers.

The Taoiseach: That Bill will be taken during this session.

Deputy Micheál Martin: When will it be published? What about the constitutional amendment to protect the right of citizens to communicate in confidence with public representatives?

The Taoiseach: Will the Deputy repeat his question?

Deputy Micheál Martin: In the programme for Government the Government committed to holding a referendum to protect the right of citizens to communicate in confidence with public representatives. When will this Bill be published?

The Taoiseach: The Government has decided on two referendums, one on the abolition of Seanad Éireann and the second on a code of civil appeal. In its own time it will make further decisions about further referendums.

Deputy Micheál Martin: Yet this is in the programme for Government.

The Taoiseach: I know it is in the programme for Government. I am telling the Deputy that the Government will makes it decisions about referendums in its own time. He need not worry as we will have loads of them.

Deputy Gerry Adams: Regarding the Magdalen laundries redress scheme, the Taoiseach might recall following his apology to the women who were enslaved in these laundries that the Minister for Justice and Equality committed to having a comprehensive scheme of supports for the surviving women. Mr. Justice Quirke was to examine and advise on the scheme’s mechanisms and report back to the Government within three months. The three months have now passed. Has Mr. Justice Quirke completed his work? If so, will the Taoiseach inform the Dáil of its findings? If not, when will we see details of the proposed redress scheme and the long-awaited supports for the women in question, many of whom are very elderly, while some are unwell? While it might not be the Government’s intention to foot-drag on this matter - I hope it is not - we need to move speedily to ensure there is no further distress or hurt caused to the women concerned. Has the Taoiseach received the report? If not, when will we have it?

The Taoiseach: There will be no foot-dragging on this issue. I have not received the report and do not wish to make a direct inquiry to Mr. Justice Quirke who is conducting the report. I expect that he will furnish it as quickly as is appropriate for him to conclude his work. The Government will then consider the report and publish it. We will see what recommendations Mr. Justice Quirke makes therein. I met some of the Magdalen women last week who were over on a trip from England. I gave them that information also. As soon as Mr. Justice Quirke sends the Minister the report, the Government will consider it and publish it.

Deputy Richard Boyd Barrett: At the weekend, a national newspaper indicated that it had heard from some source in the Government that a merger was being considered between Bord na Móna and Coillte. We obviously have the Minister for Communications, Energy and Natural Resources, Deputy Pat Rabbitte, saying the sale of Coillte will not go ahead, while the Minister for Agriculture, Food and the Marine, Deputy Simon Coveney, says it is being considered. The Minister for Public Expenditure and Reform, Deputy Brendan Howlin, then claims it is due to be sold under the troika arrangement. Will the Taoiseach give us clarity on the matter, particu-
larly given that there will be people protesting against the planned sale of Coillte’s harvesting rights outside Leinster House today? Is there any message I can pass on to members of the public concerned about this plan as to when legislation will be brought forward? When will we have clarity from the Government on its intentions for Ireland’s public forests?

**Deputy Emmet Stagg:** The Deputy is flogging a dead horse.

**Deputy Richard Boyd Barrett:** We are waiting for the announcement.

**The Taoiseach:** The Government originally set out in conjunction with the troika a list of potential sales of State assets.

**Deputy Richard Boyd Barrett:** When is the question.

**The Taoiseach:** One involved the sale of the harvesting rights of timber on land owned by Coillte, but not the land. A great deal of work has been done in the evaluation of what that actually means in terms of potential value and so on. It is always the right of the Government to decide what to do with that information, as well as the timing, appropriateness and under what conditions any of the State assets so listed might be sold. The Government has not made any final decision on Coillte. That matter will come before the Government in due course. The Deputy can give this message clearly to people.

**Deputy Richard Boyd Barrett:** When?

**The Taoiseach:** He can tell them the Government will make its decision when the matter comes before us.

5 o’clock

It has not come before us and the Deputy can tell them that also. I hope that is clear for him.

**Deputy Richard Boyd Barrett:** “In due course” is as clear as mud.

**Deputy Bernard J. Durkan:** Is it intended to introduce the legislation to make the necessary amendments to the European Communities (Statutory Audits) (Directive 2006/43/EC) Regulations 2010 under the companies (miscellaneous provisions) Bill? The legislation is dependent on other legislation but will it be before the House at an early date?

What is the current position regarding the Irish Aviation Authority (amendment) Bill to restructure the Irish Aviation Authority, which is also promised? Have the heads been discussed? When is the Bill likely to come before the House? Is it anticipated before the end of the year?

**The Taoiseach:** There is no date for publication of the companies (miscellaneous provisions) Bill. We have not discussed the heads of the Irish Aviation Authority (amendment) Bill and it will probably be next year before it comes out.

**Deputy Bernard J. Durkan:** I thank the Taoiseach.

**Deputy Sean Fleming:** Tomorrow, Second Stage of the House of the Oireachtas Inquiries (Privileges and Procedures) Bill 2013 will commence. Earlier, the Taoiseach restated his intention to hold a referendum to abolish the Seanad later this year. If the proposal is accepted by the people, when will he come back to the House with legislation to amend this inquiries Bill? The Bill’s Title implies the Seanad has a role and it contains several references to the Seanad
Dáil Éireann

and to the Houses of the Oireachtas. We are, therefore, being asked to pass legislation in the full knowledge that if the Seanad is abolished in a few months, we will have to revisit it and amend it. What is the point of the legislation? When does the Taoiseach plan to introduce the amending legislation?

The Taoiseach: I expect to have the Seanad Bill published probably next week. If the people decide to abolish the Seanad, and it will be their choice, the current Seanad will continue until the night before the next Government is formed, which is three years away. The Bill that will go through the House tomorrow refers to the Seanad, which is, and will continue to be, a constitutional entity until it is abolished, if the people so decide. Subsequently, the Bill will be amended. However, the work of this Seanad will continue until the night before the next Government is formed. That depends on the question the people are asked in the autumn and the answer they give.

Deputy Michael Healy-Rae: Thirty years ago, a politician or a Minister in a Russian Government might have behaved like the Minister for Justice and Equality last week.

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

Deputy Michael Healy-Rae: I am coming to it. How much longer will the Taoiseach continue to defend the indefensible in defending the Minister the way he has over the past few days? I refer to the commitments he gave in the programme for Government regarding confidentiality between people dealing with politicians.

An Leas-Cheann Comhairle: We will debate that later.

Deputy Michael Healy-Rae: Will the Taoiseach answer?

The Taoiseach: No legislation is promised on that. The Deputy is perfectly entitled to sit in his seat later and ask the Minister questions and he will answer them for him.

Deputy Michael Healy-Rae: We only have 20 minutes for questions and answers. If that is divided between-----

Deputy Paul Kehoe: The motion was passed half an hour ago.

The Taoiseach: Keep the questions short and accurate

Deputy Michael Healy-Rae: That is a short time to divide.

Deputy Paul Kehoe: The Deputy should have been present to oppose the motion.

Deputy Joe Higgins: Over the past three or four weeks, I have asked the Taoiseach on a number of occasions about the privatisation of Coillte. In his latest reply, he did not give an indication of the timescale for a Government decision on this issue. I did not have the benefit of reading what he said in reply to me over the past few weeks but I thought he had indicated that an early decision was imminent. Could he enlighten us as to when he will bring this decision or a proposal to the House?

The Taoiseach: NewERA is carrying out an evaluation of the matter to the considered, that is, the potential sale of harvesting rights on lands owned by Coillte. The agency has been joined in that assessment by the Departments of Agriculture, Food and the Marine and Public Expenditure and Reform. When the evaluation is completed and assessed, it will be brought
to Government by the Ministers for Agriculture, Food and the Marine and Public Expenditure and Reform and the Government will then make a decision. That memorandum has not come to Government. It will in due course and then the Government will make its decision clearly.

**Deputy Joe Higgins:** The Taoiseach has no timescale.

**The Taoiseach:** I do not but the Deputy will know about it when the decision is made.

**Pre-European Council Meeting: Statements**

**The Taoiseach:** The European Council will meet in Brussels tomorrow afternoon. This meeting of EU Heads of State or Government will be the third such gathering to take place while we have held the chair of the Council of the European Union. This Council will address itself to the discussion of two thematic issues - energy and taxation - both of which are critically important to improving the competitiveness of the European economy and with it the prospects for strengthened employment and growth in Europe. I welcome President Van Rompuy’s choice in putting these two issues on our agenda for tomorrow. They both represent significant inputs into our efforts to make Europe more competitive in an era of intense global competition.

Energy currently presents the EU with significant competitiveness challenges, with consumers and industry facing significantly higher prices here than in the US, for example. The Union needs to address these challenges head on. We need to improve energy efficiency; we need to complete, without delay, the internal energy market; we need to ensure that investments take place in necessary infrastructure; and we have to look to diversify our energy supplies, including looking at our indigenous resources. I commend the Minister for Communications, Energy and Natural Resources on the proactive role he has taken in his chairing of the Energy Council, including in preparation for the Council meeting tomorrow.

In our discussion on taxation issues tomorrow, the focus will be firmly on improving the efficiency of tax collection and tackling tax evasion and fraud with the aim of deepening the internal market and strengthening fiscal positions in member states. Simply put, this is an issue of fairness. We cannot, on the one hand, cut expenditure and consolidate our fiscal positions, while, at the same time, see some engaged in tax evasion and fraud. Those practices should not be acceptable at any time but they are now all the more pressing to address as exchequers across the Union strive to secure their collection bases. I am glad to report to the House that on this issue, the Irish Presidency, in the person of Minister for Finance, has taken a leadership position on this brief, in close co-operation with Commissioner Semeta.

This week’s meeting of the European Council will also adopt a decision on the size of the European Commission from next year onwards. This decision will see the EU delivering on assurances given to Ireland in 2008 and 2009 that, provided the Lisbon treaty entered into force, each member state would retain the right to nominate a member of the Commission. I warmly welcome this development.

The House should be aware that I wrote last week to each of my European Council colleagues as we enter the final six weeks of the Irish Presidency of the Council. I highlighted a number of areas on which we would appreciate further support over the coming weeks. In the margins of tomorrow’s meeting, I will avail of the opportunity to follow up on some of these points in discussions with my colleagues.
The energy discussion at this month’s European Council is positioned clearly in the context of the EU’s efforts to promote growth, jobs and competitiveness. It, therefore, sits well with Irish Presidency objectives. Affordable energy supplies are crucial to the enterprise sector which will drive growth and job creation across Europe and they are, of course, crucial for European households also.

Notwithstanding recent economic turmoil, it is estimated that energy prices for industry in Europe are up more than one quarter in real terms since 2005, more than in most other advanced economies. EU gas prices last year were on average four times higher than in the USA. The European Commission has also highlighted that the US is on its way to becoming a net gas exporter, with China set to follow also. This is, therefore, an important discussion at a difficult time.

Our exchanges will be informed by the three key pillars of EU energy policy - sustainability, competitiveness and security of supply. The nature of the energy sector is such that a holistic, long-term approach must inform all short-term and medium-term decisions. One of the messages I will bring to the Council is that it is vital that we avoid short-term solutions which might not be compatible with more long-term energy goals. I see the challenge as one of striking the right balance consistent with supporting economic recovery.

It is in this context that President Van Rompuy has indicated that there are four key questions on which he aims to focus discussion and on which conclusions will be developed. The first is the issue of energy efficiency. A clear path towards more intelligent conservation of energy resources will clearly continue to pay dividends, including innovative financing of necessary retrofitting work. In Ireland, the national energy efficiency action plan, which we produced in February, reaffirms our commitment to deliver 20% energy savings by 2020. I will address this issue at tomorrow’s meeting. Energy efficiency underpins security of supply in that using less energy reduces our reliance on external sources of energy. It also encourages competitiveness through increasing our economic prosperity and addresses sustainability by reducing our carbon emissions. Energy efficiency can also play an important role in mitigating current trends in energy prices while supporting local employment, in particular in construction, with the potential creation of up to 2 million jobs across Europe.

The second is the issue of EU-level legislation. This means, in particular, driving forward our work on completing the internal energy market. It is estimated that removing remaining barriers to more efficient integration of our energy markets could generate annual savings of up to €30 billion for gas and €35 billion for electricity. I expect that identifying key implementation bottlenecks here will remain an important focus.

The third is the question of unlocking new investments in terms of modernising national infrastructures and ensuring the interconnections which will support the completion of the internal energy market by 2014 - ensuring that all member states can benefit from the enhanced efficiencies of integrated markets. It is estimated that Europe will need around €1 trillion in new energy investments between now and 2020. Current investments are actually at historically low levels so we have to make sure we have the right regulatory environment to unlock these new investments in next generation infrastructure which can also be an important driver of economic recovery. The launch of our interconnector with the UK was strategically important for Ireland. It is a €600 million project supported by the European Investment Bank adding 500 MW to Irish electricity supply by linking the all-island and UK markets and underpinning the potential for export-led development of our significant renewable energy resources which
greatly exceed European averages.

The fourth issue flagged by President Van Rompuy is a related one, namely, the diversification of energy supply. He highlights both the geographical spread of EU imports and stronger development of indigenous resources. In this regard, I will highlight tomorrow the importance of meeting renewables targets and the consequential shift in the EU-wide generation mix. Ireland is at the forefront of integrating renewable energy and plans to have 40% of electricity consumption delivered by renewable energy in 2020.

Evidently, the issues in play here are very far-reaching. The world is undergoing a major energy transformation and Europe must shape its own clear response. This will mean proceeding carefully, but with a sense of purpose, and I expect that our exchanges will be constructive.

It is also clear that completing work on the internal energy market will remain of overriding importance and will continue to underpin all three pillars of EU energy policy. The Irish Presidency has already set the clear goal of agreeing conclusions on the Commission’s internal energy market communication at the June Energy Council in Luxembourg. This week’s European Council can be seen as providing important political orientation for that ministerial discussion next month.

As chair of the energy formation of the Transport, Telecommunications and Energy Council, the Minister for Communications, Energy and Natural Resources, Deputy Pat Rabbitte, met last Friday in Brussels with President Van Rompuy to discuss the outcome of the informal meeting of energy Ministers that took place in Dublin last month, with a view to contributing to the preparation of our discussions on energy policy tomorrow.

I have been encouraged by the recent developments and the resolve expressed by various member states, the EU institutions and globally to tackle tax fraud and evasion. To this end, I share the perspective of President Van Rompuy that it is important that we now seize the current political momentum at EU and international levels to improve the efficiency of our tax policies.

These recent developments include the announcement by Luxembourg on 10 April that it will apply, from 1 January 2015, automatic exchange of information as defined in the Savings Directive 2003/487 EU on interest payments to residents of other EU member states; the recent statements by a number of EU member states, and separately by the G20, that automatic information exchange should be the international standard; the Commission action plan to strengthen the fight against tax fraud and evasion, which prioritises agreement of the revisions to the savings directive and the mandate for negotiations with European third countries; and the agreement by Ministers at ECOFIN on 14 May on a mandate for the Commission to enter into negotiations with EU third countries on amendments to the savings tax agreements. This agreement represented welcome progress during the Irish Presidency on an issue that had been stalled for some considerable time.

We are working toward widening the scope of the savings directive and towards the global standard of automatic exchange of information to ensure solidarity between member states, a level playing field and, ultimately, a fairer environment for our citizens who are carrying a heavy tax burden. Progress on the revised savings directive and on the agreements with the five EU third countries will be a significant step in EU and international moves to tackle tax fraud and evasion.

While it was not possible to achieve final agreement on the revised savings tax directive at
the May ECOFIN meeting, we will continue to work with a view to reaching political agree-
ment on this. It is intended that next month’s ECOFIN Council would also adopt the Presidency
VAT anti-fraud package.

As EU Council President, we have been front and centre in pressing issues related to tax
fraud and evasion, including our chairing the working party on tax questions which deals with
these issues. Like all EU member states, Ireland believes in fair tax competition and building
on the work of the OECD global forum on tax transparency and the code of conduct on business
taxation, unfair tax competition is an issue that needs to be addressed.

The Minister for Finance, Deputy Michael Noonan, and Commissioner Šemeta jointly
wrote last month to the members of the ECOFIN Council to set out seven key areas where
concrete action to combat tax fraud and evasion can be delivered in the short term. Conside-
able progress has already been made on these measures, with four of them having already been
adopted. The Irish Presidency is convinced that agreement on all seven measures is essential
in tackling trans-national tax fraud and tax evasion. This has been, and remains, a priority for
our Presidency.

There has recently been considerable international interest in the taxation of the digital
economy. It is clear that the digital economy has moved at a pace that international tax rules
may not have fully kept pace with. While this issue needs to be looked at, the only way for mea-
sures to be effective is for countries to work together to examine these issues and to consider
how international rules can be amended to ensure fair levels of taxation. This is being done
at the OECD through the base erosion and profit shifting process, and this is the appropriate
forum.

Before concluding on taxation matters, I must make it very clear that matters of direct taxa-
tion remain the sole competence of member states and Ireland would not support an alteration
to the unanimity requirement in this area. This view is shared by most member states.

Taxation is a powerful economic tool and retaining the right of member states to decide
taxation rules and levels allows member states to take account of their differing positions in
the economic and business cycle. It is clear that when it comes to combating tax evasion and
fraud, a great deal can and should be done in close co-operation with our EU and international
partners. As the holder of the EU Council Presidency, Ireland has been and will remain at the
forefront of these efforts. In this regard, I warmly welcome the priority that Prime Minister
Cameron has given to co-operation on taxation issues ahead of next month’s G8 meeting in
Lough Erne, County Fermanagh.

As I have mentioned, tomorrow’s European Council meeting will adopt a decision on the
size of the European Commission from 2014 onwards. The House will recall that the provi-
sions of the Lisbon treaty stipulated that the number of Commissioners would fall from 2014
onwards unless the European Council decided unanimously this would not be the case. That
is exactly what happened in December 2008 and June 2009, when the European Council noted
the concerns of the Irish people with respect to the Lisbon treaty and agreed that, provided the
Lisbon treaty entered into force, a decision would be taken in accordance with the necessary
legal procedures to the effect that the Commission would continue to include one national of
each member state. I warmly welcome the decision being taken tomorrow. It represents yet
another clear case of the EU delivering on its promises to the Irish people.
I mentioned at the outset that I wrote last week to each of my colleagues in the Council as we enter the final stages of the Irish Presidency of the EU. I expressed my appreciation for the excellent level of cooperation we have received. I also highlighted a number of areas on which we would appreciate further support over the coming weeks. To this end, I identified a range of files on which we hope to make progress, including measures that will boost employment and help businesses to grow. Some of the measures in question are in the Single Market area, especially the digital Single Market. I highlighted the importance of concluding a draft negotiating mandate for the transatlantic trade and investment partnership between the EU and the US to keep up the momentum on this golden opportunity to give the economies on both sides of the Atlantic a real boost through a comprehensive trade deal.

I have sought the continued support of my EU colleagues for our efforts as the holder of the EU Presidency to reach a final agreement with the European Parliament on the multi-annual financial framework. A seven-year framework would contribute to the restoration of stability in the Union. It would show Europe and the rest of the world that we are serious about putting in place a medium-term budget for the Union to fund the wide array of areas on which we look to the Union, including research and innovation, the Common Agricultural Policy, cohesion, support for small and medium-sized enterprises, including through the COSME programme, and investment in infrastructure. I will follow up on each of these points with my colleagues in the margins of tomorrow’s meeting in Brussels.

I intend to play a proactive and constructive part in tomorrow’s meeting in both of my roles. I refer to my role in Ireland’s holding of the Presidency of the Council and my national role. I will do that throughout the discussions on each of the agenda items. By dealing with the issue of energy policy and combating of tax evasion and fraud, we can contribute much more to improving our competitiveness and thereby supporting employment and growth across the Union. I will, of course, report back to the House on this meeting of the European Council.

Deputy Micheál Martin: I think the Taoiseach said on the Order of Business that he had requests from this side of the House on the matter of the statement to be made by the Minister, Deputy Shatter. No such request was made by our party. I want to state that on the record.

The Taoiseach: I said there was “a request”. I did not say it came from the Deputy’s party.

Deputy Micheál Martin: Yes. I just want to clarify it from our point of view. The indication was that there were numerous requests.

The Taoiseach: The Deputy would not listen to what I had to say.

Deputy Micheál Martin: I think there was one request.

The Taoiseach: I never suggested that the Deputy’s Whip asked for it.

Deputy Micheál Martin: Over the past five years------

The Taoiseach: It was the other Whip over there and other Members who made the request. I was very happy to comply with it.

Deputy Micheál Martin: It was a good stroke, Taoiseach.

The Taoiseach: It is the reality, Deputy, not a stroke.
Deputy Micheál Martin: It was a stroke. Over the last five years, the greatest failure of Europe’s leaders has been to fall back into complacency after every period of turmoil. The agenda for tomorrow’s meeting of the Council might be the worst example of this so far. Since the Council last met, it has been confirmed that over 27 million Europeans are unemployed. Growth projections in key economies, the eurozone and the Union as a whole have been cut. Capital controls remain in place in member states to ensure they do not have to leave the common currency. The Union’s budget, which is already inadequate for what is required, has been delayed. The essential elements of a strong banking union continue to be undermined. Vital decisions have been fudged.

When the leaders of Europe fly to Brussels tomorrow, they will spend nearly all their time talking about tax collection and energy. I accept that both issues are serious. They are part of an overall economic package, but they are nowhere near the centre of the urgent and ambitious actions which are desperately needed. This is not the agenda of leaders who understand the growing demands of citizens. It shows a failure to understand that the sole focus on ways to deepen the Internal Market ignores the core problems facing Europe. Nothing that is to be discussed tomorrow will have an impact on growth or jobs in the near and immediate future. They may have an impact in the longer term. Nobody here or in Brussels has been willing to estimate their immediate impact. It is an agenda of leaders acting as if they have all the time in the world and no urgent business.

The Taoiseach has repeatedly told us about the laser-like focus on getting Europe through the crisis by delivering growth and jobs. This summit is indistinguishable from one which would have been produced without any national Presidency. There is nothing to be discussed which has not been working its way through the system for some time, ready to appear when space is available. A few weeks ago, the Tánaiste was busy jumping on the anti-hegemony bandwagon. He told us without any doubt that the Government’s policy is to push for a new economic policy at European level. If this policy is nowhere to be seen when we hold the Presidency of the Council, when will it appear? The agenda for this summit is exactly as it was intended when President Van Rompuy announced a work programme a year ago. When one steps away from the repetitive briefings about major breakthroughs, all one sees is the slow implementation of policy that has already been agreed.

