



DÍOSPÓIREACHTAÍ PARLAIMINTE
PARLIAMENTARY DEBATES

DÁIL ÉIREANN

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

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DÁIL ÉIREANN

Dé Céadaoin, 06 Samhain 2013

Wednesday, 06 November 2013

Chuaigh an Ceann Comhairle i gceannas ar 09.30 a.m.

Paidir.
Prayer.

Ceisteanna - Questions

Priority Questions

An Ceann Comhairle: We begin our new Question Time system. The overall time limit for Question Time remains the same, one hour and 15 minutes, with 30 minutes for Priority Questions and the remaining time for Ordinary Questions. For each question, the individual time limit remains the same, with the addition of 30 seconds for a brief introduction to each question or group of questions. There are six minutes in total. The new innovation is that the Deputy who tabled the question is entitled, if he or she so wishes, to have 30 seconds for a brief introduction of the question. Where questions are grouped for reply, the Deputy whose question is first in the group may introduce the group of questions. These are the rules and it is my job to apply them. They are not necessarily my ideas but what the House has decided. I know I can depend on Members' co-operation.

Defence Forces Family Clinics

1. **Deputy Seán Ó Fearghaíl** asked the Minister for Defence if he will reconsider his decision to close the Curragh Families Clinic; his views on whether the proposal to close it is contrary to the terms of the Haddington Road Agreement; and if he will make a statement on the matter. [46964/13]

2. **Deputy Pádraig Mac Lochlainn** asked the Minister for Defence if he will overturn the decision to close the families clinic in the Curragh Camp at the end of 2013.. [46846/13]

Deputy Seán Ó Fearghaíl: I do not know about the 30 second rule as it does not allow us to

do very much. Some weeks ago it was announced that the Department of Defence was to close the Curragh families clinic, which supplies primary care facilities for 480 families. The decision has caused shock in the community and will cause enormous hardship for the 480 families affected. It is a serious breach of the terms of the Haddington Road agreement.

Minister for Defence (Deputy Alan Shatter): I propose to take Questions Nos. 1 and 2 together.

I have no plans to change the decision to discontinue the services provided at the Curragh families clinic. The clinic provides free GP and pharmacy services for the families of enlisted military personnel resident within the Curragh Camp and surrounding areas. The service dates back to a time when the provision of medical services for all families of enlisted personnel was included in Defence Forces regulations. Following the introduction of free public hospital care for all citizens in the 1970s, the entitlement to medical services for military families was formally removed from regulations in 1987. Accordingly, the family section of the Curragh Military Hospital closed at that time. However, the Curragh families clinic was retained because of the difficulty in obtaining doctor and pharmacy services in the Curragh area at the time. This is no longer the case.

The service is an anomaly in that it is a benefit which is only available to a relatively small number of families resident within the Curragh Camp and surrounding areas. Similar services are not provided for the families of enlisted military personnel at any other location in the State. A further anomaly arises in that new personnel deployed to the Curragh Camp in recent times do not receive the benefit of free family care.

Several reviews undertaken since 1990 have recommended that the clinic be closed. The decision to discontinue the operation of the clinic has been made having regard to these reviews, equity considerations and the cost of the service. The families affected will have the same rights of access to public health services as other families of enlisted personnel. Also, existing services are being maintained until 31 December 2013 to allow families to make arrangements to transfer to local general practitioners, GPs, and apply for medical cards or GP visit cards, if required. If any patient requires assistance in finding a new GP or applying for a medical or GP visit card, this can be provided by staff in the clinic during the transition period.

As the Curragh families clinic is a facility that is neither provided for members of the Defence Forces nor encompassed by the conciliation and arbitration schemes for the Defence Forces, its closure is not an issue that comes within the scope of the Haddington Road agreement. The Deputy is incorrect in that allegation.

Deputy Seán Ó Fearghail: Viewed as a desktop exercise, what the Minister said is probably correct. However, his response shows an ignorance of what is, in fact, the community dynamic at the Curragh Camp where primary care facilities have been available since prior to the foundation of the State. The British army was able to provide services for the communities on the Curragh. The Minister is correct that previous reports suggested the facilities should have been withdrawn. However, his predecessors had the wisdom and knowledge of the circumstances to refuse to take that initiative. If the Minister proceeds to close this facility, he will further impoverish those families who live on the Curragh. He will force them out into a primary care sector in the greater Kildare area where the numbers involved cannot be accommodated. The families affected have already surveyed GP services available in the wider community and know that no existing service has the capacity to take on the 480 families in

question, or over 1,000 people.