It is a pity that much of our Presidency is being devoted to trying to push the European Parliament to sign off on a damaging budget agreement. At a time when Europe needs investment, the Union’s budget will implement a cut in investment, with the proportionately largest cuts hitting essential areas such as rural supports and research. Ireland should be supporting the position of the European Parliament in trying to lessen the damage done by the agreement, particularly in the immediate future. Equally, we should have used our position in the Presidency to propose a more fundamental review of the budget. This should have placed a new focus on ensuring the Union can play more than a minor role in helping the regions that are suffering most in the recession. Spending €144 a year to help each young unemployed person is not even a token attempt to directly alleviate these deep problems. The reality is that our Presidency is deepening the existing reliance on a single-track policy of integrated markets as the only answer.

It is agreed that the lack of a banking union was one of the major factors that caused the financial crisis. It also had a role in causing the wider economic crisis. Last year’s political agreement to move forward with a banking union was an important part in stabilising the sovereign debt markets. Just as the agreement has helped, the failure to implement it in a sufficiently
timely or comprehensive manner could cause considerable damage. I have spoken at length about the elements that are required for a durable banking union that supports growth rather than threatens it. As things stand, each of the pillar elements of a uniform resolution, deposit insurance and oversight regime has been watered down significantly. Last week, Mr. Schäuble again repeated his belief that a new treaty is required before these elements can be properly implemented. If this approach wins out, it could lead directly to a major escalation of the crisis the next time a bank is in difficulty or the market loses confidence in the ability of national governments to address emerging financial pressures. This is not an abstract issue. Europe cannot return to jobs and growth until it has a stable financial system which has the ability and confidence to lend. This cannot happen without the banking union. We need it now. The failure to seriously address the delay in implementing the banking union, or the watering down of the plans for such a union, represent a failure for this summit before it has begun.

The holding of these pre-Council debates was presented as a major reform and an increase in parliamentary accountability. The reality is that there is no accountability. All we get from the Taoiseach is a statement about how everything is moving smoothly and great things are being decided. No national position on the main items to be discussed is circulated. All the information we receive before these debates comes from Brussels. As I have said, the annotated draft agenda for tomorrow’s meeting is very limited. Everyone agrees that having a market which delivers sustainable, secure and affordable energy is important for Europe. The Lisbon treaty extended the European Union’s competence in this area and it is necessary to move it forward. No information has been supplied on any specific matter to be discussed at the summit in regard to the energy sector. Therefore, we have to assume this is just a formal review rather than a substantive agenda item. The paperwork refers to reducing the cost of energy in the years after 2014 if the Internal Market reforms are implemented next year. This confirms that it has nothing to do with the immediate task of achieving recovery through job creation and growth.

The summit will move forward the recent Commission proposal on fighting tax fraud and improper evasion. It requires significant detailed evaluation to ensure this is exactly what it will do. On the face of it, most of the proposed measures seem reasonable. They involve more systematic co-operation between tax authorities in the different member states and common standards in terms of transparency. These are the measures which deserve widespread support and they should both be uncontroversial and involve little or no administrative burden on businesses.

The principle that tax laws should be applied fairly, transparently and comprehensively is a good one and the bulk of the proposed actions will help us in the fight against the black economy. What this must not be allowed to be confused with is the much wider and more significant debate about tax competition. The obsessive pursuit of an agenda of tax harmonisation by some countries has completely distorted the economic agenda of the European Union, side-tracking it onto an issue which is completely marginal to the task of improving the short and long-term growth potential of the Union. What they have been seeking is uniformity on a scale not even found in the world’s oldest currency union, the United States of America. The various states have the ability to compete on taxes and subventions in a way that is impossible in Europe. Delaware is home to the nominal headquarters of the majority of major US firms. Other states are in a position to offer direct subsidies to companies to get them to move and they can go as far as involving zero tax and welfare contributions. Europe takes a middle approach which allows tax competition but does not allow it to involve subsidies or distort the ability of firms based in other countries to compete. No study has yet been produced anywhere which
shows that enforcing tax harmonisation delivers a single job in Europe, but what it would do is directly undermine the economies of some peripheral economies. As long as the Commission limits its proposals to evasion and fraud, time can be freed up for more productive discussions on the issues which will actually have an impact on the European Union’s future.

The rising humanitarian crisis surrounding the Syrian conflict should be raised during the final session of the summit. The latest information is that aid agencies working with hundreds of thousands of Syrian refugees in Lebanon and Jordan are in need of urgent assistance. Rising summer temperatures and poor conditions mean they are facing more serious health risks than can be controlled and immediate action is needed. Ireland should support an urgent release of extra funding and, if required, personnel to prevent a further tragedy emerging. We should also support the efforts of the US Secretary of State, Mr. John Kerry, to inject greater urgency into the proposed peace conference. Unlike other such conferences, this one is not dealing with a conflict that has continued for many years but one which is in great danger of escalating even further. The reported decision of Russia to effectively provide open-ended military support for the regime could have a grave impact in reducing the willingness of the regime to embrace a negotiated settlement. Europe’s leaders should again reassert the fundamental principle that the Syrian people have the right to live in a democratic country free from repression.

Deputy Gerry Adams: I wish to share time with Deputy Seán Crowe.

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

Deputy Gerry Adams: It is nearly 12 months since the Taoiseach returned to the Dáil announcing a seismic shift, a game changer. He told us he had secured the separation of sovereign debt from banking debt and that our banks would be recapitalised retrospectively. However, 12 months on, we are no clearer on how much of the €30 billion of taxpayers’ money which the Government and its Fianna Fáil predecessors put into the pillar banks will be returned. Will this issue be considered at the Council meeting?

Will the Council discuss the situation in Cyprus and the impact the bailout programme is having on the people and economy of that state? The European Union monumentally mishandled the situation in Cyprus, to the great cost of its people. The Taoiseach raised serious question marks about how further bank recapitalisation might be handled in this or other states.

I note the EU budget or the multi-annual financial framework does not form part of the European Council agenda. Perhaps the Taoiseach might give us some sense of whether the budget will be agreed under the auspices and during the term of the Irish Presidency. Is there a danger that programmes funded from the EU budget such as the PEACE programme will experience delays in funding which may have an impact on projects to be delivered? The Taoiseach will know that there are many sections of society dependent on the EU budget, particularly in rural Ireland. Farmers and others who benefit from rural development programmes need to be assured that these schemes will be remain in place. We all know farmers have been under serious pressure in recent weeks and months owing to the ongoing fodder crisis and they estimate the crisis may cost as much as €900 million. Has the Government raised the possibility of providing support from the EU Solidarity Fund to support the farming community through the crisis? The Commission has moved to put in place transition measures for direct payments in 2014 and 2015, which is to be welcomed.

As the Taoiseach detailed, this week’s European Council is focused on tax policy, with a
particular focus on how to improve the efficiency of tax collection and how best to tackle tax evasion and fraud. As we discussed earlier, there has been a degree of controversy, particularly in Britain in recent weeks, about tax avoidance by large US multinationals such as Google, Amazon and Starbucks. Last night, it emerged at a US Senate hearing that Apple had negotiated a special corporation tax rate of 2% or less here in this State.

**The Taoiseach:** That is not true.

**Deputy Gerry Adams:** The Taoiseach says it is not true and he could be right, but the fact is that, if he is right, this needs to be corrected. The US Senate report also states Apple uses what it describes as tax havens such as this State, Bermuda and the Cayman Islands. The Taoiseach says the tax regime here is transparent and based on statute, but it seems these statutes permit tax avoidance strategies. There is a world of difference between maintaining a competitive tax regime and colluding with companies in order that they can avoid paying tax. The reality is that many large companies are using tax loopholes and reliefs to lower their effective tax rate well below the 12.5% corporation tax rate. God knows how many other companies are benefiting from this regime through their aggressive tax avoidance strategies. There is always a temptation for a government, particularly a government such as the Taoiseach’s, to bend to the will of companies which are threatening to pull out unless they get their way in terms of their tax strategies. While it may be that the tax system is transparent, it is transparently flawed. It is not fair and we need a better system. There has never been a system so nakedly designed to legalise tax avoidance and tax limiting. Moreover, who is it for? The tax take does not reflect the level of business multinationals do here and the job numbers are not reflected in the level of business on which the Government justifies doing these deals. Who exactly is writing the Government’s tax code? Everyone should pay his or her fair share and that includes these very profitable companies. At a time when people across the State are struggling with hikes in PRSI, VAT, motor tax, the new family home tax and threatened water charges, these big companies should not be allowed to avoid their obligations.

In the past few years there has been a huge increase in royalty payments being repatriated out of the State, yet, at the same time, our corporation tax take has decreased. It is obvious that while some tax reliefs serve a useful social or economic reason, others simply fly in the face of reason. Take, for example, the Government’s special assignee relief programme, SARP. This was a key part of the 2012 budget and supposed to be a job creation measure. However, while the number of jobs created under the scheme is approximately 26, income write-offs are granted to high earning executives and, on average, beneficiaries receive an additional €20,000 income tax-free, despite earning an average figure of over €130,000. That €20,000 would be far more beneficial going into struggling indigenous SMEs. Questions have also been raised about the shadow banking sector. A modest sized building in the IFSC hosts 250 financial services companies but the reality is that many of them do not have staff or desks and pay little or no tax. The shadow banking sector in this State is valued at about €1.7 trillion, which is ten times our annual GNP.

I am all for job creation and Sinn Féin has always applauded jobs when they have been brought here by dint of local efforts or those of the Government and other agencies. I know there have been huge job losses among bank employees and others in the financial sector who were not responsible for the crash. However, it was the unregulated nature of this sector that led to the crash so we should not mesmerised by what is happening now. These sectors need to be regulated and pay their fair share of tax.
I welcome the fact that this issue is being considered at this week’s European Council but it needs to be dealt with in a way that is not a cover for attacking our 12.5% corporation tax rate. The problem is not the rate but the variety of mechanisms that allow companies to avoid paying anything like the 12.5% rate, which means that ordinary citizens are then forced to pick up the tab with more taxes and austerity.

**Deputy Seán Crowe:** How much time is left?

**Acting Chairman (Deputy Joanna Tuffy):** Just over seven minutes.

**Deputy Seán Crowe:** I noted from the Taoiseach’s speech that this week’s European Council meeting will discuss tax policy with a particular focus on tax collection and combatting tax evasion and fraud. As other speakers have said, it is a timely discussion. This topic has been discussed with multinationals in parliaments in other European states and the US and some of the findings have been disturbing with tax evasion and Ireland being linked in more than one parliament committee hearing. According to Herman Van Rompuy, a staggering €1 trillion is lost to tax evasion every year in EU member states. This is seven times the entire annual budget of the EU. I heard the Taoiseach dispute reports by the US Congress concerning Apple.

Today would have been an ideal opportunity to rubbish or respond to those charges that have been in the media over the weekend.

In the UK last week, the House of Commons Public Accounts Committee struggled to understand how Google could have a large sales staff in Britain operating to sales targets and receiving commission as a large part of their income and yet pay next to no tax on sales of about €4.7 billion there. Like people in the UK, people in Ireland and other EU countries are asking how this can happen. We were told that Google was able to do that because of our supposedly lax and light-touch tax regime. Although this State has avoided being labelled a tax haven by international bodies such as the OECD, some academics and high profile economists believe that we are - without the obvious benefits of Caribbean weather.

It seems that we are operating two very different tax systems, one for big multinational corporations and a second more onerous system for smaller companies and individuals. This is not a fair system of commerce and is undoubtedly hurting our domestic economy. It is also hurting PAYE workers, many of whom already feel that the tax system is unfair, unjust and puts the heavy burden on low and middle income workers. SMEs are finding it increasingly difficult to set up or continue business in Ireland due to the high costs they incur and they cannot avail of these lavish schemes. This is contributing to our stagnant economy and keeping unemployment currently at 14%. PAYE workers are also bearing the brunt of tax increases and social spending cuts that this Government has implemented, yet wealthy influential corporations are able to escape without paying their fair share through loopholes or other tax avoidance measures.

Investments from multinational corporations in Ireland have provided much for the State in terms of job creation and payroll taxes and these jobs must be protected. However, our corporation tax is low by international standards and cannot be undermined further. This whole issue is about protecting the fairness and credibility of our tax system. People want to see this in respect of these major companies as well.

The Taoiseach needs to ensure that the sacrifices of honest taxpayers who are struggling to make ends meet are not propping up these global giants. Europe and Ireland must pursue a new global system where multinationals publish their revenues, profits and other key corporate
information which would be useful to revenue authorities in each country in which they are based and operate. Will the Taoiseach argue that it should be made a legal requirement for multinationals operating in Ireland and the EU to disclose details of any tax avoidance schemes they are using globally at this European Council meeting? All EU countries need to improve their tax collection efficiency and tackle tax evasion and fraud because it is ordinary workers and their families who are paying for the shortfall in revenue.

We know that this also impacts on developing countries. Many of these countries have massive resources but people living in dire poverty are gaining little benefit because of tax dodgers and blatant corruption. Tax evasion and avoidance and transfer pricing cost developing countries billions, if not trillions, of euros every year. Efficient and fair tax systems in developing countries are essential components for sustainable growth, poverty reduction and the provision of basic services.

Multinational companies should be required to declare the tax and other payments that they make to governments in all countries in which they operate. Will the Taoiseach also raise this issue at the Council meeting and take the opportunity to rubbish or address many of the claims that have been made in parliaments not only in Europe, but in the US, over the past few days?

**Acting Chairman (Deputy Joanna Tuffy):** The next speaker is Deputy Catherine Murphy who I understand is sharing time with Deputy Mattie McGrath. Is that agreed? Agreed.

**Deputy Catherine Murphy:** Many of us expected that the Irish Presidency would help to set the agenda in our own favour to some extent but it is clear that we are most definitely not setting the agenda. If countries like Germany, France and the Netherlands had anything like the level of debts or joblessness we have, we would hear about it and these items would be constantly on the agenda. I can write this out and send it to the Taoiseach. The three issues being debated next week are clearly important but in the overall scheme of things and certainly in countries like ours, they are lower on the pecking order. That will be seen when it comes to the European elections next year.

It is very important that we do not put our heads in the sand with regard to tax evasion and dismiss it as though it is something we are not in the spotlight for. It is no accident that this is being debated in both the US and the UK at the moment. We need to take a hard look at that. We are asking citizens to pay more and more. One cannot at the same time rationalise how even the effective rate of taxation is not being paid by many of these multinational companies. Some of them, not necessarily those in the spotlight, are located in my constituency and the jobs they provide are very welcome. We would be remiss to think that the only reason they locate in this country is because of the favourable tax rate. Robert Shapiro, who has been a special adviser to many US presidents, most recently President Obama, has spoken about Ireland’s great attraction being the important public investments in education and infrastructure, particularly in technology, and the fact that Ireland is a stepping stone into the EU. Barry O’Leary, the CEO of the IDA, has spoken about how tax is just one element of attracting FDI and that if it was the only basis for investment, we would lose out to other countries.

We continue to deny ourselves the benefits of tax revenues that could provide science labs in schools which the Minister for Education and Skills has said he cannot fund. The 2012 OECD study on online digital literacy found that 62.9% of Irish school students using computers is a percentage significantly below the OECD average of 74.2%. The managing director of Microsoft noted that we are not doing enough to increase our technology capabilities. The income
from companies such as Microsoft is needed to increase our capabilities in this regard considering the limited base for raising further revenue from very hard-pressed taxpayers.

We need to have a mature debate about what we need from the multinational sector in order to provide both indigenous and further multinational companies with the throughput of suitably qualified workers for the jobs that are advertised outside the country because of the lack of suitably qualified candidates here.

Europe needs to become energy-efficient through the use of renewable energy. I refer to countries whose natural assets make them best placed to provide energy from natural resources, including solar energy in Spain and Portugal and wind and wave energy in Ireland, Scotland and Norway. However, there does not appear to be targeted investment in countries with high levels of unemployment and debt who do not have the funding which would deliver a return on the very thing that will be debated at the weekend.

I find it very disconcerting when making my contribution that no attention is being paid by those opposite.

My final point is about the ongoing debate about European monetary union. In my view, we are being walked into a political union even though we may want to be involved in a deeper political union. However, the treaty to be put to the Irish people will be a *fait accompli*. They will not have any input into the process which will be agreed behind closed doors. That is a very dangerous situation. It has been the case in the past that the Irish people have been forced to have a second vote on European treaties. We need to have a better understanding and a better public engagement on the implications of a deeper monetary union. We are being moved towards a situation in which we may not wish to participate.

**Deputy Mattie McGrath:** Tá brón orm go bhfuil an Taoiseach imithe. One could be forgiven for believing one is waking up from a very bad dream. We have heard it all before and we are walking around in a haze and a fog. I am sure the Taoiseach must pinch himself most mornings when he wakes up. He must ask if it is true that he is the Taoiseach of the country. He now has his opportunity as the boss in Europe. He must ask himself if he is delivering for the Irish people. As I have noted previously in this House, he has been given one of the finest mandates ever received by any Government.

The Taoiseach is a Mayo man and I compliment County Mayo on its huge defeat of Galway. However, the Taoiseach looks more like the Galway team in his feeble efforts in the Presidency. I was not at the match but I heard snippets of commentary-----

**Deputy Micheál Martin:** Clearly, the Deputy is never for Galway.

**Deputy Mattie McGrath:** I wish Galway no ill will and I hope they will come back from it. Tipperary beat Waterford two years ago and it was the worst thing that ever happened us. A victory like that is not good for anyone. They were out on the field but they had neither design, vision, energy nor enthusiasm. They thought they would change the game play in the second half. What hope have we in the next few months because I know the Taoiseach will make no effort to change because he is on his merry little-----

**Deputy Gerry Adams:** Bring back Pádraig Joyce.

**Deputy Mattie McGrath:** Yes, I agree. I have no expertise in Galway or Connacht foot-
ball; I am just using it as a comparison. There is no sign of any stability in the banking system. We are drifting. Does the State have sufficient funds to cover the bank guarantee for deposits? I have been informed that there are not sufficient funds. I ask the Minister of State to tell the people the situation. We saw what happened in Cyprus. Will the same situation be visited on our ordinary people? Cyprus let the genie out of the bottle as far as solidarity in the EU is concerned. This is a concern for Irish taxpayers and Irish savers. We have shouldered enough of the blame and the cost. There is widespread and wholesale shenanigans and blackguarding with regard to the banking institutions in this country. I refer to what Bank of Scotland Ireland did to this country and now they are codding the British taxpayers. I have contacted the chairperson of the Commons committee who grilled the boss of Google last week. I do not wish to hunt Google or to damage anything in this country, but fair play is fine play. The same laws must apply to the big the same as the small people, the little people as I like to call them.

The Minister for Finance is not in the Chamber. I ask the Minister of State if Ulster Bank and Permanent TSB are safe. Are they going under? I do not wish to be alarmist or to upset people. I ask if we have the wherewithal to save any other banks, although it seems we will not be allowed to save them as a result of what happened in Cyprus. We saved them all at a massive cost. I voted for it because I was told it was Armageddon and we had nothing else. None the less, they have codded us all the way since then and are continuing to do so.

The is no sign of anything happening with regard to stability in the banking system. There is no solidarity. There is a fodder crisis because the grass is not growing but there is less growth in the banks. Promises have been made about their ability to lend and their interest in supporting viable and struggling businesses. The Minister and the Taoiseach have the opportunity. The Taoiseach welcomed Mr. Van Rompuy’s decision to put energy and taxation on the agenda. However, we are not making a very good job of energy regulation in our own country. Successive Ministers have failed to tackle the monopoly positions of the ESB and Bord Gáis. We know all about taxation in this country, even double and treble taxation. We now have a chance to make our play. The Taoiseach could regain his credibility and some composure as being a representative of the sovereign people of this country. I will not mention the names of any magazines in case I say the wrong one but he should not be on the front cover of all kinds of magazines and going to Boston College and getting claps on the back. I wish him well and congratulate him but that is not what the people want. They want bread and butter on the table, they want to see hope and vision. They want to see money for the education system to which Deputy Murphy referred and which should be educating our people to learn the skills to deal with foreign companies. We have been told many times that companies cannot source the right employees among our college graduates. This is alarming. We need to see timely investment in the education system.

There will be a discussion about a fair taxation system for all Europe but we do not have this at home. Farm Contractors of Ireland, FCI, lobbied the Minister for Finance and every Government backbencher and Minister before the budget.

6 o’clock

It is simple and basic - game over - to provide that everybody must have an invoice. I acknowledge that, for some reason, the IFA lobbied against it, but that was not obtained in the budget. It is a pity I do not have the letter the IFA received from the Minister for Finance to read out what the IFA did get. There is a glaring anomaly in our taxation system and if we addressed it, we could get rid of a large part of the black economy overnight. Instead, the Minister wrote
back to say he would not do it and advised and encouraged contractors to become informers to police the black economy. It is patent nonsense from the Minister who will be representing us at the European Council and talking about fairness in taxation. We should get our own house in order and examine it to provide some bit of solace to hard-pressed people involved in agriculture and the farming community.

The fodder crisis has not been addressed or dealt with. We have been tinkering around with it for two or three months while Rome - Ireland - burns in a haze of no growth, like the yellow carpet here. A serious situation is being predicted by everybody, including Teagasc, and we are going to have a major problem going into next winter and the following year. Why has the Taoiseach failed to convene the infrastructural strategic committee here as I have requested several times? Why has he not gone to our EU partners, especially given his position as the man in charge, to ask them to support Ireland and its agricultural industry through the European Union Solidarity Fund, which exists for that reason? Why has he not impressed this on his colleagues in Europe, who are here often enough? If he hired a bus or helicopter to bring them down the country or to one of the knackeries that are full, they would not be long getting the reality for desperate farmers who are calling social services and helplines because they cannot provide for their animals. The farmers are ready and willing. Talk of CAP negotiations and reform will all be wasted if we do not intervene to implore and insist that the European Union Solidarity Fund is used to support our agricultural industry - not just farmers - as it is the backbone of the country. When the Taoiseach and Minister for Finance get the courage and the EU accepts that there is an emergency here, there should be no shame in it. It is a weather-related problem that prevents the farming community from providing for their animals.

The Government should insist that the EUSF comes in here in a meaningful way and recognises that there is a crisis in a member state. As with the banking crisis, this is a serious crisis of very significant proportions going forward. The Government must insist that the EU accepts that we have a national crisis and that regulations must be lifted for the moment. I am not saying anyone should get away with an irregularity, but farm payments must be front-loaded and paid out to people who are desperately in need of them. The banks are beyond talking about. I do not know what we will do with them given that we cannot get our own banking situation in order. The solidarity fund must be used. The Taoiseach must impress that on people. It is fine to bring his colleagues over every so often to entertain them at Dublin Castle. I am delighted that many musicians and dancers from Tipperary, the Brú Ború centre and Comhaltas were brought to entertain them, but it is time to stop the dancing and tell them the real message of our need for hope and support. We must get it. We are not looking for anything special; we are entitled to this as a European partner.

Minister of State at the Department of Foreign Affairs and Trade (Deputy Joe Costello): I thank all those who contributed to today’s debate. To respond briefly to Deputy Mattie McGrath, when the banks were re-capitalised in 2011, they were overcapitalised at the time. In the context of us returning to the bond market, there would be further stress testing done in relation to the banks anyway. In June, there will be a full discussion at the European Council on banking union, which will be a further opportunity to have another look at the banking situation.

As the Taoiseach said at the start of this debate, tomorrow’s meeting of the European Council will concentrate on two thematic issues, energy and taxation, and will, certainly, be no less important than those recent meetings which found themselves dealing with matters requiring an urgent response. The importance of these two issues to the short, medium and long-term
The competitiveness of Europe simply cannot be overestimated. It is thus to be warmly welcomed that European Union leaders will have the opportunity to sit down tomorrow in Brussels to provide strategic guidance on how the EU’s approach to energy can better deliver competitive improvements which feed into enhanced growth and employment across our Continent. At this meeting, the Taoiseach and his colleagues will reflect on how EU partners can work together to combat tax fraud and evasion. Such practices are never acceptable but at times of consolidation and fiscal retrenchment where budgets are being cut, we must redouble our efforts to co-operate to protect our tax base to the maximum extent possible. While we are talking here about a fundamental issue of fairness, we are also talking about the negative impact that tax evasion and fraud can have on our economies in terms of lost competitiveness, lost jobs and lost growth potential.

The draft conclusions for tomorrow’s meeting were worked on earlier today by Ministers in Brussels at this meeting of the General Affairs Council which was chaired by the Tánaiste and Minister for Foreign Affairs and Trade, Deputy Eamon Gilmore. I understand that Ministers had a very useful exchange today on the draft conclusions and that it is the intention of President Van Rompuy——

**Acting Chairman (Deputy Joanna Tuffy):** Is there a telephone around the Minister of State, affecting the microphone?

**Deputy Timmy Dooley:** It is a piece of surveillance equipment left there by the Minister, Deputy Shatter.

**Deputy Michael Healy-Rae:** We are being bugged.

**Deputy Mattie McGrath:** The Minister of State is being bugged.

**Deputy Michael Healy-Rae:** We are back to the 1980s.

**Deputy Joe Costello:** I think it was coming from the other side.

**Deputy Michael Healy-Rae:** It is coming from the Minister of State’s side these days.

**Deputy Mattie McGrath:** The listening devices are on the Minister of State’s side.

**Deputy Joe Costello:** It used to be transparent when we were on that side.

I understand that Ministers had a very useful exchange today on the draft conclusions and that it is the intention of President Van Rompuy to encourage a strategic exchange among leaders on both of tomorrow’s important thematic issues. The European Council discussions on energy will be clearly positioned in the context of the European Union’s efforts to promote growth, jobs and competitiveness, all of which are consistent with Irish Presidency objectives. In fact, that has been our main focus. A great deal of preparatory work for tomorrow’s meeting had been done on the energy side by the Irish Presidency and the Minister for Communications, Energy and Natural Resources, Deputy Pat Rabbitte, including during the informal meeting of energy Ministers held in Dublin Castle last month. On that occasion, Ministers discussed the use of smart technologies to control energy consumption, the impact of unconventional oil and gas on security of supply, competitiveness and prices, financing energy efficiency and the integration of intermittent renewables. In Dublin, member states confirmed that the level of ambition in unlocking investment must be underpinned not only by regulatory certainty, but also rigorous analysis of the costs and benefits associated with the different possible approaches.
Dáil Éireann
to new and existing energy policies, especially where new opportunities and technologies are being exploited. The Minister, Deputy Rabbitte, shared these perspectives with President Van Rompuy when they met in Brussels last Friday. He also highlighted the key role to be played by energy efficiency, which is critical to security of supply, improved competitiveness and enhanced sustainability. Energy efficiency is something we can be getting on with now, creating jobs while facilitating significant savings over the medium term. The Taoiseach has said he will be making these points in Brussels tomorrow.

Tomorrow’s discussion of taxation matters by leaders is to be wholeheartedly welcomed. Indeed, there is a discussion on the same issues today in the EU Parliament. It is not in the interest of any EU member state government to see tax evasion and fraud being perpetrated. This is a classic example of an area in which co-operation makes sense. Together, we can achieve a degree of coverage and enforcement which no single member state could manage on its own. Evasion and fraud are not victimless crimes. On the contrary, they have a potentially significant number of victims and negative and damaging repercussions throughout society. As Presidency, Ireland and the Minister for Finance, Deputy Michael Noonan, have been at the forefront of progressing efforts in conjunction with Commission to strengthen efforts to combat tax evasion and fraud. Together with Commissioner Šemeta, Deputy Noonan wrote last month to his ECOFIN colleagues identifying seven key areas where concrete action can be delivered in the short term. The House will be satisfied to hear that, already, four of the seven measures have been delivered while work is ongoing to deliver on those which remain outstanding.

The House should be 100% reassured that matters of direct taxation remain the sole competence of member states. The Government, together with a strong majority of member states, would not support an alteration to the unanimity requirement in this field, but Ireland and our EU and international partners have a great deal to benefit from strengthened co-operation to counter tax fraud and evasion.

The European Union is not the only international forum in which these issues are dealt with. The OECD, of which Ireland is a member, plays a leading role in a number of related areas, including the consideration of base erosion and profit shifting, BEPS. The G20 and the G8 are also grappling with these issues and it will be one of the key items on the agenda of G8 leaders when they gather at Lough Erne, County Fermanagh, next month. Tomorrow’s discussion at the European Council promises to provide a useful range of orientations on these two policy areas which have important potential to support the enhancement of the European Union’s competitiveness and efforts to stimulate and support job creation and growth across Europe.

Issuing of fixed ticket charges and exercise of Garda discretion: Statements

An Leas-Cheann Comhairle: Statements will be confined to a Minister or a Minister of State and the main spokespersons for Fianna Fáil, Sinn Féin and the Technical Group who shall be called in that order, may share their time and shall not exceed ten minutes in each case.

Minister for Justice and Equality (Deputy Alan Shatter): I am grateful for the opportunity to address issues arising from last Thursday’s “Prime Time” programme. I regret that comments made by me may have inadvertently resulted in concerns being expressed that I am prepared to use confidential Garda information to damage a political opponent. Nothing could
be further from the truth, but I am happy to offer reassurances to Deputies on this point. I give a solemn assurance to the House that I am not in the business of receiving, seeking or maintaining confidential, sensitive information from An Garda Síochána on Members of this House, the Seanad or anyone in political life, nor are gardaí in the business of providing it.

As Minister, it is necessary that I am informed of certain matters. Section 41 of the Garda Síochána Act provides a clear statutory basis for the information provided for me by An Garda Síochána. In turn, I am subject to the laws of the land in respect of the use to which I might make of that information, but, more important still, I am responsible to the House for how I discharge my office. The House will appreciate that there could be exceptional circumstances where it would be necessary for the Minister of the day with responsibility for justice to receive confidential information on the activities of Members of this House. It would arise, for example, if Members of this House were also involved with organisations carrying out terrorist activities. However, all Members of this House and I can agree that it would be absolutely abhorrent if An Garda Síochána were to collect information on anyone, regardless of whether he or she is involved in public life, for political purposes. There is no question of that happening. There are simply no circumstances in which I would countenance the abuse of Garda powers.

For my part, as Minister for Justice and Equality and Minister for Defence, I am acutely aware of the importance of ensuring confidentiality with regard to sensitive information and information relating to the security of the State. My discretion in maintaining confidences and not revealing information inappropriately is well known to many who have been writing and commenting on this controversy. On reflection, they would regard it as absurd to suggest I keep files on anyone.

I want to turn to the very particular circumstances in which I mentioned on “Prime Time” a particular incident involving Deputy Mick Wallace. I emphasise that, despite some of the subsequent commentary, I was making absolutely no allegation of wrongdoing on the part of Deputy Wallace in his dealings with An Garda Síochána. If I had been referring to some very serious incident involving the Deputy, no doubt he would have been immediately able to recall it. The manner in which I acquired the information was quite straightforward and there is nothing sinister about it. I have taken the allegations made about the integrity of the fixed charge notice system and the controversy that arose with great seriousness. In the circumstances, I asked that the allegations made be fully investigated and was briefed on the matter by the Garda Commissioner. During the course of one of our conversations in which a number of matters relating to the reports on the fixed notice charge issue were discussed, including circumstances in which gardaí exercised their discretion on traffic offences, the incident involving Deputy Wallace was mentioned by the Garda Commissioner. I most certainly did not request any information on Deputies and no big issue was made of the incident involving the Deputy. I have no doubt that the Garda Commissioner was mindful that Deputy Wallace might make public reference to the incident as part of the public controversy which was ongoing about fixed charge notices and, in these circumstances, he had a duty to mention it to me.

It is important to see this matter in perspective and context. Deputy Wallace and his colleagues put in the public domain a whole range of allegations about the operation of the fixed charge notice system and they had no way of knowing if they were true or not, many of which have since been disproved. They wanted to put in the public domain information on third parties, implying wrongdoing on their part, with no basis for any assertion of wrongdoing. Above all, they have been demanding transparency in this area. They wrote to the Taoiseach on 22 April saying the review which was taking place of the issue of penalty points must “address the
lack of transparency surrounding the process”. Their position seems to be that any information from whistleblowers, regardless of whether it is correct, should be placed in the public domain, but they are outraged when anyone provides information relating to this matter.

Despite the extensive nature of the investigation conducted under the supervision of Assistant Commissioner O’Mahoney and the report published, Deputy Wallace and other Independent Deputies continued to denigrate An Garda Síochána and sought to undermine public confidence in and damage the reputation of the force. They also rejected all of the conclusions contained in the report when it was clear to any fair-minded observer that some of the most serious allegations made had no basis in reality.

At the very start of the “Prime Time” programme Deputy Wallace stated gardaí should not exercise a discretion and that their doing so was unlawful. This was clearly a gravely serious allegation against An Garda Síochána. His initial comments were absolutist in this regard. I responded by saying gardaí could quite properly and lawfully use their discretion. I believed it was grossly unfair to suggest it was improper for gardaí to do so or that where a discretion was exercised in ease of a member of the public, the member of the public was engaged in some form of illegality. I believed that in the performance of my duties and functions as Minister for Justice and Equality it was necessary for me to ensure continuing public confidence in the force and that it was wrong of Deputy Wallace to pillory others for the proper exercise of a lawful discretion. It was my judgment that it was both necessary and in the public interest that I point out that he had been a beneficiary of that discretionary exercise. I believed there was an extraordinary inconsistency between what the Deputy had to say and what had actually occurred in his case. I made the point, not to make a political charge against him, nor for any personal benefit, but to defend the integrity of An Garda Síochána. I did not make any allegation of wrongdoing against him in his dealings with the Garda Síochána. In the context of the transparency demanded by him on this very issue and the information furnished to me relating to it, I was simply making the point that, like tens of thousands of others, he had been the beneficiary of Garda discretion being properly exercised.

I believe I acted in the public interest and my doing so should have none of the connotations some have ascribed to it. However, as I have acknowledged on other occasions, none of us has a monopoly of wisdom. If Deputy Wallace believes I did him a personal wrong by mentioning it, I have no problem in saying I am sorry.

**Deputy Michael Healy-Rae:** That is a first.

**Deputy Alan Shatter:** It may be helpful to clarify the issue of Garda discretion in dealing with road traffic matters. After our initial exchange on “Prime Time”, Deputy Wallace acknowledged that it was okay for gardaí who stopped someone to exercise discretion but stated that, once a fixed charge notice issued, no discretion should be exercised by gardaí. In his view, no matter what the circumstances, individuals should go to court if they seek to have a fixed charge notice cancelled. What he does not take into account is that many fixed charge notices are issued as a result of speed cameras where there is no contact of any nature between the motorist and An Garda Síochána. This reinforces the need for Garda discretion, properly exercised, even where a notice has been issued.

The distinction Deputy Wallace now makes would be unjust and not reflect reality. If all of those who received fixed charge notices, in circumstances where the courts would inevitably dismiss any summons issued, were required to go to court, it would cause stress, inconvenience
and financial loss to thousands of people, gardaí would be unnecessarily tied up in the courts and removed from regular policing duties, and there would be many thousands of unnecessary road traffic summonses to be processed by court clerical officers and backlogs in court proceedings, putting the Judiciary under unnecessary pressures. This would delay the hearing by the District Court of other criminal prosecutions to the detriment of the public. The presentation to date on this issue, by Deputy Wallace and his colleagues, pays no regard to any of these issues and the public interest in ensuring a common sense, cost effective and humane approach. These are important issues to which I must have regard as Minister for Justice and Equality.

There are genuine issues that have to be addressed about the penalty point and the fixed notice systems. That is why I sought a Garda investigation and why new procedures are being put in place in accordance with the recommendations made. The Garda inspectorate will independently monitor the operation of the system and express its views on the reports that are furnished to it. It is also the reason the reports have been referred to the Oireachtas joint committee for its deliberations. I am, of course, happy to assist the committee in its deliberations if it asks me to do so.

Deputy Niall Collins: In the first instance, I will refer to the two reports that were published last week regarding penalty points and the allegations of erasing penalty points. We have no issue with those reports. We welcome the finding that there was no corruption. We also agree that An Garda Síochána should be allowed to exercise a degree of discretion. Some people have sought to discredit the reports by saying that the Garda should not investigate the Garda. It is open to the Minister, the justice committee or the Garda Síochána Ombudsman Commission to inquire into the matter also. There is an outside agency that could have a degree of oversight on that, should it be warranted. I was anxious to put our position in that regard on the record.

Unfortunately, having dealt with that point, we now face the situation regarding last Thursday night’s “Prime Time” programme. Since then, the Minister has sought to completely confuse the issue regarding what he said and the privileged, private information he used on that programme to smear another individual. He has continually sought to mix that up with the reporting on the two reports last week. He is doing so in a skilled attempt to try to confuse people. I have said the Minister should resign and I stand over that statement. That is the position of our party. The Minister has clearly crossed the line. He knowingly and willingly abused his position to smear another individual with private, privileged information that came into his possession. He did this to a political opponent on national television.

Where does the Minister stand with regard to due process, natural justice and a person’s privacy and any rights they might have with that? Where do the Fine Gael Party, the Labour Party and the Government stand on that? The Minister clearly made a predetermined decision to appear on that television programme and to use that private, privileged information in that manner. He set himself up as judge, jury and executioner of a political opponent. That is not on. Following last Thursday, the Minister made a statement yesterday. That raised further questions. The Minister referred to a general briefing and to the information about Deputy Wallace as being merely incidental. The Minister also said he did nothing unlawful. That is not for him to determine. He is happy to be judge, jury and executioner of another individual on RTE’s “Prime Time” and, at the same time, he wishes to act as judge and jury in his own regard. Unfortunately for the Minister, that determination will be made by SIPO, the Standards in Public Office Commission, and the Data Commissioner. The Minister cannot behave like people in banana republics behave. As a modern society, we must have a degree of responsibility and own up to responsibilities.
We must look at the Minister’s track record in respect of similar circumstances when he sat on this side of the House. We are judging the Minister by his own standards and by the utterances he made when similar situations arose over the years. In 2002, the then Minister of State, former Deputy Bobby Molloy, had an issue. The current Minister clearly said, “The Minister should recognise that his position as a Government Minister is no longer tenable and should resign. Such a monumental error of judgment might have been forgivable had it been made by a political novice serving a first term in the Dáil...”. The Minister should apply that standard to himself. In 2010, the Minister stated, quite incorrectly, with regard to Deputy Willie O’Dea, that he willingly and publicly discussed, for his own electoral gain, confidential information furnished to him by a member of An Garda Síochána, and that such conduct was unacceptable by any Minister in any Government. Again, I ask the Minister and his colleagues to judge the Minister by his own standards. By those standards, he is not being consistent and is engaging in blatant hypocrisy.

The Minister spoke about his role and responsibility as head of the Garda Síochána. He is supposed to be the ultimate leader, but the Garda does not see leadership in him. There is an unhealthy tension, which we have discussed in this House on many occasions. The Minister has not made any efforts to foster and rebuild a decent working relationship with An Garda Síochána. I believe the Minister has compounded that unhealthy situation. He quoted the Garda Síochána Act regarding the role and responsibilities of the Garda in briefing a Minister. The relevant section of the Act permits the Garda to brief the Minister on three issues - the preservation of peace and public order, the protection of life and property and State security. Where does the briefing relating to a Member of this House or, indeed, a private citizen whom the Minister is due to face in a debate on a television programme come into play? The Minister is dropping the person who gave him that briefing into the mix, whether knowingly, willingly or inadvertently. There are serious penalties for members of An Garda Síochána who breach that section of the Act. The Act provides for a fine of up to €50,000 or six months imprisonment.

As I said yesterday, the Taoiseach’s response has been particularly weak, both when he was in Boston and in the House today. He expressed 100% confidence in the Minister. What type of message does it give to people in our communities when the Taoiseach can express confidence in a Minister having blastedly used private, privileged information to discredit and smear somebody? What does the Taoiseach stand for when he does not stand for people’s rights, due process and natural justice? He was asked a simple question by Deputy Micheál Martin during Leaders’ Questions today, whether he accepted that it was wrong, “Yes” or “No”. He could not give an answer; he was unable to say it. The Government must not only act appropriately, it must be seen to act appropriately. In this matter, it is failing very badly. The Government need only look to the actions of President Obama, a real leader. He sacked the head of the Internal Revenue Service.

I have a number of questions for the Minister. First, how did he come into possession of the information which he revealed on the RTE “Prime Time” programme last Thursday night? Who briefed him? He said in passing in his statement that it was the Garda Commissioner. Has the Minister received similar information on other people? Is it now in his possession? Has he previously used this type of information against other people or, indeed, other political opponents?

Deputy Finian McGrath: There is a file on Deputy Kevin Humphreys.

Deputy Niall Collins: What form did the briefing take? Was it an oral or written briefing?
Who else was present at the briefing? Did the Minister discuss it with his Cabinet colleagues? With what other third parties has the Minister discussed this briefing? How did information on an incident pertaining to Deputy Wallace make its way to the Minister when it was not recorded on PULSE? Did the Minister ask for the names of any other political or public figures? Does the Minister have any regard for the data protection guidelines? Does he adhere to them in his role as Minister and within his Department?

Deputy Pádraig Mac Lochlainn: What has been evidenced in the past week is an unhealthy relationship or partnership between the Minister and the Garda Commissioner, Mr. Martin Callinan. The Commissioner is standing over and supporting the Minister in the face of the closure of 140 Garda stations and the failure to replace thousands of retired gardaí and hundreds of Garda vehicles whose period of service has expired. Garda morale is at an all-time low. The Minister knows that gardaí on the front line have spoken up against these issues. They have spoken to Members of both Houses about their concerns. The Commissioner has stood by the Minister and has talked about efficiency, modernisation and smart policing. Such is the anger among the ranks of An Garda Síochána that, for the first time in 35 years, gardaí did not invite the Minister to attend their conference. There were walk-outs at the AGSI conference. This demonstrates the anger on the ground. Despite this, the Garda Commissioner stands solidly behind the Minister in defending the cutbacks that are having an effect across the board.

In the past week, there were three serious moments that are very worrying for every citizen. The first concerns the Garda ombudsman’s report, the public-interest investigation into what is known as the Kieran Boylan affair. A convicted drug dealer, alleged to have been in possession of heroin and cocaine worth €1.7 million, he had charges dropped against him without any clear explanation. He also benefited from a haulier licence after his conviction. The relationship of Mr. Boylan with some within An Garda Síochána at quite a high level is a serious matter.

The ombudsman, having completed four years in office, has reported to the public in a remarkable summary of the full report. The ombudsman has grave concerns about the level of co-operation from An Garda Síochána. The report refers to the Morris tribunal and states lessons have not been learned. The report refers to the failure to keep contemporaneous notes of issues surrounding the handling of informers, which issues were so central to all the crises associated with the tribunal. Very serious matters were raised, including the failure to co-operate continually. Only 17 of 62 requests for information were returned within the 30-day period. The Minister had nothing to say about that other than that he will pull the Garda Commissioner together with the ombudsman. We know that sources within An Garda Síochána briefed against the ombudsman’s office on the weekend in question in the media, unchallenged by the Minister. He let the matter continue and issued no comment since.

Next was the penalty points debacle. Two Garda whistleblowers came across what they believed to be considerable malpractice in regard to the rescinding of penalty points that have been issued. They tried to raise those concerns through the appropriate Garda channel, the confidential receiver. They did not seem to get anywhere with that. I understand they brought the matter to the Comptroller and Auditor General and the Road Safety Authority, and that they tried to make contact with the Taoiseach repeatedly. Having make all these attempts, they then took their concerns to Members of the Oireachtas, as was their right because they felt the matters of serious concern were not dealt with.

The Minister chose to ask senior police to investigate senior police rather than ask the ombudsman to carry out an independent examination of the serious matters in question. Was
there a paper trail behind every single penalty point that was rescinded? If somebody said he was in a medical emergency and that points should not be issued, as was his right, there should be backup documentation to prove there was indeed a medical emergency. Where is the paper trail behind all the hundreds and thousands of penalty points that were rescinded? How can the motorist be sure the law applies as much to him as everyone else? These were the matters that very courageous whistleblowers put into the public domain. On the day on which the report was published, the Minister chose to go on the offensive against them.

This State was brought to the edge of economic crisis because too many people in the public and private sectors failed to blow the whistle and shout “Stop”. The Government is preparing whistleblower legislation. What encouragement will whistleblowers receive from the Minister’s attacks on the two courageous gardaí? One of the gardaí said he has been driven out of the force because of the choices he made. At a meeting of the Committee of Public Accounts, the Garda Commissioner spoke about hiding behind a cloak of anonymity. He must know the whistleblowers’ identities, however, because they went through the appropriate authorities.

We have had the Garda ombudsman’s report and the penalty points debacle in which the Minister chose to shoot the messenger, the whistleblowers, rather than shed more light on these issues. Next was the Deputy Mick Wallace debacle on “Prime Time”. We now know the Minister was briefed by the Garda Commissioner on these matters. Under what remit was he operating? Was there a legal requirement? What was the legal basis? Could the Minister refer to the legal basis, under sections 41 and 62 of the Garda Síochána Act, in respect of which the Commissioner would have given him the information? How did the information make its way from the two gardaí, who did not charge the Deputy but who instead gave him a brief slap on the wrist, to the Garda Commissioner without its being filed within the system? Why did the Commissioner feel it was essential to give the Minister that information? Was the timing not fortuitous? When did the Minister receive the briefing from the Garda Commissioner?