Deputy Alan Shatter: I am afraid the Deputy is mistaken in much of what he is saying. I have full knowledge of the position on the Curragh and the families there. This matter was given careful consideration. It is particularly anomalous that some families of military personnel based in the Curragh can avail of this service, while others there cannot. It is an additional anomaly that no such service is available to other military personnel in other parts of the country. Before making these decisions, the issue of the capacity of GPs in the surrounding areas to take on and provide appropriate medical care for the families in question was carefully examined. There are 13 GPs working in eight clinics in Newbridge and five GPs working in two clinics in Kildare town listed on the HSE website. All the clinics were contacted to see what, if any, spare capacity they had to take on additional private or medical card patients, and five responded, indicating that there is ample GP capacity in Newbridge and Kildare town to cater to the clients of the Curragh families clinic. Arrangements will be put in place when families transfer to ensure medical records are made available to the GPs who will provide the service.

Deputy Pádraig Mac Lochlainn: On the face of it, the Minister's argument that he cannot provide services to one set of families and not others is fair. However, the families insist they were not consulted and were first made aware of this very significant change by letter. They also referred to the wider issue of the changes in the camp, which, many years ago, was a very different place. They use words such as "depressing", they feel isolated and they feel people are being pushed away from the camp. In the context of that view of the families, to whom this State owes a debt, can the Minister outline the consultation with them and whether they are wrong in what they say?

Deputy Alan Shatter: There is no reason any family or individual should feel isolated. They were provided with all the relevant information to assist those families who are entitled to free medical care, be it through a full medical card or a GP card, to make the necessary applications. They have been offered any assistance they require in completing applications. It is important that we put this in context. The military authorities advise me that there are 289 enlisted personnel whose families are not entitled to attend the Curragh families clinic. I note what Deputy Ó Fearghail had to say about my predecessors; however, no new families have been accepted into the clinic since 2008, so a decision was made by a predecessor of the Deputy's party to stop families using the clinic. The fact that my predecessor did not deal with each family equally has given rise to this issue.

A full analysis of the service provided at the Curragh families clinic was undertaken before the decision to discontinue the service. The analysis concluded that the service provided by the Curragh families clinic is an anomaly in that it is a benefit that is available to only a relatively small number of families of enlisted personnel resident in the Curragh camp and surrounding areas in circumstances in which no such service is available to any other enlisted personnel and in which it is not available to any personnel attached to the Curragh camp since 2008. It is entirely unfair to maintain a service that can be properly provided by local GPs.

Deputy Seán Ó Fearghail: The Minister's predecessors made decisions about the orderly wind-down of this service. A survey by local people of the GP services, many of which I know, indicate that they cannot accommodate the number of people involved, which is more than 1,000. The Minister's decision is wrong. A duty of care rests with the GP who provides the service in the Curragh and the Defence Forces. The Minister's plan to wind down the service within three months does not have proper regard to that duty of care because a primary care

service of this type cannot be wound down in three months. Neither can the medical cards he mentioned be provided to people with certainty should they require them. Nor can alternative GP services be secured within the timeframe.

Deputy Pádraig Mac Lochlainn: I defer to my colleague's local knowledge of the realities on the ground. The Minister did not answer my very simple question on what consultation was undertaken with the families who are already, as we can see, very concerned about the changed circumstances in the camp. Why was it not put to them that the Department had done a survey of local GPs and clinics in nearby towns and found that there was plenty of availability? Did those conversations take place? Was it argued that the service could not be sustained while it was not available to others? Was the Permanent Defence Force Other Ranks Representative Association, PDFORRA, involved in these discussions or deliberations? It is important. I appreciate that the Minister must take decisions and will always find a rationale for those decisions, but what about the consultation with the very people we need to engage with?

Deputy Alan Shatter: The families are well aware of the circumstances surrounding the decision that has been made and the anomalous nature of the service. Deputy Ó Fearghail acknowledges that around 2008 the former Minister for Defence Deputy O'Dea made a decision that further families who locate in the Curragh cannot avail of these services. As the Deputy so eloquently put it, he made a decision for the orderly winding down. At what stage does an orderly winding down require that one make a decision to wind up the service?

Deputy Seán Ó Fearghail: The Minister is unilaterally withdrawing it.