Let me read to the Minister his press release some years ago on the then Minister, Deputy Willie O’Dea, who had to resign: “It must be presumed that any such information, when furnished by a member of the Gardaí, to a Government Minister would be expected to be kept confidential and disclosed to no other persons, other than to members of Cabinet within the confidentiality of Cabinet discussions, where the information is sufficiently serious to require such discussion.” The Minister continued:

Such conduct is entirely unacceptable by any minister in any Government. Such conduct by a Minister for Defence, part of whose constitutional duty is to secure the security of the State, renders the Minster unfit for Cabinet office.

Deputy Shatter is the Minister for Justice and Equality and the Minister for Defence. He has a unique array of powers that very few, if any, Ministers have in the developed world. With these powers comes access to some of the most sensitive information. We expect the Minister to use that wisely. For the life of me, I cannot understand how a man such as the Minister, who has undoubted intellectual and legal capacity and who is not just an ordinary legal practitioner but one of great repute, felt it would be acceptable to make the intervention he made in the debate in question. I cannot figure it out. The Minister was entirely wrong.

What was the legal basis for the information provided to the Minister? When the Minister was on “Prime Time”, he did not name the exact date, time and location of the incident in question. How is it that a journalist got hold of that information after the “Prime Time” debate
and was able to contact Deputy Wallace with specific details on where he was stopped? How did that information come to be in the hands of a journalist such that those questions could be asked? Who in An Garda Síochána felt it necessary to get that information to a journalist to assist the Minister? Does he not find that strange? I certainly do. I would like to get his thoughts on that.

A very unhealthy relationship is developing. It is a disservice to the overwhelming majority of members of An Garda Síochána who have very low morale as a result of cutbacks and all of the challenges they have faced. They need to be assured that those at the very top of An Garda Síochána answer questions and deal with them effectively, and that the Minister of the day holds them to account, deals with issues of legitimate concern and does not let them down.

An Leas-Cheann Comhairle: Deputies Daly and Wallace are sharing time. They have ten minutes in total.

Deputy Clare Daly: We obviously have very limited time. The Minister said he is not in the business of getting information from An Garda Síochána, and it is not in the business of giving it to him, and that we can all be reassured. I am certainly not reassured.

Yesterday, the Minister claimed he was at a briefing on the termination of fixed charge penalty notices where the information in regard to Deputy Wallace came up. Today he told us there was a conversation with the Garda Commissioner. Why did a briefing on the termination of fixed charge penalty notices have any relevance to Deputy Wallace, who did not benefit from a termination in that regard?

I wonder how the Garda Commissioner would be privy to such trivial information about an event that did not register on the radar and took place over a year ago. Was it at this briefing or conversation that the Minister received Garda information regarding Deputy Flanagan, which the Minister released in his press release at the same time as he issued a report in which he alleged that he was unwilling to co-operate with Garda investigations, that he cancelled meetings and so on?

Is he not aware that under data protection legislation it is unlawful for him to divulge such information? There is a view that it would, in fact, be a criminal offence. Not only that, but what the Minister divulged was not information but misinformation, because the incident as he described it did not happen in that way. He has again taken this opportunity to accuse some of us on this side of the House of wildly bandying around unfounded allegations with some spurious motivations. The reality is that the root of this investigation happened because of the bravery of two whistleblowers, honest members of An Garda Síochána, acting in the best interests of the force, who wanted to know why, while honest gardaí decided to not exercise their discretion and give penalty points, senior officers cancelled them for reasons that had no valid basis.

Those people went through every correct channel to ensure the information was heard and they only came to us in desperation. Why did the Minister choose to have an investigation which his friend, the Commissioner, Mr. Callinan, told us before it had even started would reveal there was no culture of writing off of penalty points? Yet, that even limited inquiry revealed that 40% of the terminations were improper or are the subject of disciplinary investigations. It is hardly a vindication.

I have some questions for the Minister. He said some of the most serious issues have been dealt with. The biggest problem I have with his report is my inability to believe it. In the report
he stated he got the information in October, and that his Department was furnished with the information in September by the Department of the Taoiseach and the Department of Transport. He is on the Official Report of the Dáil on at least six previous occasions as having said the same thing.

My problem is that I have correspondence from the Taoiseach dated 22 July where he says he gave the Minister’s Department the information on that date. I have further correspondence from him dated 13 August and 14 September, when he again says he gave the Minister the information. I note the Minister told the media he has an inconvenient habit of telling the truth. Therefore, I can only assume that if he is telling the House that, it is the Taoiseach’s correspondence that is a lie because both of them cannot be telling the truth.

How can an investigation which starts on the basis of a lie have any credibility? Where is the supporting information for all of the claims written in the report? How do we know the claims have been substantiated when it is the very same gardaí who were accused of this malpractice who adjudicated and investigated themselves?

Deputy Mick Wallace: I would like to deal briefly with last weeks “Prime Time” programme and the Minister’s allegation that I was stopped and cautioned by gardaí last year for the use of a mobile phone while driving. While I could not recall the incident at that time, I have since confirmed that a Garda car pulled up beside me while I was stopped at traffic lights at the Five Lamps in Dublin. I was not stopped or cautioned, and none of the gardaí got out of their vehicle. As others have noted, the politically motivated and personal attack on me represents a serious abuse of the Minister’s power and privilege. I can confirm that I have written to the Standards in Public Office Commission and Data Protection Commissioner requesting them to investigate the matter.

Throughout our campaign for an independent public inquiry on the termination of fixed charge notices, we have only spoken of the issue of discretion in regard to fixed charge notices on the PULSE system. The Minister has consistently tried to misrepresent our position on discretion. I will make things clear for him once again. We have never stated that there should be no discretion in cases where, for example, someone is speeding to hospital with a sick child, rather, I have repeatedly said that this use of discretion must be subject to proper monitoring and oversight in order to ensure it is not open to abuse. At the current time, as the Minister knows, there is no legislation to provide for this discretionary power. This was confirmed by the Attorney General in 2006, who stated that if gardaí exercise this discretion it must be recorded. This recommendation was clearly not followed as the internal review found that the lack of paper trail was one of the two main problems identified. In addition, the foremost authority on traffic legislation, Robert Pierse, has gone further and said under the current legislation the exercise of this discretion by gardaí is unlawful. Despite the Minister’s claims, I am not opposed to discretion, as long as it is lawful and subject to a system of transparency, monitoring, oversight, appeal and a formal application process which can be evidenced by a paper trail. Furthermore, it should be a well publicised system which is accessible to all members of society, not just those who can count a senior garda among their circles of friends.

The Minister continues to misrepresent our position in order to minimise and rubbish the serious issues at hand, which have impacted on road safety, revenue for the State and, ultimately, the application of the rule of law in this State and whether it can be considered to be uniform, consistent and fairly applied. Since I and three other Deputies raised these issues, the Minister has tried to ridicule us, skew the debate and misrepresent our position, and has shown a fun-
damental lack of respect for us as elected representatives and for the meaningful operation and functioning of the Legislature.

Why did the Minister stoop to these unparliamentary levels? What is he trying to hide? If these issues are so minimal, why was he afraid to exercise his powers to order a special inquiry or to refer the matters to the Garda Ombudsman Commission and have them investigated in a transparent manner? That is the only way public confidence in the system would have been restored. Was he afraid that the ombudsman might act in an independent manner?

He repeatedly dismissed our calls for a public inquiry and has refused to explain why he did not use one of three options available to him to have this matter externally investigated. He told us that the internal review would answer all our questions. The truth of the matter is that the internal review was discredited as early as 7 December when the Commissioner rubbished it and said there was no basis for the allegations. It was discredited by the failure to interview or protect the two whistleblowers involved. Imagine the situation. Two whistleblowers came forward and provided a dossier which was a sample of what was going on, and nobody interviewed them. One could not make it up. The investigation was discredited by its terms of reference which were narrow, disproving, dismissive and minimising.

Finally, the Minister was not able to release the names of people who have had their fixed charge notices terminated. I did not ask him to do so. He was not able to release the name of a superintendent who has terminated almost 1,000 fixed charge notices for every offence possible. Some 700 terminations were squashed with excuses such as “Garda seeks cancellation” and “Garda wants termination”. Serious questions must be asked, but the Minister chose to release the name of someone who did not get a fixed charge notice terminated, and who did not even receive a fixed charge notice. The Minister says he released my name in the public interest. Is he serious and does he think people believe him? I do not think they do. It is not we who are undermining the Garda Síochána; it is the Minister.

**An Leas-Cheann Comhairle:** That concludes statements. We will now move on to questions and answers and I ask Members to be brief. I thank them in advance for their co-operation.

**Deputy Niall Collins:** I will repeat some of the questions I asked in my opening statement. Will the Minister outline in detail the process by which he came into possession of the information he used on “Prime Time”? Does he have similar information pertaining to other people, including politicians? Did he request similar information pertaining to citizens or politicians? Has he previously used similar information against other people or political opponents in the fashion in which he did last Thursday night?

In regard to the briefing, can he tell us the exact format it took? Was it oral or written? Who was present at the briefing in addition to the Minister and the Garda Commissioner? Are those people bound to secrecy or confidentiality? Will they respect the data protection legislation? Was the content of the briefing given to the Minister discussed by him with his Government colleagues?

In regard to the incident to which Deputy Mick Wallace referred, which it is fair to say is an unrecorded incident, will the Minister explain how it made its way to him through the system? Does he recognise and adhere to the data protection legislation in his role as Minister and within his Department?

**Deputy Alan Shatter:** I thank Deputy Niall Collins for the questions he has raised. By
way of context, I refer the Deputy to the entirety of subsection 41(1) of the Garda Síochána Act 2005, which provides that the Garda Commissioner shall keep the Minister and the Secretary General of the Department of Justice and Equality fully informed of certain matters. The Deputy was somewhat selective in his reference to subsection 41(1)(a) only, which deals with matters relating to significant developments concerning the preservation of peace and public order in the State, the protection of life and property in the State, and the protection of the security of the State. He chose, however, to leave out the rest of the subsection. Under paragraph (b), the Minister must be informed by the Garda Commissioner of “significant developments that might reasonably be expected to affect adversely public confidence in the Garda Síochána”, which is a matter of particular importance in regard to the issue we are discussing. Paragraph (c), meanwhile, refers to “matters relevant to the accountability of the Government to the Houses of the Oireachtas”, which is also pertinent. Finally, paragraph (d) refers to “any other matters that, in the Commissioner’s opinion, should be brought to the Minister’s attention”.

I wish to repeat something I have already said in very straightforward terms. I have no information about any Member of this House. I do not seek information about Members of this House. The only occasion on which I raised an issue with the Garda Commissioner about a Member of this House related directly to my concerns about how that Member was treated in the context of matters which, for reasons I could not understand, appeared in the public media. I communicated my concern about that to the Commissioner.

I did not seek any information in regard to Deputy Mick Wallace. The transparency which everybody has been insisting upon is something which I myself have been insisting on in regard to every aspect of not just the fixed-charge issue, but the related issues that have been reasonable to raise in respect of the manner in which members of An Garda Síochána apply and exercise their discretion in regard to road traffic offences. I have been seeking to ensure I have the maximum information. There were some issues not addressed in the reports and I sought some additional information in regard to those. In fairness to Deputy Wallace, as he has rightly said, discretion can be exercised in a number of circumstances. Most people in the State have a family member who has experienced either being stopped by a garda or, as in the Deputy experience, being at a traffic light when a garda knocks on the roof or window to warn one about something. It happened to me many years ago in a different context. It turned out the warning I got was wrong because there was not an issue.

(Interruptions).

Deputy Alan Shatter: There was no issue because I was driving along a route one could drive along and a traffic garda was confused about the issue.

(Interruptions).

Deputy Alan Shatter: In the context of gardaí exercising discretion before fixed-charge tickets are issued, as an aside during our conversation the Commissioner mentioned to me the incident to which Deputy Wallace referred. Deputy Niall Collins asked me how the Commissioner knew of the incident. I do not know how he knew of the incident. Did I get a briefing in writing on it? I did not. Did I go looking for it? No, I did not. It was an aside in a conversation.
In the context of the issue we are discussing, I have said - I am sorry Deputy Wallace did not acknowledge it - that if he feels I did him some personal wrong by mentioning this issue, I am quite happy to say sorry to him, which is what I have said. However, I must make the point that Deputy Wallace’s views on this particular issue are like shifting sands and we have had a variety of different presentations. One is that gardaí should never exercise their discretion. The next is that it is okay if they exercise discretion if a fixed-notice charge is not issued but where such a charge is issued, one should have to go to court. If anybody checks the “Prime Time” record, they will see that the Deputy shifted from the first view before moving on to the second view. He was very adamant on the second view in regard to fixed-notice charges that if one has been issued, individuals should be taken to court. I have explained why the discretion should still be exercised.

I cannot add a greater enlightenment to this matter. The only reason I raised it was that Deputy Wallace, as I said, was effectively saying that gardaí were acting unlawfully in exercising their discretion. He said again this evening that there is no lawful basis for it and if the law is changed he will be happy with it. I know the Deputy has read the report and, in fairness to him, he accepts aspects of what is in it. The report details a variety of circumstances in which fixed-notice charges are issued, often by speed vans. The effect of that is that in the case of a medical practitioner rushing to an emergency, a parent bringing a sick child to hospital or a husband transporting his pregnant wife to a maternity unit, for example, there is no way those circumstances can be known by the person operating the speed van. We must have a discretion exercised so that individuals are not unnecessarily brought before our courts.

There is no question of my personally seeking information about any Member of this House, in any circumstances, in respect of any issue. It is simply that this was brought to my attention. Deputy Wallace says he wants maximum transparency in this area. In the context of the case he was making that gardaí were acting unlawfully in exercising their discretion, I thought it was reasonable to point out that he was a beneficiary of that discretion and that others should be treated just as equally as he was treated.

An Leas-Cheann Comhairle: I remind Members, including the Minister, to be as brief as possible in their questions and answers.

Deputy Pádraig Mac Lochlainn: I read the Minister’s press release from 2010 in regard to events involving the then Minister for Defence, Deputy Willie O’Dea. What has changed in his view of such matters in the interim?

The Minister referred to paragraphs (b), (c) and (d) of subsection 41(1) of the Garda Síochána Act 2005. He is giving quite a large scope to the Garda Commissioner under these provisions in respect of what seems essentially to be case of hand over tittle-tattle. How did the Commissioner pick the information up from a traffic garda right through sergeant, inspector, superintendent, chief superintendent, all the way up to himself?

7 o’clock

Is it common practice for a Garda Commissioner to report to the Minister when people have been stopped and not charged on a matter? How long did this meeting last because it seems the Minister went through a great deal of minutiae? Do these general briefings take a long time because it seems like a long series of briefings if the Minister got the name of every single member of the public who was stopped that week and not charged or benefited from discretion?
Who was at the meeting? Were any of the Minister’s special advisers present? Was his private secretary present? Was it just him and the Garda Commissioner? What other senior members of the Garda Síochána were there?

If an individual has not been formally reprimanded why is that information retained? How does it work its way up the system if there have been no charges and nothing has been put on PULSE? What is the Minister’s opinion on how a journalist managed conveniently to get their hands on information about the specific incident in which Deputy Wallace was stopped? How were the specifics presented to him because he did not refer to the specifics in the “Prime Time” debate?

Deputy Alan Shatter: I will answer the last question first. All I can say is that the Deputy should ask the journalist. One thing the journalist will be able to confirm is that they got no information from me. I do not know where the journalist got the information. It seems to me that it was only after the journalist got the information that Deputy Wallace had a mature recollection of the particular event. I certainly did not talk to the journalist. I can say that categorically. Perhaps the journalist to whom the Deputy refers might confirm that to him. I do not have a habit of giving journalists information of a confidential nature about individuals.

Deputy Finian McGrath: The Minister never did that.

Deputy Alan Shatter: Journalists find me quite awkward, as some of them might tell the Deputy-----

Deputy Timmy Dooley: Not only journalists.

Deputy Alan Shatter: -----because I do not reveal information until it is appropriate to reveal it. That is the reality.

The Deputy asked how did the information reach the Commissioner.

Deputy Timmy Dooley: Except for Pat Kenny.

Deputy Alan Shatter: Let us deal with the more amusing part of this. Of course I do not get information on a regular or any basis about who might get warnings from the gardaí. This arose as an aside. I am assuming it arose in a normal human context in circumstances in which first the Commissioner, who, as the Deputy says, has wide powers under the Garda Síochána Act 2005, would be conscious that there is a lot of controversy around the fixed ticket issue, that I have already addressed it in several ways and that I was very determined to know everything to do with how Garda discretion is exercised. In the context of questions that may arise in this House, and this has arisen this evening, he has an obligation to ensure that I am informed of matters relevant to the accountability of the Government to the Houses of the Oireachtas. I presume that he may have concluded, just as Deputy Luke Flanagan said something about how the gardaí dealt with him, that Deputy Wallace might do so at some stage and I could be asked a question about it. The information was incidental, I presume in circumstances in which Deputy Wallace was so critical of the gardaí for exercising a discretion to ease the position of some people who had violated the Road Traffic Acts where there were humanitarian reasons for doing so. It was something of a curiosity that Deputy Wallace had benefited from the gardaí exercising their discretion. I certainly did not go hunting for the information.

An Leas-Cheann Comhairle: I thank the Minister.
Deputy Pádraig Mac Lochlainn: I asked a question that was not answered. Who was at the meeting?

Deputy Alan Shatter: I will come back to that.

An Leas-Cheann Comhairle: I will group questions from Deputies Daly, Wallace, Kevin Humphreys and Healy-Rae. I call Deputy Daly and I ask her please to be brief.

Deputy Clare Daly: We know the Minister got the information during a chat and he does not know where the Garda Commissioner got it but could he tell us when the chat took place? Was it during that chat or a different chat that the Garda Commissioner gave him the information that he divulged about Deputy Luke Flanagan? In the press release that he issued last week he said the Commissioner has a legal obligation to keep him fully informed of issues of national security and so on. Had he kept the Minister informed of his own penalty point termination? Did he explain how when that took place he was allegedly going to a high level briefing and that he happened to be driving his own car even though a State one had been issued to him at the time, and why it was very near his own house even though it was at 10.48 in the morning?

The Minister has made an enormous issue of discretion but does he not accept that we have tabled questions to ask him for the legislative and procedural protocol that lays down the basis for discretion on at least five occasions and he has never furnished us with the answer? Does he accept that the Attorney General has questioned how discretion is applied and that it needs to be transparent? Does he accept that his own internal inquiry found that discretion was not properly applied and that the foremost legal people in the field say that there is a problem with discretion? One man’s discretion is another man’s favouritism. That was always the basis on which we raised the issue of discretion about when penalty points were awarded and when they were terminated. Is it the Minister or the Taoiseach who is lying about where they got this information?

An Leas-Cheann Comhairle: The Deputy should be aware in future that we do not use that word here.

Deputy Alan Shatter: Does the Leas-Cheann Comhairle want me to reply to that question now?

An Leas-Cheann Comhairle: I have to take a group of questions together. I call Deputy Wallace.

Deputy Bernard J. Durkan: A Leas-Cheann Comhairle the Deputy should withdraw that word.

An Leas-Cheann Comhairle: Deputy Durkan will have to resume his seat. Deputy Daly has to withdraw the word ‘lie’. I do not know the context-----

Deputy Clare Daly: My definition of lying is that if I have one piece of information in which the Minister for Justice and Equality said he received information in October and I have another piece of information from the Taoiseach telling me that he gave that information to the Minister in July they cannot both be true. If the Leas-Cheann Comhairle did not understand me: one of them must be telling an untruth. I would like to know which one. Does that clarify it?

Deputy Derek Keating: The Deputy should withdraw that remark.
Deputy Bernard J. Durkan: On the allegation of lying-----

An Leas-Cheann Comhairle: I will call Deputy Durkan in a moment.

Deputy Timmy Dooley: Is Deputy Durkan allowed to admit that he is lying?

(Interruptions).

Deputy Bernard J. Durkan: On the allegation of lying-----

An Leas-Cheann Comhairle: The Deputy has withdrawn that word.

Deputy Bernard J. Durkan: Can the Leas-Cheann Comhairle give an indication to the House as to the response to the allegation of lying and the normal response of the Chair?

An Leas-Cheann Comhairle: Deputy Daly has withdrawn that word. I do not know what Deputy-----

Deputy Clare Daly: I just want to know which one of them was not telling the truth.

Deputy Bernard J. Durkan: Has the Deputy withdrawn the word?

An Leas-Cheann Comhairle: I just want to say-----

Deputy Bernard J. Durkan: A conditional withdrawal is not acceptable.

An Leas-Cheann Comhairle: We only have a short time. The Deputy has withdrawn the word. I do not know the context.

Deputy Bernard J. Durkan: It should be an unconditional withdrawal not a conditional withdrawal.

An Leas-Cheann Comhairle: The actual word has been withdrawn.

Deputy Aengus Ó Snodaigh: The Leas-Cheann Comhairle is happy with the conditional withdrawal.

Deputy Bernard J. Durkan: We are running out of time.

Deputy Mick Wallace: I would like to ask the Minister, aside from when he got the dossier, when did he first get news of whistleblowers coming forward with allegations of malpractice? What month was it, please?

Deputy Kevin Humphreys: I thank the Minister for coming into the House and making a statement and taking questions because this is the proper forum for this discussion and debate which has not happened in the past. I welcome the Minister’s coming in to the House.

I confirm that it is not only journalists who find him awkward but a few of us in the House do so as well.

Deputy Luke ‘Ming’ Flanagan: How dare the Deputy say that?

Deputy Kevin Humphreys: I have three questions but first I want to put them in context
because this discussion and debate is a disclosure of personal information. It is not about penalty points or all the dossiers or any other issues which are starting to cloud it.

I am similar to the Minister but I was in the wrong. I got a tap on the window from a garda and got the finger. I said sorry and moved on. That is the context in which I am asking this question. Can he tell the House are all discretionary decisions by the Garda Síochána recorded or only the high profile individuals? It is fundamental and important that we understand what type of records are being kept about Members of this House and high profile individuals. I do not believe that has been addressed. I accept the Minister’s assurances that there are clear barriers in place to ensure that information collected, whether as a result of Garda discretion, investigation of offences or for any other reasons, will not be used for political debate. Will he affirm that?

Deputy Alan Shatter: I have already said that.

Deputy Luke ‘Ming’ Flanagan: Through the Chair.

Deputy Kevin Humphreys: I am just asking that it should not be done.

This affair has raised questions about the impact on civil liberties, as well as how information is recorded and comes into the public ether. Will the Minister explain clearly how this information came all the way up to the top of the Garda and was then given to the Minister as a kind of gossip?

Deputy Michael Healy-Rae: If the Standards in Public Office Commission or the Data Protection Commissioner find against the Minister, will he resign or will he have to be sacked?

This is a very sinister and dark time in politics. It is down to the Minister-----

(Interruptions).

Deputy Anthony Lawlor: Deputy Healy-Rae’s father turned off more lights in this country.

Deputy Michael Healy-Rae: I would like if he would answer the question straight.

Deputy Alan Shatter: I will come back to some questions Deputy Clare Daly raised. She seems to have a difficulty with me issuing a statement on Deputy Luke ‘Ming’ Flanagan. He wrote to have a fixed-notice charge cancelled. Subsequent to it being cancelled, he then complained about it being cancelled. When all of this came out into the public arena, I asked that the matter be investigated by the Garda Commissioner.

Deputy Luke ‘Ming’ Flanagan: The Commissioner had points cancelled too.

Deputy Alan Shatter: Subsequent to that, I received a letter from Deputy Luke ‘Ming’ Flanagan, in case the Deputy believes I was meddling in some way. I was anxious to get to the bottom of the issue.

On 21 March, Deputy Luke ‘Ming’ Flanagan wrote to me. He stated:

Dear Minister Shatter,

As you may have noticed from my contribution on the Criminal Justice (Spent Convictions) Bill 2012, I made it clear that fixed-charge penalty points were removed from my
licence. Please find below the names of those who contacted me.

He was blaming other people for this happening. He then named one individual but I am not going to name that person in the House.

**Deputy Timmy Dooley:** Wait until “Prime Time” later.

**Deputy Michael Healy-Rae:** The Minister will name him later tonight.

**Deputy Finian McGrath:** Use it on Vincent Browne later.

**Deputy Alan Shatter:** He continued in the letter:

This was an individual who was among those whom I met at a meeting in Roscommon County Council in 20 December and to whom, along with others present, I casually mentioned that I had just been caught on my mobile phone while driving. It was Mr. [Blank] who rang me after the meeting to say I would not be getting points.

**Deputy Frank Feighan:** Well, it was not me.

**Deputy Alan Shatter:** He then went on to say: “I do not bear any malice towards Mr. [Blank] for this but I believe the truth about this situation must be established in order that such an event does not re-occur.” Later he named a particular garda, now retired, of a named Garda station who contacted him about the fixed-charge penalty points which were issued to him for using his mobile phone while driving on 3 June 2011. The letter continues:

I told him what happened and he said I should write to the station with the details and the points would be removed. He insisted it would be the right thing to do. I subsequently wrote a letter outlining the situation. The points in question were never applied to my licence. As in the previous case, I do not bear any malice towards the Garda in question.

*(Interruptions).*

**Deputy Clare Daly:** Could the Minister just answer the question?

**Deputy Alan Shatter:** The letter continues:

In fact, I believe it was a genuine attempt to help me. While in this case I believe I would have had a very strong argument for having the points removed, it does not change the fact the system used is open to some. This must change.

If at the end of this process [I do not know what process the Deputy is referring to] it is decided that I should in fact have received penalty points, then I am asking you, as Minister for Justice, to have them applied to my licence. In order for the more substantive issue of penalty points removed to be dealt with, it is essential that the system be devised that is open and transparent. The current system does not come close.

I do not believe Deputy Luke ‘Ming’ Flanagan was particularly open and transparent. I recollect this brouhaha all arose-----

**Deputy Clare Daly:** Could the Minister just answer the question I asked?

**Deputy Alan Shatter:** -----out of a newspaper report. Whatever appeared in the newspapers about Deputy Luke ‘Ming’ Flanagan’s initial imbroglio with this issue, I did not raise it.
The journalist who reported it first would know I did not raise it. My only role in this particular matter has been to ask the Garda Commissioner-----

**Deputy Clare Daly:** What about the Minister’s press statement last week?

**Deputy Alan Shatter:** -----to investigate the matter. In the context of the two reports I received about the fixed-charge ticket issue, I inquired whether the investigation into this matter, on which Deputy Luke ‘Ming’ Flanagan had written to me and was anxious to have investigated, had completed. I was informed by the Garda Síochána that any relevant person had been interviewed except Deputy Luke ‘Ming’ Flanagan who refused to engage with the Garda Síochána when it requested to meet with him. So much for the sincerity of his request to me on 21 March 2013.

**Deputy Luke ‘Ming’ Flanagan:** Does the Minister have the whistleblowers’ numbers?

**Deputy Alan Shatter:** In case Deputy Clare Daly thinks that I had any hand or any part in anything to do with Deputy Luke ‘Ming’ Flanagan’s points, I did not.

**An Leas-Chéann Comhairle:** Thank you Minister. We must conclude.

**Deputy Clare Daly:** What about the Minister’s press statement last week?

**Deputy Alan Shatter:** On the whistleblowers, what I said last week and what the report shows is that some of the more extreme allegations made against members of the force are not valid. One of the more extreme allegations, which one Sunday newspaper gave much airing to, was that nine people had lost their lives on the roads because a fixed-charge ticket had not been paid. Each of those matters was investigated thoroughly.

They were other allegations about widespread corruption in the Garda force. Deputy Clare Daly says she does not accept the report that has been published. I deliberately asked the Garda to conduct a comprehensive investigation. It was done under the aegis of an assistant commissioner. There were five chief superintendents and four superintendents plus a Garda team involved. That report has gone to the Garda inspectorate which has an independent remit over an Garda Síochána. If there is anything that it is concerned about arising out of the two reports, it has the remit to investigate it further. Deputy Clare Daly and the two Garda whistleblowers, one of whom has been on a broadcasting station, have rejected every conclusion reached on every issue. When the justice committee chaired by Deputy David Stanton addresses these matters, any of the issues can be addressed openly, transparently and in public. This is the very reason I referred to these reports to the Oireachtas justice committee.

**Deputy Pádraig Mac Lochlainn:** Who was at the meeting?

**Deputy Clare Daly:** The Minister did not answer the question I asked.

**Deputy Mick Wallace:** The Minister did not like the questions we asked.

**An Leas-Chéann Comhairle:** We must conclude. I apologise to those Members who did not get in.
Mortgage Arrears Proposals

**Deputy Gerald Nash:** I am glad to have this opportunity to raise this issue of the pilot scheme announced last week by the Central Bank last week for dealing with distressed mortgages. No Member would argue that such a scheme is not badly needed. It is, indeed, long overdue. However, one point that galls ordinary people most is not just the appalling behaviour of the banks prior to the crash, but their continued arrogance and tardiness in dealing with the aftermath, having been bailed out by the taxpayer.

However, on the face of it, this scheme would appear to be good news. As always, the devil is in the detail. The scheme has all the hallmarks of having been designed by the banks for the banks, as they have put themselves at the top of the queue to receive the lion’s share of whatever debt can be recovered from distressed mortgages.

**An Leas-Cheann Comhairle:** I ask Members to have their conversations outside the House.

**Deputy Gerald Nash:** Credit unions which have served the ordinary people so well over the years are being pushed back out of sight and out of mind and they will soon be out of pocket. It is immoral that the banks, which contributed hugely to the debt crisis we are in through reckless lending, should receive primary protection while community-based credit unions, which have consistently encouraged responsible saving and lending plans, will be thrown to the wolves along with credit card providers and back street moneylenders. I am not surprised that the Irish League of Credit Unions, ILCU, has rejected this proposal. Under the scheme, banks will receive 90% of available debt repayments while the credit unions will have to scrap it out with other unsecured creditors for the remaining 10%. There is no doubt we need to introduce a robust and fair scheme to deal with distressed mortgage holders but part of that plan must include a facility for mortgage write-downs and write-offs, where required.

The banks have been provided with the funds to do this. They must stop burying their heads in the sand and deal with the reality as we find it as a society. Only then can our entire banking and financial sector start to move forward again. Does the Minister of State agree that the scheme needs to be revisited? Will he communicate that to the Governor of the Central Bank in the interests of all of those who save with credit unions, work for credit unions and value the credit union system? Credit unions and their members deserve more than what is contained in the pilot proposals.

**Minister of State at the Department of Finance (Deputy Brian Hayes):** I thank the Deputy for raising this issue. I have been informed by the Central Bank that this initiative is being implemented to establish, on a test basis, an approach to deal with both secured and unsecured debt. This pilot scheme will take in a sample of approximately 750 cases where borrowers have debts with multiple lenders. To address this scenario, the Central Bank has commenced a process to facilitate a voluntary, co-ordinated approach among lenders to the resolution of multiple debts owed by distressed borrowers. An unsustainable debt position has been reached by many borrowers, which needs to be addressed for the benefit of both borrowers and lenders alike.

The Central Bank envisages that the participants in the pilot framework will be the main...
retail lending banks and the credit unions that have agreed to participate, as well as certain other unsecured lenders. This pilot framework contains a restructuring waterfall that will be applied to each borrower who agrees to participate to establish the most appropriate modification to put him or her on an affordable repayment path. The framework is expected to commence in June and will operate for three months, after which the results will be assessed to establish the effectiveness of the framework and to determine the appropriate next steps. To be eligible for the framework, a borrower must be co-operating with their lenders, as defined in the code of conduct on mortgage arrears. The framework will apply to borrowers experiencing financial difficulty but who have taken reasonable steps to maximise income and curtail expenditure. It is important to reassure borrowers in difficulty with their mortgage repayments that all existing protections afforded by the Central Bank’s consumer protection code and code of conduct on mortgage arrears will continue to apply to participating borrowers.

The Central Bank is encouraging the involvement of all lenders in the process to ensure maximum effectiveness of this learning and information gathering pilot stage and it has a number of lenders engaged to date. The bank has written to all credit unions individually to invite them to participate in the pilot framework. It is confident that the pilot framework will offer outcomes that support borrowers and will allow the Central Bank to test and learn from this approach. It must be borne in mind that a key consideration in a decision to opt out by lenders will be that borrowers from these institutions cannot be part of the pilot framework to restructure their debt and cannot avail of the benefits that could be accessible to the borrower.

I am aware of the concerns expressed by the ILCU regarding the Central Bank initiative and its view that the arrangements under the Personal Insolvency Act should be applied to the resolution of multiple debts owed by distressed borrowers, including credit union members. While that regime will be available, the Central Bank pilot scheme will offer the opportunity for distressed borrowers, including participating credit union members, to resolve their debts without the need to enter into the formal statutory insolvency process. In this respect, it is important that, where possible, credit union members should not be left with a more limited range of options than that available to customers of other financial institutions. It is in this spirit that the Central Bank has written to all credit unions to make them aware of the pilot framework in order that the credit unions can decide whether participation is in the interests of their members, including those with distressed debts across multiple lenders. Credit unions have been invited by the Central Bank to nationwide information seminars on the pilot scheme to discuss its objectives and approach. The ILCU has been invited to attend these sessions and to provide input. Notwithstanding its official stance on the pilot programme, the ILCU has played a constructive role in working with the Central Bank and other lenders to address this difficult issue and credit unions continue to have an important role to play in supporting distressed borrowers in resolving their problems.

The Central Bank initiatives in the mortgage arrears area, in particular the mortgage arrears targets initiative announced last March, and the recent announcement regarding the framework pilot on the development of a co-ordinated, holistic and voluntary approach by secured and unsecured lenders, is consistent with the overall approach of Government to deal with the mortgage arrears problem. In particular, the Government, while significantly modernising Ireland’s bankruptcy and insolvency law and procedures, has also advocated and encouraged borrowers and lenders to address debt difficulties, where possible, on a bilateral and informal basis, and the recent Central Bank initiatives should underpin that process. Taken together, the framework is in place to enable banks to work with distressed homeowners to reach sustainable solutions.
Dáil Éireann

for dealing with their personal indebtedness.

Deputy Gerald Nash: I thank the Minister of State for his comprehensive reply. The pilot framework will be initiated in June and I wish this process well. It forms part of the Government’s holistic approach to dealing with personal indebtedness and mortgage arrears, in particular, which have bedevilled the country for too long. The Government is trying to take a coherent, co-ordinated and comprehensive approach to addressing the problems experienced by too many people to ensure they can again become economic actors. It is also welcome that the initiative is being tested in advance of the full roll-out of the personal insolvency service. The approach needs to be holistic and it needs to take in as many institutions operating in the economy as possible and practicable. It has been my experience, and I am sure that of most Members who are familiar with the work of credit unions, that they have actively engaged on a bilateral basis with individuals and families in distress. I am hopeful that a number of concerns expressed on a formal basis by the ILCU can be addressed by the Central Bank and the Department of Finance, if necessary, because it is important that we recognise their fundamental role in our economy, that they are important economic actors in our communities and that people have a deep attachment to the credit union movement. It has often been described as the people’s bank. It is an institution which during the years has been available, from a lending and savings point of view, to many thousands of people who have not had access to the main high street banks to the extent they might have. I know the Minister of State is very conscious of the issues I have raised and hope some of the concerns of the Irish League of Credit Unions can be addressed through this process and that it may be in a position to formally engage in this process shortly, if these concerns can be addressed.

Deputy Brian Hayes: I very much welcome the Deputy’s remarks. We are all in a new space since the passage of the personal insolvency legislation and the setting of very clear targets by the Government in March in terms of making progress. Both of us would agree that we need to make progress and this is one arm of the progress agenda which is being rolled out by the Central Bank. As the Deputy rightly pointed out, this is a pilot scheme which I hope will involve 750 cases. In any kind of pilot scheme we are learning and road-testing something, I hope as part of a wider scheme which needs to be rolled out for people in mortgage distress. This case is unique in that it is dealing with people with secured and unsecured debt. That is the kind of catch-all holistic approach, to which the Deputy referred, that we want to see.

On behalf of the Minister for Finance, I reiterate what the Deputy said. We want to see the Irish League of Credit Unions involved and that is the position of the Central Bank also. I hope some of the league’s misgivings about the scheme thus far can be removed by way of discussions and participation. We need to learn from it as to how the scheme can be applied in a more exacting way to its requirements and customers who are crucial to a resolution of this issue. It might be useful if the contents of this debate and the very positive initiative the Deputy took in raising this issue were transmitted to the Central Bank and I will ensure that happens. It will, therefore, be aware of the Deputy’s remarks and mine and those of the Department of Finance and of the need for constructive engagement with the Irish League of Credit Unions in order that there will be a positive outcome from this pilot scheme and that we can roll out a more far-reaching scheme into the future.

Third Level Grants
Deputy John O’Mahony: I thank the Leas-Cheann Comhairle for selecting this issue which I have been attempting to raise for the past couple of weeks. I have also been looking for clarification from SUSI. It would be opportune for these issues to be clarified now and guarantees to be given that parents and students will not face the frustration and trauma they experienced last year. It was understandable there would be some teething problems, but, as time passed, what happened was much worse than that.

The reason I would like clarity and certainty is that in the next few weeks students will sit the leaving certificate examination. Once the examinations are over, the focus will switch to results, college places and, in particular, grant applications and whether they will be successful. We cannot have a repeat of the situation last year where the same documents were requested a number of times, even though on many occasions they were sent by registered post and signed for by SUSI. The dysfunctional nature of the process was illustrated to me by the following case. Two children in one family applied for a grant. The same documents, the same income limits, etc. applied, but one member of the family was given a grant, while the other was refused.

I understand new procedures are being put in place, including bringing forward the date when applications can be made and links with the Department of Social Protection, the Department of Education and Skills and Revenue to cut down on the amount of documentation required. I also note there is to be a revised document management process and that a tracking system, for which I called last year, is to be put in place under which a student can check his or her application online, as one would with a passport. I would very much welcome it if these procedures were put in place. The Minister of State, Deputy Fergus O’Dowd, can clarify this and provide details of a clear plan for SUSI to inform all stakeholders, including parents, students, public representatives and the media.

Last year SUSI outsourced some of functions and this led to further confusion and loss of documentation. Scanned documents were not acceptable last year. I welcome attempts to correct the situation, but students and parents need to be sure SUSI will work.

Minister of State at the Department of the Environment, Community and Local Government (Deputy Fergus O’Dowd): I thank the Deputy for raising this important matter. Up to 2011, students applied to their local authority or VEC for their grants. Some 66 grant awarding authorities were involved, all using a variety of application, assessment and payment processes. SUSI replaces all of these with a centralised and online system of application. While there were problems in the first year of the new system, the policy decision was correct, that the establishment of a single grant awarding body would serve our students better in the long run.

City of Dublin VEC commissioned an external review of SUSI which was carried out by Accenture and published last Friday. I welcome this review and fully support its recommendations, implementation of which has commenced. Applications opened this week for the coming academic year and I am pleased to say extra resources have been sanctioned to ensure SUSI will have additional staff to meet the needs of new applicants. I am informed by SUSI that, in preparation for the 2013-14 academic year, the online application and assessment processes are being further developed to enhance their effectiveness and efficiency and to respond to the experiences from year one.

For applicants going to or returning to college for the 2013-14 academic year, a number of new initiatives will make their application to SUSI more efficient this year. The initiatives in-
include direct information sharing between SUSI and Government bodies and agencies, including the Revenue Commissioners, the Department of Social Protection, the General Register Office and the Central Applications Office. These links will reduce significantly the number of documents required.

In addition to these developments, core staff are now on site. These trained and experienced staff are cross-functional and a number of them are now fully proficient in specialist areas such as analysis of income from self-employment, nationality issues and appeals. There is a revised document management process in place and also a new tracking system is being developed which will allow students to follow the progress of their applications online. This will reduce the requirement for students to contact the SUSI helpdesk for updates on the status of their applications.

Deputy John O’Mahony: I welcome the Minister of State’s clarification of some of the issues I raised, in particular the tracking system and the direct link with Revenue and the Department of Social Protection. In terms of the link with Revenue and the Department of Social Protection, will he clarify whether there is an issue of data protection and whether it will cause problems? Referring back to the problems of last year, have all the grants for the last academic year been paid as of now, even though it is 21 May? My information up to a couple of weeks ago was that there were still some outstanding. How many appeals were in the system this year? My information is that some oral appeals took place. How many of those appeals were successful? I refer to both the written appeals and the oral appeals. It is hugely important that grants do not have to be paid out in March and April of next year. I would like the Minister of State to answer my questions regarding the last academic year.

Deputy Fergus O’Dowd: We all accept that there were problems. They are now being addressed. Substantial progress has been made in dealing with outstanding applications. There were problems with the new grant-awarding system in its first year. SUSI has made substantial progress. Some 99.5% of applications are now complete. The final 447 cases, most of which are awaiting final elements of documentation from students, are expected to be closed out in the coming weeks. I will ensure the other questions raised by the Deputy are brought to the attention of the Minister’s office for direct reply.

Deputy John O’Mahony: I thank the Minister of State.

Homeless Persons Supports

Deputy Aengus Ó Snodaigh: The Minister of State, Deputy O’Dowd, will be familiar with the context in which I am raising this issue. It is regrettable that the small cohort of young people who live in emergency accommodation, having found themselves homeless, appears to be getting bigger. Like all other young people, they have been affected by the 2009 supplementary budget cut and other cuts since then. I refer specifically to the reduction in the rate of jobseeker’s allowance to €100 for those under the age of 21 and to €144 for those between the ages of 22 and 25. It was presented by the Government at the time as a way of incentivising young people to get involved in training. It was suggested that it would lead to a reduction in the costs of the Department. The actual effect of this measure was to increase the costs of the Department. It has served to trap some young people in emergency accommodation, which definitely adds to the long-term cost to the State.
Some young people who are in care under section 5 cannot access training courses or, in some cases, housing because they have not been in care for long enough. I refer to young people whose family relationships have broken down. Their families are responsible for them until they reach adulthood. When they turn 18 and are turfed out, they can be caught in a situation of homelessness and all that entails for them. Some of them end up in emergency accommodation because they are unable to afford private accommodation. Last week, a joint committee debated the effect this is having in Dublin and other urban areas. The cap on rent allowance imposed by this Government does not take account of the increases in rents on the private market in Dublin and some other places. The cap was unrealistic because there have been no rent decreases. It has forced people into homelessness. It has forced young people to remain in emergency accommodation. Young people are facing prolonged homelessness because of this situation. This can lead to chronic homelessness.

A growing number of young people are caught in a poverty trap as a result of the social welfare cuts I have mentioned. The Minister of the day said the cuts in question would alleviate these problems. I raised an aspect of this issue on Topical Issues the week before last. Dublin City Council and the Cara group, which runs a foyer scheme in my area, are trying to change the prevailing ethos of the centre in question so that it is no longer specifically aimed at the cohort I am talking about - young people between the ages of 18 and 25 who have nowhere else to go. They want it to be a general homeless centre. I will not go over that aspect of the matter again.

Focus Ireland has raised a number of key points in relation to this cohort. I ask the Minister of State to set out the Government’s response to the amended proposals made by Focus Ireland after its initial ideas were rejected. I hope they will be taken on board in order to address some of our concerns about the factors that are causing young people to be caught in a poverty trap and become homeless.

Deputy Fergus O’Dowd: I thank Deputy Ó Snodaigh for bringing this matter before the House. I am responding to him on behalf of the Minister, Deputy Burton. The €100 rate of jobseeker’s allowance was introduced for claimants under the age of 20 in April 2009. This rate was applied to claimants up to the age of 21 from December 2009. A rate of €144 applies to claimants between the ages of 22 and 24. The measures that encourage young jobseekers to improve their skills and remain active in the labour market in order to avoid the risk of becoming long-term unemployed will help them to progress into sustainable employment on a long-term basis. A higher rate of €160 applies if a person who is in receipt of a rate of jobseeker’s allowance as described above is participating in a course of education or training.

I understand the Deputy has been contacted with regard to these measures by Focus Ireland. The Minister for Social Protection met representatives of Focus Ireland on 15 May last to discuss a number of issues relating to homelessness, including the situation of young people who receive the reduced rates of jobseeker’s or supplementary welfare allowance. Officials are in ongoing contact with the organisation with regard to its concerns. While the primary issue in this regard relates to housing rather than income support, the Department of Social Protection has an important role in the delivery of solutions to homelessness. Generally, this role relates to income maintenance where homeless people have entitlements to the full range of social welfare schemes subject to the normal qualifying conditions. The Department also engages in interagency responses to homelessness. In this context, it will continue to engage with Focus Ireland and other groups on issues relating to reduced rate payments. I am informed by the Minister, Deputy Fitzgerald, that €17 million was spent on the after-care of young people last year.
Deputy Aengus Ó Snodaigh: I could have written the Minister of State’s reply myself. We have heard some of it before. It does not take full cognisance of the fact that the changes in the rate are making it difficult for these young people to access alternative accommodation. Very few one-bedroom flats or apartments are available. Bedsits are no longer an option because they have been ruled out. These people are being squeezed at every level. They do not have the ability to access stable long-term accommodation. Fewer facilities are available to them. They cannot access training courses because they do not have long-term addresses.

During the debate that took place when these changes were being made, I asked why we should discriminate against young adults, which is what we are doing by applying a different rate to them. We are not taking account of the fact that a young adult of 18 has the same needs as an adult of 35. Some young people, particularly those who are homeless, have more needs than adults. Greater support is required to address their needs and ensure accommodation is available to them on a stable basis. That will allow them to access the other supports that the Minister has put in place. I hope those supports will be developed to assist homeless people in general. A specific homelessness strategy, along the lines of the suggestions made by Focus Ireland and others, is needed. One of the suggestions that was rejected in the past was the idea that homelessness should be recognised as a qualification for the full rate of social welfare. Therefore, if people are homeless, and there are many ways of proving that it is not open to fraud, they would be able get the full rate to take account of their additional needs.

The additional points Focus Ireland was hoping to raise when it met the Minister have not been raised because this issue was not on the agenda. I urge the Minister to meet Focus Ireland again to discuss the need for the regular social care supports for this cohort of people and the need for six-monthly case reviews. There is also the question of the commitment by the young people that they will engage but also that the key worker who is assigned to them will fully engage and ensure that all of these issues would be addressed.

Acting Chairman (Deputy Olivia Mitchell): The Deputy should conclude.

Deputy Aengus Ó Snodaigh: including the need for more facilities such as the Cara foyer or the foyer in Cork, which is run by the city council, not by an organisation which looks like it is getting out of the delivery of foyers.

Deputy Fergus O’Dowd: I assure Deputy Ó Snodaigh the Minister will be given a copy of his comments for direct reply. The kernel is that the Minister has met with Focus Ireland and the Department continues to engage with it on the issues the Deputy has raised today.

Early Childhood Education

Deputy Robert Troy: I thank the Minister for attending. The topic of child care costs and, more specifically, the provision of the second preschool year has garnered a lot of coverage in recent weeks. The Minister, Deputy Quinn, suggested a second preschool year could be provided through a reduction in the funding of child benefit, a view which seems to be supported by the Ministers, Deputies Fitzgerald and Burton, but not supported by the Tánaiste, who seemed to shut down the whole debate.

The provision of affordable child care is an extremely important issue which warrants further consideration, although a second preschool year alone will not deal with the high costs of
child care. I believe debating the second preschool year is premature until weaknesses within the existing preschool year are addressed. I was disappointed that a recent evaluation report compiled by an inspector from the Department of Education and Skills and a member of the HSE, in regard to a small sample of State-supported early child care settings, was leaked to the media instead of being properly published and debated in the House. The evaluation process concentrated on five key areas, which I will not outline here as the Minister knows them well. I acknowledge there were positive results in some areas, including in regard to quality of personal care and the extent to which relationships with children and the environment supported children’s development. However, there were areas of concern, in particular that the extent to which the programme of activities and its implementation supports children’s development was effective in less than half of the settings evaluated, demonstrating significant weaknesses or more weaknesses than strengths. Inspectors expressed concern that there was a lack of planning in some settings for a curriculum which is based on children’s abilities, interests and needs.

That is worrying considering the early years are the most formative in a child’s development. Much of the policy development for early childhood care and education has been completed, namely, Síolta, the national quality framework for early childhood education, Aistear, the early childhood curriculum framework and a workforce development plan. However, there is a complete failure to progress any of these initiatives to an extent that will actually result in change. Some 134 out of approximately 4,000 services are currently implementing the Síolta quality assurance programme, and with regard to Aistear, which was commissioned by the Department of Education and Skills, to date, neither the NCCA nor the Department of Education and Skills or the early years policy unit has taken responsibility for the implementation of the framework. The workforce development plan was expected to focus on developing the workforce through commitments and resources to upskill staff but, instead, focused on standardising qualification and training levels. National and international research established that the skills and qualifications of adults working with young children are a critical factor in determining the quality of children’s early childhood care and education experience.

None of these failures is attributable to the early childhood services, rather, it is the Government’s failure to provide the necessary resources and supports and to ensure the policies it champions are implemented. That said, I acknowledge the evaluation process sample was extremely small. Will this evaluation process be expanded given we now know there are areas of significant weakness? Will the Minister ensure the model of evaluation and inspection is based on best outcomes for the children rather than being compliance based? We would like to see a second preschool year introduced but it is critical that we look at the weaknesses that exist in the current preschool year before we seek to introduce a second.

Minister for Children and Youth Affairs (Deputy Frances Fitzgerald): I believe the two are inextricably connected. I welcome the increased focus on the early years and I want to see more discussion about it, not less, given we need to focus far more on early intervention. That is the first point. Second, there is no question of the shutting down of the debate by the Tánaiste or anybody else. The Tánaiste has said he welcomes the increased focus on this area and that we need to examine the range of issues, some of which Deputy Troy has mentioned. Obviously, funding is challenging at present. While we must certainly look at weaknesses, I suggest to the Deputy that we need to look also at the strengths of the preschool year. What we need to do is examine the various building blocks that will lead to the successful establishment of a second year, having examined in good detail and assessed on an ongoing basis the first year. These are the general points I would make.
The free preschool year in early childhood care and education was introduced in January 2010. The objective is to provide every child, in the year before commencing primary school, with a well-developed programme of activities to support and promote all areas of their development. The ECCE programme was the first to implement Síolta and Aistear in order to ensure service providers work towards achieving the highest standards of curriculum planning and age-appropriate learning. I would make the point that we need to examine what is happening in the zero to six year old age group in terms of their experiences, whether in preschool or in the early years of primary school, and there needs to be more examination of the quality of the education children are getting in those years. As the Deputy knows, I have maintained the universality of the scheme and secured an extra €10 million to ensure we could deal with the increased demand for the programme.

I want to put some facts on the record because some of the recent reporting does not quite give the full picture. In 2011, some 2,789 child care providers were subject to inspections by the HSE, an inspection rate of over 61% in a single year. This compares very favourably with the UK, for example, where Ofsted operates a policy of inspecting child care providers on a three to four year cycle. However, I am very conscious of the continuing imperative to deliver improvements in quality in early years. Taking up the Deputy’s well-made point, I have prioritised the need to introduce a more comprehensive and broader-based inspection regime than the one established by the previous Government, which was based more on compliance. We need to move away from that narrow focus on compliance to a greater focus on children’s outcomes, including in regard to their educational development and child well-being.

As I said, the early years programme was set up with a compliance-focused inspectorate regime and we need to move to a more broadly-based regime focusing more on many of the quality and outcome issues. This links into the literacy and numeracy strategy which the Minister, Deputy Quinn, has initiated, and it obviously should be a part of that. In support of this, we last year initiated a joint pilot inspection of early years services. I emphasise that this was a joint inspection, carried out by the Health Service Executive and the Department of Education and Skills. We brought the two inspectorate regimes together in order to have a more effective examination of the services and bring the experience of both sets of inspectors to bear on the inspection.

8 o’clock

It covered a very small number of services - 15. It is important to note the results of the inspections indicated that while services varied, in general, the care and well-being was found to be good, most of the services provided a very high standard of personal care and support for relationships around children and the support provided by the physical and material environment the children had was strong in the majority of services. Deficiencies were identified. It is extremely important that we now have that kind of inspection for the first time, even on a small scale, so that we can look at these quality issues. In the same way that HIQA is examining what is happening in departments of social work and front-line services, until we know precisely what is happening, we cannot make the changes that are necessary. It is the same in this area.

The inspectors advised that observation tools and assessment strategies be used in order to ensure that the needs of children are appropriately addressed. They highlight the need for quality practice within early childhood settings and the need to support the development of professional expertise among staff, including with respect to planning and implementing a clearly structured, well-referenced programme of activities, as outlined in the Síolta and Aistear frame-
works. There is a number of elements to that which my Department is examining. Can I put on record that the Pobal annual survey of child care providers for 2011 found that in respect of staff qualifications, one third of staff had a qualification at degree level and 76% of staff had a qualification equal to or higher than FETAC level 5?

**Acting Chairman (Deputy Olivia Mitchell):** Can I come back to the Minister on that because she is on the seventh minute?

**Deputy Frances Fitzgerald:** I pay tribute to the staff who have engaged in further education and training in the sector. This is an area to which we need to give further support.

**Deputy Robert Troy:** I hope the Acting Chairman is as lenient. I will not delay matters. We all acknowledge that the participation rate in the free preschool year is very good at almost 100%. However, participation alone is not a measure of success. I am glad the Minister concurs with my point that we need a broader evaluation focused more on the children’s outcomes rather than on compliance with regulations. Will the Minister ensure that we expand the evaluation process across a wider range of our early childhood settings as opposed to only 15 out of over 3,000? I accept that it is not reflective of the entire image but it does highlight areas of concern. I acknowledged the areas of positives it highlighted but we need to focus on the area of concerns, which relate to the quality of the provision of our education. That is why I am asking the Minister when she will ensure that the policy frameworks of Síolta, Aistear and the workforce development plan will be rolled out continuously over the early childhood providers because that is what we need to see. She also made reference to the issue of national literacy and numeracy. I believe the Minister for Education and Skills has allowed €6.5 million in 2013 in respect of this area. What percentage of this budget will be ring fenced for children in the preschool year?

**Deputy Frances Fitzgerald:** The reason we had this pilot inspection carried out was to inform the development of an ongoing quality regime within early childhood settings. We are absolutely committed to that. It is extremely important. Developing that is an important part of the process of moving towards a second year as well. We should still have the vision for a second year but we need continually to build in quality for children’s experiences, whether it is in early years setting or the early years of primary school. There is a number of actions being actively examined and worked on by both Departments. One is enhancing the supports that are available to individual settings to develop the Aistear and Síolta services. Second, we must adapt the existing preschool inspection system to provide an early education inspection and assessment system. Both Departments are actively working on that. It will be similar to what is in place for primary schools. Third, we will review the professional training system for early education practitioners to make sure that we deliver the kind of accessible and affordable training and the appropriate quality for the staff in these services. That can be done by working with the VECs and other providers funded by the Department of Education and Skills. That is the programme of action that is needed in this area. We will be rolling out various implementation actions in respect of each of those in the coming months and years.
Deputy Thomas Pringle: I move:

That Dáil Éireann:

notes statements by leading EU politicians and policy makers that the crisis of the Eurozone provides an opportunity to push ahead towards a fiscal/political union;

further notes that:
— EU law making from 2014 will be put on a straight population basis;
— the President of the European Commission, José Manuel Barroso, has announced that the unelected EU Commission will set out a range of fundamental EU treaty changes by early next year;
— the Eurozone has developed a hegemonic economic model;
— the plans for enforcing balanced budgets and draconian fiscal rules on the 17 Eurozone countries do nothing to address the sovereign debt and bank solvency crisis;

and

— increasingly the EU is losing legitimacy and authority among ordinary citizens in EU states;

recognises that:
— there has been no proper discussion of the fundamental flaws in the Eurozone from an Irish perspective;
— the Eurozone exchange rate is generally unsuitable for Ireland’s unique pattern of export and import trade both inside and outside the Eurozone; and
— the Eurozone put us under the control of the European Central Bank; and as a consequence the Government has no economic policy beyond ‘preserving the Euro’;

and

calls on the Government to:
— initiate a wide ranging public debate through civil society on the future direction of the European Union; and
— ensure that treaty change includes a process to allow a Eurozone member state to voluntarily leave the Eurozone.

It is 40 years since our accession to the European Economic Community, EEC, as it was then, which has now become the European Union. At that time, the EEC was heralded as the great European hope for Ireland. How many times over the last 40 years have we heard politicians extol the virtues of our membership? How many times have they told us about the economic and social backwater we would have been only that those enlightened Europeans took us
under their wing and showed us the error of our ways? Does anyone here seriously believe that Ireland would not have progressed except for our membership of the European Union? We are a nation that has always been influenced from the outside. We have always been open to ideas from abroad and have looked to adapt influences to our situation.

I think it appropriate at this time in our six-month Presidency of the European Union and on the 40th anniversary of our joining the EU that we evaluate where we are and where we are likely to go in the future. We need to move beyond the debate that Europe has been good for us, vote for jobs and follow the money. We all know now that those slogans were a con and are hollow. There is no doubt that there are big changes coming down the line in terms of our relationship with the European Union and what it will mean for us as a nation and indeed whether we will be a nation after those changes.

The Government is content to allow the debate in Europe to move on to treaty change and the development of a full banking union. Most European commentators and politicians are calling for closer and closer integration. The Taoiseach said in this House in June 2012 that “the Deputy asks if this country is going to be walked into a federalised Europe and the answer is “No”.” Yet we see the president of the European Commission, José Manuel Barroso, saying that a federal Europe will soon become a reality. He has insisted that the fiscal union will lead to an intensified political union for all 27 member states. On 16 May last, the French President, François Hollande, called for a European government with full powers to deal with all the issues involved in solving the financial crisis.

So are we really to believe the Taoiseach when he gives us this categorical answer? Unfortunately, I think we should have learned by now that we cannot. There is an attitude within the European elite that we should not waste this crisis. The crisis should be used to push on with European integration and the creation of a European super state. Speaking in May 2010, the German chancellor, Angela Merkel, said:

We have a shared currency but no real economic or political union. This must change. If we were to achieve this, therein lies the opportunity of the crisis and beyond the economic, after the shared currency, we will perhaps dare to take further steps, for example for a European army.

Is this the real agenda of the European elites? Is it enough that the Taoiseach says it will not happen on his watch? I do not think so. If we look at the way this Government has handled negotiations in Europe so far, it would not inspire huge confidence. It negotiated a reduction in the bailout interest rate but it turned out that Greece and Portugal had looked for it and the Government piggy backed on the proposal.

It seems the deal on the promissory note has brought some benefit but it has put the repayment of the debt onto future generations and it has also put real easing of the debt burden off the agenda. According to Government sources it seems there might be a success with regard to the banking situation with the result that the European Stability Mechanism will buy stakes in our banks while a fraction of the taxpayers’ money will be recovered. The trade-off for these successes appears to be that we will go along with whatever integration that Germany and the Commission suggest. It seems there will not need to be a referendum in Ireland because the Irish people cannot be trusted to give the answer that Europe wants. Unfortunately, this has been the trend with regard to every Irish Government’s attitude to Europe; we do what we are told when we are told. If the people have the cheek to say something different then we will
This motion asks for a wide-ranging debate about the future direction of Europe. This is needed because there are many things that are happening and developing throughout this crisis which are not for the good of citizens but instead are aimed at the preservation of banks and the financial system.

The direction of all policy in Europe is now being directed by Germany. The upcoming German general election seems to be the deciding factor in how policy in Europe progresses. Where now are the so-called founding principles of a Europe founded on the needs of all member states and on the principles of community and co-operation? Since 2010 European policy has been driven by the needs of the eurozone and the wishes of Germany, aided by the Netherlands, Finland and Austria on the sidelines, pushing their hardline austerity agenda. France wants to seem to be in the passenger seat acting as co-pilot when in reality it is only there to take the bad look off German dominance and in order to maintain a semblance of democracy and co-decision making. The aim is to place the neoliberal agenda at the heart of Europe. It had been said that this crisis would signal the end of neoliberalism and the free market capitalism that it espouses. It certainly does not seem to be the case. As Paul Krugman has observed, “the drive for austerity was about using the crisis, not solving it”. For example, in recent years the Commission has called for the privatisation of water utilities in bailout countries even though the Commission is supposed to be neutral on these issues, according to Article 345 of the EU treaties. In the case of Italy, the ECB secretly called for the full liberalisation of local public services which should apply in particular to the supply of local services through large-scale privatisations. Thankfully, for the people of Italy, this agenda has been stalled by the Italian Supreme Court which ruled it to be unconstitutional. What hope is there of a similar outcome here?

The creation of Water Ireland is one of the planks of the troika bailout agenda. The setting of the tariff for water charging and the regulation of the water market is to be governed by the Commission for Energy Regulation. We have seen how it has liberalised the energy market and pushed up the price of energy in Ireland in order to attract competition. What will happen when the service level agreements that Water Ireland enters into with local authorities come up for review by CER after 2017? Will we see competitive tenders for the replacement of service-level agreements? I have no doubt that we will and the agenda of the troika will be fulfilled.

The second part of this motion calls on the Government to use the upcoming treaty amendments proposed by the Commission to ensure that provision is made for a member state to voluntarily leave the eurozone and cease to use the euro as its currency. Currently there is no provision in the treaties for a member state to leave the eurozone. The only provision in the treaties is for a member state to leave the Union itself. Indeed, there is considerable consternation in the ECB with regard to this provision.

In a legal working paper published in December 2009, the ECB considered the provision allowing for a member state to leave the euro and therefore the Union itself. The paper questioned why the drafters of the Lisbon treaty, “introduced such an abuse-prone provision into the treaties”. The paper went on to conclude that the exit clause is, “one of the major faults of the Lisbon Treaty”. The paper views the creation of economic and monetary union as the, “irreversibility of the substitution by the euro of the currencies of the participating member states and to the irreversibility of the monetary union process”. If this statement is true and the Government agrees, then we are on a one-way journey to the creation of a federal European super state
and the statement by the Taoiseach last June was clearly misleading the House on the purpose of the European project. The logical conclusion of this statement is that there has to be further integration within the eurozone and the creation of a federal Europe. The only solution to the crisis we have suffered for the past five years is to create a transfer union and full economic and political integration. There is another path that could be delivered if an exit procedure from the EMU were to be included in the treaty negotiations that the Commission has signalled.

I refer to the period 1993 to 1999 in Ireland. This is when the phrase the Celtic tiger was coined. During that period we had a genuine economic development built on having a competitive currency that floated freely on international markets. This is not to be confused with the period between 2001 and 2008, when the economy was built on property speculation and the availability of cheap credit that fuelled the property boom. Such a boom was predicted by many commentators who flagged the danger of pinning economies at different cycles to a single currency at a fixed rate. The Central Bank’s only role was to keep inflation low. This was a time when Ireland, Spain and the other peripheral countries needed higher interest rates to control credit demands while Germany and the so-called core countries needed low rates to stimulate their economies. This motion suggests options that will put the citizens of Ireland and the citizens of Europe first, and not the interests of the European elites. The option of leaving the EMU should be available to us. In my view it is the only option that would give us the opportunity of coming out of this crisis.

Our own currency that would float with its own exchange rate would give us a tool to ensure competitiveness in the economy. The circumstances that would make the economy grow would be under our own control. Expanding domestic money supply could inflate away the burden of debt both corporate and personal and make our exports even more competitive, thus increasing domestic demand for goods and services. This would also allow the Government to invest in jobs and growth in the economy. In order to do this we have to have control of monetary policy in the State and not to be under the control of the ECB. The only way to achieve that goal is to ensure there is provision in the treaties for an exit from EMU. If the Taoiseach really has the interests of the Irish people at heart he will work to ensure that the treaties are amended to provide for it. We need to have all policy options available to us in order to build a recovery.

In recent weeks the President expressed concerns about the direction that Europe has been taking. He talked about the hegemonic development of economic policy in the EU, of a Europe dominated by the interests of one member state with no consideration for any other interests. There has also been comment on the disconnect of European citizens from the Union. This is very true and can be seen all across Europe. The policy that is being pursued is indifferent to the social consequences of those very same policies. This has led the Governor of the ECB, Mario Draghi to declare that social Europe is dead. We have seen the massive protests and national strikes in Greece, protests in Portugal and the rise of the indignados in Spain. Youth unemployment all across Europe is at record levels with more than 26 million people unemployed. Emigration has devastated families and communities all across the country. It is acting as pressure relief valve and allowing the Taoiseach and his colleagues to implement the crippling austerity programme of the troika.

The European Union should be based on a union of member states which work together for the benefit of all European peoples, recognising that it is in the interests of all citizens that the Union works together and not for the benefit of the financial sector, international speculators and a political ideology that places their interests above the interests of everyone else. The Government has an obligation to outline to the people where the EMU project is leading and
what it sees the shape of the Union as being in the years to come as the drive towards a political and financial union continues. The debate should take place away from the heat of a debate on an imminent treaty change and in circumstances in which citizens can hear clearly what is being planned in their name. Alongside this debate, the Government should be mandated to work to ensure an option of withdrawal from EMU is enshrined in the EU treaties. This is the only option that will give the people the opportunity to change policy and the direction our membership of the European Union is taking.

**Deputy John Halligan:** I thank my colleague for tabling this timely motion, on which I welcome the opportunity to speak. The most recent figures show that approximately 26 million people are unemployed across Europe, while 150 million are at risk of poverty and social exclusion. This is the European Union as we know it today - a union which is not working. So-called experts on both sides of the fence are beginning to reach a consensus that eurozone policies are pushing countries into a black hole from which there will be no escape. People in Ireland, Greece, Portugal and other countries are suffering the terrible consequences of austerity policies which are designed primarily on the basis of a consideration of their impact on speculative markets rather than by reference to sufficient compassion and empathy with the predicament in which we find millions of European citizens, yet, while eurozone authorities continue to seek stability on the backs of the people mentioned, all indications are that we are sinking deeper and deeper into recession and stagnation. Peripheral countries such as Ireland are being confronted with stark choices because of the crisis and structural weakness of the eurozone.

The solution being pushed on us by the European Union is dramatically unfair and unjust. It imposes huge costs on working people who we all accept are not to blame for the crisis in the first place and all this to save the euro. We have committed ourselves to decades of austerity, despite a growing consensus among economists, including prominent economists in America, and politicians right across the world that it is not working. A review of Ireland’s bailout programme by a Brussels-based think tank last week concluded that the deepening of the eurozone recession could be a central problem in Ireland’s full return to the financial markets. The evidence is there that the economies of a growing number of countries, our own included, are being impoverished, while countries at the centre remain in recession. It is interesting that the latest statistics confirm that France is now deep in a second recession, while the economy in Germany grew by just 0.1% in the first quarter of the year, following a 0.7% fall in late 2012. The Italian economy recently receded for the seventh quarter in a row. The outlook for the entire eurozone must be admitted to be grim. Youth unemployment stands at 25% generally and almost 60% in some peripheral countries, yet the European Union continues to adhere to a version of a logistical economic theory, the assumptions of which have little or no regard for social consequences. Unless desperate calls for reform from the ECB are listened to and a dual strategy of price stability and growth is adopted, this will, according to experts all over the world, continue.

Eurozone policies are deeply flawed on a number of fronts, none more so than the fixation with debt reduction, while, effectively, ignoring GDP growth and the need for structural reform. It does not make sense to many of us. As it was, the eurozone was incapable of maintaining one currency, interest rate policy and exchange rate policy for economies with different levels of productivity, different implicit economic competitiveness levels, different resource endowments and different degrees of exposure to economic shocks. The powers that be in the eurozone made a sweeping decision that countries with very different economies and burdens conformed to the same stability growth criteria; a maximum 3% budget deficit and a 60%
This one-size-fits-all approach makes no sense. If people think Ireland will come out of the recession in the next few years, they should think again. It is not going to happen on the basis of the policies being generated throughout Europe and forced through by Germany and France. CSO statistics show that, in Ireland, 700,000 people are in poverty, while an estimated 5,000 people are homeless. As I stated, 26 million people are unemployed across Europe, while 150 million are at risk of poverty. How can the eurozone be considered to be working, given these statistics?

It would be interesting to hear the Government’s views on whether it would consider bringing forward a European Union referendum Bill as is currently being discussed in the United Kingdom. The draft UK Bill promises that by the end of 2017 the British public will be asked whether the United Kingdom should remain a member of the European Union. It is an indictment of our political system that there is no rational debate about this possible scenario, notwithstanding the fact that arguments for a managed exit from the eurozone are becoming more credible by the day. Again, I refer the Government to economists across the world who say the make-up of the eurozone and the policies of austerity within it are failing. The American policy of job creation and growth is not based on austerity; it is based on internal spending and the assumption that if one gets people to spend rather than force austerity on them, the economy will grow. The two mechanisms for growth are external investment and internal spending. We are not generating internal spending. I am not an economist by any means, but I listen to what many of them say. Unless we can generate internal spending, we are not going anywhere.

In recent months the European authorities have started to make statements on rebalancing austerity, which is very much akin to shutting the stable door after the horse has bolted. At least some of these authorities are now grudgingly accepting the evidence that their short-term austerity doctrine has been enormously damaging to the eurozone and global stability. There is a real and valid argument for a managed exit by Ireland from the eurozone and, while I am not too sure about it either, the Government has a duty, at the very least, to open a debate on it.

Deputy Catherine Murphy: I thank Deputy Thomas Pringle for tabling this Private Members’ motion. An opinion poll carried out across Europe in recent weeks showed that people were becoming more Eurosceptic. There is a lack of vision. We see bits and pieces of things happening in the absence of an overall vision of what kind of European Union will emerge at the end of this crisis. We are still in the middle of that crisis. I was looking at a recent paper by Jürgen Habermas, from which I have quoted before, in which he referred to the gulf between citizens’ opinion and will formation, on the one hand, and the policies actually adopted to solve pressing problems, on the other. He says that what unites European citizens today are the Eurosceptical mindsets that have become more pronounced in all member states during the crisis, albeit in each country for different and rather polarising reasons. He says crisis management is pushed and implemented in the first place by a large camp of pragmatic politicians who pursue an incrementalist agenda but lack a comprehensive perspective. They are orientated more towards Europe because they want to avoid the far more dramatic and, presumably, costly alternative of abandoning the euro. That is a reasonable analysis. He is quite prescriptive in saying that if one wants to preserve the monetary union, it is no longer enough, given the structural imbalances between the national economies, to provide loans to over-indebted states so that each should improve its competitiveness by its own efforts. What is required instead is solidarity, a co-operative effort from a shared political perspective to promote growth and competitiveness in the eurozone as a whole. Such an effort will require Germany and several other countries to accept short and medium-term negative redistribution effects in their longer-term self-interest.
He is saying this is a classic example of solidarity. We are seeing bits and pieces that are more like crumbs from the table, although I am sure they were hard fought.

A small number of countries are dictating policy at European level in their self-interest. It is hard to see how the European Union can survive if that continues. The idea that EU lawmaking from 2014 will be done on a straight population basis gives large countries like France and Germany an even more dominant position. Ireland becomes even smaller and more insignificant. We can see the way the unequal way countries are treated, with Ireland and Cyprus good examples, in that situation.

We are being marched into a federal Europe in an undemocratic way behind closed doors. We will be presented with a treaty as a fait accompli and it will probably be sold in the same way as other treaties, such as the Single European Act or the Maastricht treaty. We may not be given a raft of money but it will be sold on the basis that we might get a little debt forgiveness.

I opposed the Maastricht treaty, as did the Tánaiste. We were in the same party at the time and I remember knocking on doors on that issue. I was no fan of the Maastricht treaty because I thought that if it went wrong, those who would pay the price would be the people who are paying the price at the moment. There is no sign of European solidarity and until we can see that vision, the people and citizens of Europe will not continue to accept what is happening. It will come to a flashpoint in different ways in different countries but the European elections next year will be a decent test of what the citizens think.

The European Union was founded on debt forgiveness and Germany was the biggest recipient of that under the London debt agreement of 1953. The only thing that seems to be remembered is hyperinflation. A reminder is necessary because wonderful things happened in the post-war movement. One was the vision of Beveridge and it is astonishing to think that, in the middle of the war, he could come up with the social vision needed in terms of protection provided by the state. It gave people real hope. We lack any similar vision coming from the European Union today, yet the economic crisis for some countries is on a par with the period after the Second World War. There is a failure to articulate a social vision or if there can be a social Europe after the crisis is over. The only thing that is important is to keep banks and the European economy functioning. If the European Union is not there for the citizens of Europe, what is its purpose?

**Deputy Mattie McGrath:** It is a pity the Leas-Cheann Comhairle did not get to call me in the last debate but I will forgive him for tonight.

**An Leas-Cheann Comhairle:** And Standing Orders.

**Deputy Mattie McGrath:** I commend Deputy Thomas Pringle on tabling this well-researched and carefully crafted Private Members’ motion. Like most Private Members’ motions from the Independent group or the Technical Group, there is little interest in it. A recent motion was tabled by Deputy Tom Fleming and during the debate on it, the Minister finished her script seven minutes before the end. She sat down and the Chamber fell idle for seven minutes even though the Government accepted the motion. I would have thought some Government Members would be interested and that some backbenchers would be present in the Chamber if Ministers cannot be here. Sin mar atá sé.

This is the 40th anniversary of joining what we called the EEC. I remember, as a buachaill óg, canvassing for it and supporting it. It was my first time being involved in politics, and from
the agricultural point of view, it was sold as a wonderful group of countries supporting each other in a European-wide movement. This is the third or fourth time we have had the European Presidency and this time we are in the depths of a severe crisis of austerity. The Tánaiste and Minister for Foreign Affairs and Trade, who is in the Chamber, is making a hames of it because he promised us so much when he was in our position and I was on the opposite side. He told us what he was going to do with the bondholders and everything else and how he was going to transform everything when the last shower, including myself, made a hames of it.

I voted for the bank guarantee. I was summoned to Dublin and I was told that if we did not vote for it, the euro would be gone overnight, there would be no money in the ATMs and, worse, we could not quantify the number of credit unions that would be closed down. I begged the then Minister for Finance, Brian Lenihan, to come home and leave the deal on the table because I knew they would be over after us. We could have got a better deal, as the Tánaiste rightly said when he voted against it. When he got into the driving seat in the cockpit, the Tánaiste had a change of heart and decided to support everything he had spoken against.

Deputy Catherine Murphy referred to being in a party with the Tánaiste opposing the Maastricht treaty. I have an idea how many parties Deputy Catherine Murphy was in but I cannot count on two hands the number of parties the Tánaiste was in. It is like the flight of the earls, from party to party to where he is now.

**Deputy Dominic Hannigan:** Do you hear your man speaking?

**Deputy Mattie McGrath:** I was in one party and now I am an Independent. The Tánaiste can speak for himself. He is in a spin because he does not know where to stop. We are in an unequal union. We are being mistreated and bullied in Europe for the failures of many aspects of our governance and financial issues. As Deputy Pringle pointed out, the Europeans banks and regulators allowed money to be pumped recklessly into our banks when they were bust and the situation was finished and crazy. This Government and the previous Government expect citizens to pay it back. We have had not one penny, shilling or cent of a write-off. I called the so-called bailout a cleanout and voted against it because we got reasonable interest rates from the IMF but penal interest rates from our so-called partners and compatriots. In crisis, our friends cleaned us out and now they are telling us they will give us a longer time to pay it back but that every last cent must be paid back.

Recently, we were told by leading EU politicians and policymakers that the crisis of the eurozone provides an opportunity to push towards fiscal and political union. The speak we get from these people is hilarious. EU lawmaking from 2014 will be put on a straight population basis. Live horse and get grass. The President of the European Commission, José Manuel Barroso, has announced the unelected European Commission will set out a range of fundamental EU treaty changes by the end of next year. It would be more important for Mr. Barroso and others to implement some of the things they promised under the Lisbon and other treaties. One of those promises related to the number of Commissioners. I understand that will not change. I do not wish to lose our Commissioner, but it makes a fallacy of the promises if the change will not happen. The cost of each Commissioner is ferocious during this time of savage austerity. The plans for imposing balanced budgets and draconian fiscal rules on the 17 eurozone countries do nothing to address the sovereign debt and banks solvency crisis.

We do not seem to be able to have a referendum on anything. Whatever else we have, the attitude is, “Do not let the people of Ireland vote again”. The Paddies are not to be trusted with
Dáil Éireann

a vote. They voted on the Lisbon treaty and rejected it, so they had to be cajoled, begged and browbeaten into voting for it under all kinds of threats. They are not to be given the vote again, regardless of what it is about. That is certain. The Tánaiste made a great transition during his career to being a true anti-democrat, not allowing the people to have any vote. However, there will be a vote, sooner rather than later, and he will get his answer from the people. It will be the one he deserves.

The current situation is impossible. We are kowtowing to the German diktat. Deputy Murphy and others referred to the Second World War and the austerity that followed. As I have said many times previously, this is the third world war, but without bullets. It is financial. It is a takeover again by the greed of the Germans. It is pure bully-boy tactics. Nobody can talk to Ms Merkel. We do not even try to talk to her. Instead, we go over and pat her on the head and get a pat back. It is a case of “Go back Paddies” and “Croppies lie down”, as if we are a backward people and not to be listened to. Why would we be listened to when we do not have a Taoiseach or Tánaiste and Minister for Foreign Affairs and Trade to fight for the rights of the people in this country?

I could say a great deal more but I will not take up the speaking time of others. I note that the discussions for next week under the Presidency are on energy and taxation. The energy that was generated in the last Dáil by the Tánaiste against the last Government was merely the energy of hot air.

Deputy Michael Healy-Rae: I acknowledge the work of Deputy Thomas Pringle and the Technical Group and I thank them for allowing me to share their speaking time.

People are genuinely afraid of what lies ahead for them in the eurozone. We are faced with a massive debt burden which will fall on future generations, people who had nothing to do with incurring the debt. People who have not yet been born will pay taxes to pay off this massive debt. We lost an opportunity for a write down and I will always regret that.

Our autonomy in terms of looking after and governing ourselves is being taken away on a continuous basis. The diktats that affect our farming community, our environmental interests and so forth, all come from Europe. Funnily enough, if people in France or Greece are told by the European leaders they must do something, they will resist and fight. However, if we are told to jump, our politicians reply, “Exactly how high do you want us to jump?” It has been proven that the policies of austerity are not working. People are crippled by debt. They are demoralised and fed up. They are also genuinely worried about the future of the eurozone. There are currently 427,000 people unemployed in Ireland. How many people have left this country over the last number of years? If they had stayed here they would undoubtedly be on the live register because there is no work for them.

The politics of austerity are not working. We must generate and create work. I genuinely believe that our political leaders in Europe do not care about the future of Ireland. All they want to do is squeeze the last drop of blood and the last euro they can from us. There is a severe imbalance in the eurozone at present. I believe the euro crisis will continue for many years and it will be a long time before Ireland will be able to return to the markets to secure funding. The farming community is terrified of what the future holds due to the changes in the single farm payment and other supports. These supports are necessary if they are to survive into future years and be able to pass their family farms to their children and grandchildren.
We must all work together but we cannot simply lie down or bow down for everything. We do not want to go over to Europe to be patted on the head, as Deputy Mattie McGrath said. That actually happened and it was not nice to see it. We are a proud nation. We are a nation of workers, if we had the opportunity to work. We want to stand up for ourselves and earn our keep. We do not want to be bowing all the time and accepting everything that is thrown at us. That has been the case not just under this Government but also under previous Governments. Again, our response to Europe is to ask how high it wants us to jump. I do not agree with that. It is wrong.

**An Leas-Cheann Comhairle:** The Tánaiste and Minister for Foreign Affairs and Trade is sharing time with Deputies Hannigan, Lawlor, Connaughton, Kevin Humphreys and Aíne Collins.

**Tánaiste and Minister for Foreign Affairs and Trade (Deputy Eamon Gilmore):** I move amendment No. 3:

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

“recognises the achievements of the Irish Presidency of the Council of the European Union contributing to stability, jobs and growth;

supports the Government’s ongoing work to promote measures which will allow the European Union to respond effectively to the crisis currently facing the Union, particularly those steps which will help break the vicious circle between banks and sovereigns;

underlines the importance of measures being prioritised by the Government to foster jobs and competitiveness; and

emphasises the importance of deepening public engagement with the EU and the need to ensure that democratic legitimacy and accountability remain fundamental pillars of the Union.”

I welcome the opportunity to debate European affairs and I thank Deputy Pringle and his colleagues for tabling this motion.

There can be little doubt that the major challenge faced by this country in restoring our economy must be addressed in the context of our relationship with the European Union. This Government’s commitment to restore our country’s finances and to rebuild Ireland’s reputation on the international stage is now well installed and delivering results. As we undertook this challenge, it was clear that Ireland’s seventh Presidency of the Council of the European Union would play an important role. That is the reason the Government has focused the Irish Presidency policy programme on the most pressing issues facing Ireland and the EU today. As Deputy Healy-Rae said, Ireland is a proud nation and that is why, as Robert Emmet said, we take our place among the nations of the earth and we use the opportunity that is afforded to us now to play a leadership role in Europe and to dedicate our Presidency to the objectives of stability, jobs and growth.

When we look back over the past five months, we know that this was the right course. It was right for Ireland and for the European Union. Rarely have our national interests been so in tune with the overarching objectives of the Union. Ireland’s recovery and Europe’s recovery are inextricably linked. The House can be assured that the Government will continue to do all
that it can during the remaining 40 days of the Presidency to deliver on the commitments set out in the programme that we laid before the Oireachtas last January.

Unemployment, especially the unacceptably high rates of youth unemployment, is the one of gravest challenges facing Europe today. Without decisive action the problem will have devastating social consequences for communities and states across our continent, now and for generations to come. This is why, as Presidency, we have worked, and will continue to all that we can, to tackle the crisis. In February, we secured agreement on the youth guarantee, ensuring that all under-25s without work will receive an offer of meaningful work, training or education. Implementation will be supported by the decision of the European Council to allocate €6 billion a new youth employment initiative.

The Presidency is also focussing on broadening access to education and will work to secure agreement with the European Parliament on proposals such as the Erasmus for All programme and the professional qualifications directive. We have also sought to stimulate smart and sustainable growth in key areas of the economy to create the jobs of the future. To underpin growth in these areas, we are working to reach agreement on programmes such as Horizon 2020, which will support research and innovation in Europe.

The Single Market is the one of the greatest achievements of the Union. I refer to an integrated marketplace of 500 million consumers making it as easy as possible for firms to expand their businesses beyond national boundaries. Over the past two decades, access to the Single Market has provided SMEs with new opportunities but has also delivered strong benefits to consumers through increased competition. The Single Market remains incomplete, however. That is why we set about unlocking its full potential, particularly for SMEs. Growing businesses is the key driver of job creation. Proposals that the Presidency has delivered on, such as the accounting directive, will simplify financial reporting requirements for millions of European micro and small enterprises. The Unified Patent Court will bring protection of intellectual property rights within their reach. Finalising the public procurement package will streamline SME access to markets accounting for nearly one fifth of EU GDP.

The Presidency is also laying important foundations for the digital single market, creating coherent market rules that will support new growth areas. Most job creation comes from fast-growing young firms and, as holders of the Presidency, we will do all we can to support and foster the growth in these areas. We remain hopeful that we will reach agreement at the Council on the main elements of the data protection package before the end of June, and are making solid progress on the collective rights management and e-identification files.

The Presidency has also secured agreement on other proposals, such as the Union customs code, to reduce red tape for business and the re-use of public sector information that can also generate growth that, in turn, can support job creation in Europe. In addition to working to release the full potential of its Internal Market, the Irish Presidency also wants to open up new markets for exporters across the Union, providing Europe with new sources of growth and employment. The Presidency is working to advance a range of trade agreements with partners in Asia. Making progress on trade negotiations with Canada remains an important priority also. We have set ourselves the ambitious goal of securing a mandate for the start of negotiations on a trade and investment partnership with the United States. Such an agreement would contribute greatly to boosting trade, growth and jobs on both sides of the Atlantic.

One of the major challenges facing the Presidency in the weeks that remain is finalising
negotiations with the European Parliament on the EU budgetary framework for the next seven years, the multi-annual financial framework, MFF, for the period 2014 to 2020. This is important precisely because the MFF provides vital support for growth and employment at national, regional and local levels in every member state. In addition to supporting a continuing strong and well-funded CAP, which supports our growing and job-rich agrifood industry, some €125 billion has been allocated in the area of competitiveness for growth and jobs, with Erasmus and research and development being singled out for real growth. Some €325 billion has been allocated for cohesion funding, which is a major tool for job creation within the Union. Within this, a special allocation of €100 million for the BMW region was agreed, in addition to the regular cohesion policy allocations to Ireland and its two regions.

While agreement on the MFF is key for future growth, concerted action across the euro area and the wider EU remains vital in order to bring us beyond crisis and onto lasting recovery. A stronger, more robust, economic and monetary union is emerging, and will help to underpin the confidence that is so important to turning things around. The Union that entered the crisis was ill-equipped to deal with the unprecedented challenges it faced. However, in the best traditions of the Union, we have worked hard together to build stronger, more robust foundations. We have put rescue mechanisms in place, first the temporary EFSF and EFSM, from which Ireland received the European elements of its loans, and now the permanent ESM.

We have strengthened the rules underpinning the euro, through the legislative six-pack and the two-pack, with the latter finalised during our term as holders of the Presidency. We are now much better equipped to see trouble coming and to take the steps necessary to head it off. We have tighter rules and are better positioned to ensure that they are adhered to. Through the European semester, we have improved our economic co-ordination, ensuring that member states undertake the structural reforms needed to put their economies on a sustainable track for the future. If the crisis has revealed anything, it is how interdependent and interlinked our economic fates are. We have to be able to hold each other to account.

Of course, the crisis did not emerge solely because of unsustainable economic policies in member states. It was also the result of the type of risk-heavy calamitous banking practices with which we are all too familiar in this country, and the toxic relationship between sovereign and banking debt. Last June, the European Council made a firm commitment to break this vicious circle and mapped out a plan of action designed to being about a banking union. This was a critical decision which Ireland believes we must follow through upon and implement. We see it as a test of credibility for the European Union. Delivering on a fully fledged banking union, and on the ambitious timeline set by the European Council in December, has been a high priority for us as holders of the Presidency. One of the most significant steps was achieved by the Irish Presidency earlier this spring when we secured agreement on the single supervisory mechanism for European banks, a key move towards banking union.

By providing for oversight of the euro area’s credit institutions, we have acted to restore confidence in the European banking system and to build stability across Europe. We have also strengthened democratic accountability by giving the European Parliament a greater role in the appointment of the supervisory board. Another landmark in the road to banking union is the agreement facilitated by our Presidency on the capital requirements directive, which limits the extent of bankers’ bonuses and seeks to protect taxpayers by ensuring that European banks hold sufficient capital to withstand future shocks.

We are continuing to work for agreement on banking resolution and on deposit guarantees
during our term, in keeping with the mandate from the December European Council. This is not an easy task. It is politically and technically complex and challenging. The timeframe is challenging but we have committed to this task. We must deliver on that commitment in order to bolster the confidence and trust of our citizens and the markets. Ireland will continue to press for early progress in putting in place the remaining measures to complete the task of achieving a robust banking union for all of our citizens, who expect nothing less.

While Europe has been challenged by the crisis, it has acted resolutely and in concert to overcome it. We can be proud of our contribution to this vital work. We all recognise that if Europe’s response to shared economic challenges had to be through deeper integration, then it was going to be all the more important that the Union be transparent, and accountable, to its citizens. Decisions on national budgets are at the heart of member states’ parliamentary democracies, as they should be. Precisely for that reason, it is important that national parliaments play their part in the European semester process.

I welcome the steps that are being taken to improve dialogue between the national parliaments of member states and the European Parliament. This was expressly provided for in the stability treaty and helps to ensure there is adequate oversight of the decisions that are respectively taken at national and at EU level. Another innovation to be welcomed is the recent adoption by this House for the first time of an annual EU scrutiny work programme. One of the reforms introduced under our programme for Government was to mainstream the scrutiny of EU business across sectoral committees. Last year, I believe the European Commission published over 700 proposals. Oireachtas scrutiny of EU business will be better served by Members concentrating on issues of most relevance to Ireland and the 2013 priorities programme provides them with a very good roadmap.

This is a good time for a public debate in Ireland about what it means to be part of the European Union, coming as it does 40 years after Ireland’s accession and at a time when we hold the Presidency of the Council and can help shape the EU agenda. It is also a time of unprecedented questioning on the direction and purpose of the Union. I acknowledge that there is continuing concern about the lack of popular engagement in EU affairs, both here and abroad. A challenge for all of us is how to interest citizens in issues that are often technical and may appear remote from them.

9 o’clock

I do not believe that it helps the debate to engage in apocalyptic talk about the EU as if it will disappear, collapse or implode. We have heard a lot of that over the past number of years.

It is incumbent on us to work to shape the EU in the way in which we believe it should be functioning. That has been the approach this Government has taken from its very inception. We never accepted, and do not recognise, the kind of description we have heard to the effect that Europe tells us what to do. From the very start of the election of this Government, we set about changing the dynamic in Europe.

The recovery in Europe could not be based on budgetary adjustment alone. There had to be a jobs strategy and a growth strategy. That has now become an accepted part of European policy. When we started out the principle of thinking in Europe was that when banks went wrong in individual EU states, it fell on the taxpayers of those states to shoulder the burden. We have since put in place the European Stability Mechanism. We are now in the process of
building a banking union. During the Irish Presidency of the EU we have advanced a lot of the pillars of the proposed banking union. If it had been in place at the start of the banking and financial crisis our situation would have been entirely different.

The kind of caricature which has been presented here, namely, that we take dictation from Europe, and are small and isolated, is not something I recognise. I have returned from chairing the General Affairs Council of the European Union this morning. We discussed a €960 billion budget for the future of Europe, what will have to be done to deal with the problems of tax evasion and tax fraud in Europe, what needs to be done to deal with the energy policies in Europe and what needs to be done to advance more effectively the compact for jobs and growth which was agreed last June. These are the practical measures we are advancing to make Europe relevant to the people we represent and to bring about economic recovery in Europe, which is part and parcel of bringing about economic recovery in this country.

Deputy Dominic Hannigan: I thank the Leas-Cheann Comhairle for the opportunity to speak on the motion. As Chairman of the Joint Committee on European Union Affairs, I am grateful to the Independent Members for tabling the motion. It is very important that we have as much discussion about European issues as possible. It is essential that we in Ireland understand the issues that are currently being debated.

I disagree with the thrust of the motion. When it is said that there has been no proper discussion on the eurozone and Ireland, that is not the case and has not been my experience. Apart from discussions across the airwaves and in the media, organisations such as the IIEA and European Movement of Ireland have made sure that there have been discussions across town halls in Ireland. There has also been a lot of discussion in the House. For example, during the discussions last year on the fiscal compact treaty, we had in-depth, warts and all, discussions about the eurozone, the euro and the role of the European Central Bank. We discussed the fundamental flaws, and how we need to change them and introduce new systems and processes to protect the euro.

My committee is also examining financial integration, banking problems and integration, economic and monetary union, democratic legitimacy and accountability and political integration. We are having such debates because we all agree that the EU is at a crossroads. I agree with what the Tánaiste said. Irish and European recovery are inextricably linked. It is important that we have this debate to discuss how we got into the current crisis and how we can get out of it.

The debate we are having in my committee has had input from across our society. We have had academics such as Mr. Seamus Coffey from UCC, people from TASC, Professor Brigid Laffan, Dr. Gavin Barrett, Professor John McHale and other economists such as Dr. Alan Ahearne. We have also asked members of the media to come before the committee, and have heard from journalists such as RTE’s Mr. Sean Whelan, Mr. Dan O’Brien of The Irish Times and Ms Ann Cahill of the Irish Examiner. We have also heard from people such as the head of the Central Bank, Professor Patrick Honohan, who told us his views on banking and monetary union. We have also heard from politicians such as Mr. Gay Mitchell, MEP, from Dublin, Ms Emer Costello, MEP, and Mr. Paul Murphy, MEP. We have heard a range of views on this debate.

The debates we are having in the committee are open to all Members of the House. While none of the signatories of this motion has taken part in any of the debates to date, I would like to
extend an invitation to people like Deputy Pringle and others to make submissions in writing if they do not want to come before the committee. We are trying to make sure as many Members as possible take part in our debates. The debate is ongoing and if anybody has any suggestions about the type of speakers we should hear from we are very willing to invite them in.

Our debates will continue until the summer and are open to all Members of the House. It is important that we have as wide a range of views as possible expressed at those debates.

**Deputy Anthony Lawlor:** I appreciate the opportunity to speak on this debate. I find it confusing that a number of Independent Members have not signed the motion. We will never find out if they are in favour of it, but they come from both sides.

There have been five referendums in the past ten years in this country and plenty of opportunity for public debate. The last referendum on the fiscal compact was the only one which focused on what we are discussing, namely, the eurozone and the consequences of managing our public debt. Previous debates have taken place across the spectrum. The first Lisbon treaty referendum in 2008 was defeated. One could see that the public was worried about the fact we might lose our Commissioner and 12.5% corporation tax rate. They were sidetracks to the issues raised in the current public debate.

It is also confusing to hear Independent Members say we should leave the eurozone. Only last week the Conservative Party in the UK introduced a Bill which was probably designed to look after its eurosceptics and UKIP. Can I assume that the ragtag group of Independents be now called the Irish republican independent party? Based on the motion before the House, do they want to pull us out of the eurozone?

Deputy Ross is clearly very confused on this issue. He voted against the fiscal stability treaty. Yet, on a Second Stage debate on the Lisbon treaty on 1 May 2008 in the Seanad, he said, “On the whole, Europe has been good for Ireland and if gratitude exists in politics let us be grateful for what it has done for us. Much of the structural funding went in our favour. We are net receivers of money and donations for very long time.” When I look at the people here who are trying to bring us out of Europe, and I find Deputy Ross was on his knees praising it, I become extremely confused.

I welcome the debate. The Taoiseach and Tánaiste bring information back on a monthly basis about the European Council meetings that take place. As far as I am concerned, sufficient debate is taking place. Matters are also in the public domain on a regular basis. We have had five referendums in the past ten years. Calling for further public scrutiny and debate seems to be a waste of time.

**Deputy Paul J. Connaughton:** I thank the Leas-Cheann Comhairle for the opportunity to speak on the motion. I very much welcome it because we have a problem in this country in terms of communicating the importance of the EU to people and how it works for them. It is probably the biggest issue we have.

Before we discuss the motion, both sides of the House would have to agree that, as Deputy Lawlor said, Europe has been good for us in terms of how far it has brought the country over quite a long period of time. The issue becomes somewhat muddled because we are now in a situation of financial crisis throughout the EU. Irrespective of whether we like it, we are inextricably linked to the rest of Europe. We have heard many times in recent months that even as the economy is growing, and quite slowly at that, our exports have the capacity to increase to
21 May 2013

a much greater level. Unfortunately, however, much of the rest of Europe is in recession. In other words, the markets into which we are exporting cannot buy up the amount of product we can sell. That is causing a great deal of confusion.

I agree with Deputy Lawlor that the debate our near neighbours are having on Europe is taking place for all the wrong reasons. It is a discussion that is entirely politically motivated. What we are seeing there is a very far-right party suddenly becoming popular and one of the Government parties seeking to steal a march on it by upping the ante in regard to euroscepticism. That is not the answer to the problem no matter what way one looks at it. From an Irish perspective, what is important to bear in mind is how this affects people in their everyday lives. We remain in a very difficult economic situation. The main issue of concern for the people I talk to is unemployment, particularly youth unemployment. I welcome many of the developments that have taken place since this Government came into office, including the progress on a youth guarantee fund.

It cannot be denied, however, that there is an element of scepticism in this country in regard to the European project, which arises in part from our location on the periphery. Stories of our budgets being leaked to the Bundestag and German politicians knowing more about it than Members of the Oireachtas lead to cynicism. Irish people want to see how Europe works for us; that will be the key in all of this. There have been claims from many quarters that austerity does not work. It certainly helps with fixing the budget deficit, but people want to see more than that. The problem is that power is overly centralised in a certain group of countries. It is only when we reach the stage where we are promoting growth and jobs that we will see the true benefit of Europe. We need to get that stage and the first step in that regard is fixing our economy.

It is important, no matter what happens in terms of the future direction of Europe, that the Irish Parliament is always heard, that we are in charge of our budgets and that we do it for ourselves. I have no issue whatsoever with a debate on Europe, but this motion comes at the wrong time. We are still in a bailout situation and the people we are being urged to walk away from are the ones funding the country. Let us get back on our feet economically before having a debate on our role in Europe into the future.

Deputy Kevin Humphreys: I welcome the motion because it is important that we discuss this issue. In that regard, I do not agree with the previous speaker that it is ever the wrong time to discuss our position and role in Europe. I fully support the Government amendment to the motion and commend the work done by Ministers, the Taoiseach and Tánaiste in particular, and civil servants in the past five months as part of Ireland’s Presidency. Their efforts have been crucial to restoring the reputation of the country and fostering stability, jobs and growth across the Continent. As the Tánaiste observed, as did Deputy Paul Connaughton, Ireland’s recovery is inextricably linked with that of Europe. We must all acknowledge how tight that linkage is and that our role is very much at the heart of Europe.

It is critical that we achieve agreement on the European Union budget. A great deal of work has been carried out by both the Taoiseach and Tánaiste to bring matters as far as they have come. Agreement on the budgetary position will safeguard continued investment in research and innovation to develop the jobs of the future and the provision of the Structural Funds that will put workers back to work and facilitate the delivery of critical infrastructure. An agreed budget will ensure farmers throughout the country, who are currently experiencing such difficult circumstances, will receive the support they need. We have seen the problems they face every night on the news, and support from Europe is vital if they are to overcome them.
As the Tánaiste said, there were mistakes made by this State in the past which cannot be allowed to happen again. The continued work on banking union will provide much needed stability and regulatory control which will help to strengthen and support the currency. Deputy Connaughton mentioned the youth guarantee fund. Ms Emer Costello, MEP has done a great deal of work in this regard. When she started off on that road, most people said a youth guarantee fund would not make any real difference. However, €6 billion is now included in the budget for that purpose. Many young people in this country will access that funding and the pilot scheme is already up and running in Ballymun.

Investment requires money. We need shovel-ready projects to avail of support from the European Investment Bank. I have made the point before that there is €3 billion in EU funding to which we are entitled to make a claim. This arises from the sale of €20 billion of our bonds at a discount some years ago. We must seek an agreement in Europe that the profits from those bonds, amounting to approximately €3 billion, be returned to Ireland. It is essential that this happens, as has been done in the past for other member states. As it stands, the profits from bond sales are shared proportionately across the eurozone on the basis of GDP and population. A commitment that this €3 billion will be restored to Ireland would go a long way to securing further investment in our infrastructure. This issue must be pursued with the European Central Bank. It is funding that is rightly ours.

Deputy Áine Collins: I welcome the opportunity to discuss these matters in the House. There is no doubt the ongoing financial crisis in Ireland and Europe has raised many questions. These include the entire structure of the Union, the democratic deficit, monetary policy and the role of the European Central Bank, new structures to deal with banks, and the difference between the northern European states like Germany and Finland and the peripheral states of Ireland, Portugal, Spain, Italy and Greece. Ireland was the first country to face the banking crisis and, as a result of the bank guarantee, we as a nation face huge debt problems. This was exaggerated to a certain extent by the ECB’s stance in not burning bondholders.

However, this Government and the Minister for Finance, Deputy Michael Noonan, in particular, are constantly renegotiating that position. Substantial progress has been made. Interest rates have been reduced and the loan period has been extended. Huge progress is being made in setting up the new Europe-wide bank supervisory roles which will help to ensure bank debt in the future does not become a burden on taxpayer and state. This type of progress will lead to greater stabilisation across the eurozone. In addition, first steps are being considered to broaden the power of the ECB which will make it more like the Federal Reserve in the United States.

Eurobonds, sharing the debt burden and lowering interest rates will benefit the weaker economies in the eurozone in particular. The Germans are of the opinion that this will require treaty change. Ireland will, of course, play a major role in any discussions that may or may not lead to a proposal for treaty change. We are a small, open economy. Remaining within the eurozone is vital to our economic future. We are the only English-speaking nation within the zone, providing a vital link between the United States and Europe. Also of great advantage is our time zone which allows us to provide a linkage between the United States and Asia. Should the United Kingdom decide to leave the Union, the strategic importance of our remaining at the centre of Europe will be even greater.

Of course, it would be more desirable if we had control over our own currency and interest rates. It is interesting to examine what is being proposed here. Is there a suggestion that we revert to the punt or move to sterling or the dollar? A country with an economy the size of ours
must stay inside the largest market, and the eurozone represents 40% of the world economy. We
cannot be subject to costs involving currency exchange and leave ourselves vulnerable to un-
predictable interest rates. Ireland has generally done well out of the EU. Despite the weather,
our agriculture and farming sector has a great future within Europe. The Minister, Deputy
Simon Coveney, is making great progress in protecting the Common Agricultural Policy from
Ireland’s point of view in the current round of negotiations. We must continue to engage with
our European partners in seeking ways to improve structures, reduce bureaucracy and enhance
laws and regulations from a social and economic perspective. Engagement is the name of the
game. The aim is to remain firmly at the heart of Europe as one of its strongest supporters.

Deputy Michael McGrath: I welcome the opportunity to contribute to this Private Mem-
bers’ debate and thank Deputy Thomas Pringle and his colleagues in the Technical Group for
tabling the motion. The first point we need to recognise is that the sentiments expressed in the
motion put down by Deputy Pringle and his colleagues are shared by many Irish people. That is
a statement of fact. I believe that the Irish people are fundamentally pro-Europe but I recognise
that loyalty is being tested. The longer this economic crisis goes on throughout the eurozone
and the longer people see a failure in political leadership to deal comprehensively with this
crisis the more that loyalty will be tested. That is why it is important that resolute action be
taken. That is where I disagree with the Minister for Foreign Affairs and Trade when he says
that in response to the crisis Europe has acted resolutely and in concert. I do not understand
how any senior political figure can arrive at such a conclusion when one considers the evidence
of Europe’s actual response to this crisis since 2008.

Only the most naive of commentators would conclude that the euro has been an unqualified
success since its inception. We were told at one time that the euro would add 1% per annum to
economic growth in perpetuity; such hopes are now sadly a distant memory. While the motion
does a reasonable job of identifying some of the defects in the European Union and the mon-
eyary union project, I have to disagree with the prescription as to the action that is now needed.
Currency union is not a passing economic phase but a permanent, irrevocable commitment.
What the proposers of the motion seem to want to do is to recreate the kind of exchange rate
mechanism which collapsed in the 1990s, a kind of opt in or opt out arrangement. This is not
the path we should pursue.

When deficiencies in the euro design are identified they must be tackled by robust action
from the ECB, the Commission and importantly, the Council of Ministers. Our amendment
recognises that countries cannot have an each way bet on the euro. Every country must be
equally committed to making it work, not just for themselves but for all member states. This
applies just as much to Germany as it does to Greece, though one could be forgiven for thinking
otherwise when one looks at the evidence.

Simply throwing up our hands and calling for an exit mechanism for individual member
states might be superficially attractive but it would lead to far greater problems for us and the
wider eurozone down the line. I do not consider it possible to construct an orderly means of al-
lowing a country to leave the euro. For those who advocate it I would advise them to be careful
what they wish for. Despite our current difficulties, life for Ireland or any other member state
outside of the eurozone would be considerably worse than that we are experiencing although I
recognise there are many eminent economists who would disagree and put forward a different
thesis. We need only look at the turmoil that was unleashed in Cyprus when a reckless eco-
nomic gamble was pursued to see the potentially catastrophic effects of letting the genie of that
country’s exit from the eurozone out of the bottle.
The challenge is not to scrap the entire project or undermine it in such a way as to render it fatally damaged but to design and implement the changes that are needed. If people are to be honest about it there is a general consensus as to what needs to be done to put this right. Despite the improvement in sentiment under the current ECB leadership of Mario Draghi, the EU remains embroiled in its most serious crisis since the project’s launch in the 1950s. Every quarter brings new and gloomier news on the economic front. Eurozone unemployment stood at 12.1% in March of this year, higher than the 10.9% recorded for the wider European Union. These figures are a shocking indictment of a failed policy of clinging rigidly to policies that target low inflation and balanced budgets without taking account of the consequences of those policies on growth and employment.

It will be of little consolation to the millions of unemployed people throughout Europe who feel let down by the EU that official data shows eurozone consumer price inflation at just 1.2% in April, considerably below the 2% threshold by which the ECB is bound. Low inflation is not a sign of success on the part of the ECB, the Commission or Council of Ministers. If anything it is a sign of failure. Low inflation has not been achieved by some economic miracle. It has been achieved by suppressing demand. In simple terms, it is easy to keep the grass cut short in winter and the unemployed are paying the price for the ECB’s inflation obsession. That is an issue that will have to be addressed. The mandate of the ECB will have to be broadened and I agree with Deputy Joan Collins’ views in that regard because it is quite evident that the German obsession with keeping inflation low for obvious historical reasons is impeding the recovery of the European Union. A widening of the mandate of the ECB is an essential element in the recovery of the European economy.

The unemployed will not be impressed to see that Germany, the supposed powerhouse of the European economy, recorded a general government surplus last year. The EU talks about the need to support growth and yet does little about providing such supports. The “Compact for Growth” announced last year has been a flop. The prospects for Ireland’s recovery, or that of any of the European states mired in an economic slump, have to be seen in a broader European context. The eurozone fell into a double dip recession in 2012. Many parts of the eurozone are suffering from slow growth, very high unemployment and falling living standards. There is an urgent need for a co-ordinated eurozone response. The countries that have stabilised their debt ratios should avoid further austerity measures. Germany, which has achieved a balanced budget, could allow its budget deficit to rise temporarily while keeping its debt to GDP ratio constant. Similarly, other countries such as Belgium, the Netherlands, Finland and Austria could avoid further expenditure cuts and tax increases without worsening their debt to GDP burden. If one considers the impact of all of the countries in the eurozone engaging at the same time in fiscal consolidation, trying to reduce their budget deficits, reducing government spending and imposing higher taxes on their citizens the consequence of that is obvious for all to see. The countries that have the scope fiscally to invest in their economies and not to be proceeding blindly down the road of further fiscal consolidation, which is unnecessary in some cases, should pursue an alternative path. When we consider that Ireland exports between 80% and 90% of the goods and services we produce the bottom line is that if there is no external demand in Europe or the wider world for our goods and services we are not going to have the export-led recovery for which this Government is aiming.

When it came to agreeing an EU budget earlier in the year, however, what we got was an act of economic madness. In February it was decided to cut €34.4 billion over the next seven years after the EU budget following talks that were likened to ‘a bazaar’. The last thing
that Europe needs now is a deflationary package. The only effect that this will have is to risk further delay to recovery and keep unemployment at unacceptably high levels. There is a strong case to be made for addressing excessive bureaucracy in Brussels, but there is no reason that could not be achieved while maintaining investment levels. The decision to cut EU wide infrastructure projects like Connecting Europe is crazy and completely counterproductive. This decision, with wide-ranging effects across Europe, is being made in order to placate British domestic political concerns. Europe should not be sacrificing growth in response to British Conservative Party politics. David Cameron might have thought talking tough at European level would shoot the UKIP fox for him but if anything such weakness has only emboldened his enemies to ask for even greater concessions. Ironically, the British Prime Minister has spoken often about the threat Europe faces from the aggressive growth of the BRICS countries, Brazil, Russia, India, China and South Africa. The decision to cut EU spending and growth will play directly into the hands of the BRICS economies.

It was not always this way in the European Union. Those of us who are supporters of our membership of both the European Union and the eurozone should not be afraid to point out that for nearly 50 years from its foundation the Union had a very positive effect on living standards, particularly in peripheral countries, including our own. Through a combination of trade and regional aid, the living standards of poorer member states rapidly converged with richer ones. In our case, they exceeded the average. Now it appears that the euro has operated as a convergence machine in reverse. Greece, Spain, Portugal and Ireland have all experienced their own economic turmoil. It is clear to all that a currency union not accompanied by a banking union is inherently unstable.

Giving practical effect to banking union is taking an inordinate length of time to achieve. The crisis, having begun in summer 2008, is now in its sixth year. On paper, the tool-kit Europe’s authorities will have at their disposal has expanded considerably in that time. These include a single bank supervisory mechanism, common deposit insurance, a single rulebook for bank bail-ins, direct ESM, European Stability Mechanism, injections into failing banks, outright monetary transactions to reduce peripheral bond yields, co-ordination of fiscal policies and fiscal stimulus measures. However, in reality this list is progressing at a snail’s pace. Earlier today during finance parliamentary questions I debated the topic with the Minister for Finance. There is no doubt that ECOFIN is adept at producing grandiose statements on what is going to be done. Does anyone seriously believe, however, that all of the measures I have listed will be completed in the next 12 months? To date, the only action that has had a real impact is the declaration by Mario Draghi that the European Central Bank will do whatever it takes to preserve the euro. From his point of view, the intervention was a success. Nine months later and peripheral bond yields have fallen dramatically, while stock markets are at record levels. Mr. Draghi has achieved what he wanted without firing a shot in anger. However, the core problem of low growth, high unemployment and falling living standards remain unsolved. The recurring feature in the past five years has been for European leaders to fall back into complacency once any lull in the crisis is achieved. Should a fully fledged banking crisis arise again in any member state, with the inevitable spillover effect on sovereign finances, the European authorities may regret their tardiness in actually putting in place the solutions they have spent so long designing.

A debate is necessary on Ireland’s future in the European Union and the European Union’s overall direction. The changes that have happened so far have been incremental, piecemeal and conducted in the absence of any overall vision as to where the European Union is going.
We know Germany and other member states want it to become a complete political and fiscal union. What does the Government want to see in the evolution of the European Union and the eurozone? It is not good enough for it to take every issue as it arises. We have to work to an overall vision of where we would like to see the European Union in the next ten, 20 and 30 years, as well as Ireland’s place in it.

**Deputy Sandra McLellan:** Sinn Féin has pointed out many times that the creation of a single currency was for many an ideological and political act entered into without sufficient economic or social consideration. The euro was never designed to serve and benefit the peoples of Europe. There was no popular demand for a single currency. It was a project of the few for the few. We are of the view that the euro is seriously flawed in both its fiscal design and the political economy which underpins it, as well as its institutional structures. For example, Ireland, like other countries, is essentially a member of a currency system over which it has no monetary control. In a nutshell, this means that as a nation state, we lack fiscal autonomy. We cannot devalue or inflate our own currency, while the euro has no lender of last resort. Even worse, it was cheap credit from the ECB that facilitated reckless banking and fuelled the gigantic property bubble that brought the country to its knees. All of these factors contributed to the current crisis and are a serious concern for Sinn Féin, particularly on issues of sovereignty and economic independence. However, we need to keep in mind that while the euro was undoubtedly a factor in the crisis, it was not the sole cause. Every day we are reminded of the appalling hardships and worry which a significant section of the people have to endure with unemployment, poverty, an inability to keep up with mortgage repayments, personal indebtedness, issues around access to decent health care, access to housing, fuel poverty and, more recently, the appalling reality of food poverty, all of which are coupled with a profound and deep mistrust of politics, politicians and the political system in general.

This is the legacy of years of Fianna Fáil misrule, clientelism, corruption and indifference. We now find ourselves, as a nation, part of a monetary system that is underpinned by a neoliberal political economy which operates in the almost sole interest of advanced capitalist accumulation and Germany. Hence, we see the socialisation of private debt and the politics of austerity that is destroying the social fabric of Europe. Nonetheless, Sinn Féin believes it is naive to suggest Ireland withdraw from the euro and go it alone at this stage. We are far too entwined and embedded within the European and global financial systems for such a move; rather, we are of the view that a Europe with an economically stable euro at its core is the best hope for kick-starting economic recovery in Ireland and across the eurozone in the years ahead. This means that Europe’s political elite must immediately address the democratic deficit that lies at the heart of the EU project. There must also be an end to the destructive and counterproductive politics of austerity, while an investment programme on the scale of the Marshall Plan and a social insurance fund to assist struggling countries should be introduced. The Eurogroup must follow through on its commitment to separate sovereign debt from private banking debt. This, as we know only too well, did not happen in the recent Cypriot case. In keeping with the laws of the free market, bondholders and investors must bear the brunt of investments that fail. It is the duty of the State to protect depositors as far as possible.

At the wider European level and at the level of the nation state, there is a profound and urgent need to address inequality in wealth and income with the concept of redistribution to become embedded in and central to all economy policy. It is important that the politically deliberate rejection of egalitarianism is challenged and that we begin to seriously conceive of and work towards a European Union and an Ireland without poverty. What rich people call the
problem of poverty, poor people call, with equal justification, the problem of riches. We have a
duty to build a fairer and more egalitarian Europe, a Europe that will operate in the interest of all
its people, not an elite class of financiers and political statesmen. That is the challenge ahead.
Leaving the euro tomorrow would not make that challenge any easier.

Debate adjourned.

The Dáil adjourned at 9.40 p.m. until 10.30 a.m. on Wednesday, 22 May 2013.