Deputy Alan Shatter: The stage has come when we have so many personnel based in the Curragh, as I detailed, and their families who cannot avail of this service. Having checked the position carefully, I consider it clear that local GPs have the capacity to take on the families. If any family has a difficulty being taken on by a local GP I can ask the military or officials from my Department to provide the assistance necessary to identify an appropriate GP who has availability. All of the information I have indicates that there is more than adequate availability among qualified GPs who are not only providing medical care to the local community but to the families of all the other personnel located in the Curragh who are excluded from this scheme. I assume the Deputy is not impugning the medical care provided by the local GPs to the families excluded from availing of this scheme.

Deputy Seán Ó Fearghail: The Minister presumes correctly. Nor did I suggest it.

Defence Forces Accommodation

3. **Deputy Mick Wallace** asked the Minister for Defence his long-term plan for accommodation in the Curragh camp; if he intends to have the homes of all of the ex-servicemen and their families vacated; the timeframe for the same; and the alternative affordable accommodation that is being offered to families and persons being requested to leave. [46845/13]

Deputy Mick Wallace: Over the past three years the Department of Defence has been sending out letters to retired soldiers still living in Army residences demanding that they vacate the premises. Some of the residents have been in a position to leave and have done so, while others find themselves in a situation in which they have nowhere else to go and cannot afford private rented accommodation but do not qualify for council houses as they are deemed to be housed

and are in receipt of an Army pension. Some of the residents pay between €200 and €500 per month in rent as well as the usual utilities.

(Deputy Alan Shatter): In February 1997 the then Minister for Defence set out policy on married quarters on the basis that they were largely an anachronism and that they should be discontinued in a managed and orderly way. Since then my Department has discontinued the practice of providing such accommodation. In addition, given the age of the housing stock, it has been found that over time the properties require a significant and disproportionate investment in order to ensure compliance with regulations regarding rental properties. In recent years much of the stock has become unsuitable for habitation and has had to be taken out of use. Consequently, there has been a sharp decline in the number of married quarters in use, with only 25 serving personnel currently occupying married quarters in the Curragh.

Where properties are located outside barracks, they are made available for purchase by tenants. For security reasons, properties located within barracks cannot be sold and are removed from the stock of available housing when they become vacant. There are no habitable residential properties - former married quarters - vacant in the Curragh camp. From time to time the overall stock of housing within the camp is reviewed and vacant uninhabitable properties are demolished where it is found to be necessary due to health and safety concerns, to make way for other facilities or to improve the layout of the camp generally.

Personnel are obliged, under Defence Forces regulations, to vacate married quarters within a specified period of being discharged from the Permanent Defence Force. The term “overholder” is used to describe former members of the Defence Forces and their families who have refused to leave married quarters within 21 days of leaving the Defence Forces. My Department is, in accordance with normal procedure, seeking vacant possession of overheld married quarters. The situation of overholders continuing to occupy married quarters is not sustainable. As the Department is no longer in a position to subsidise housing for those who are not entitled to it, the Department has had to take necessary action. Each overholder is being dealt with on an individual basis.

The issue of overholders is being addressed in a number of ways. With the assistance of the Office of the Chief State Solicitor, formal procedures have been put in place to obtain vacant possession of the properties. In the first instance, overholders of married quarters are reminded of their responsibilities to vacate properties under Defence Force regulations and are asked to vacate. Where the properties are not vacated, legal proceedings are initiated to obtain vacant possession of the properties. It is not possible to give a definitive timeframe for the procedure as the process is different for each individual case.

Deputy Mick Wallace: This treatment of families who gave loyal service to the State for many years is hardly fitting or fair. There is a serious level of inconsistency in regard to how the Department is dealing with the issue, with some people receiving letters and others not. I presume some properties were deemed more unsuitable than others. There is serious concern about this issue and people are very worried. Many of them have nowhere else to go. It seems callous that there would not be some investment made on the part of the State to sort out the problems with their houses. These people have lived in these houses for most of their lives and want to stay in them. I do not understand why the Department cannot arrive at a better arrangement to allow people live where they want to live.

Deputy Alan Shatter: In the context of their serving in the Defence Forces, those provided

with accommodation knew that upon their ceasing to serve, the accommodation had to be vacated. However, they did not vacate it. For many years, this matter has been dealt with as carefully and sensitively as possible.

The Department does not have a role in the provision of housing accommodation for the general public and the securing of alternative housing for the individuals concerned in the first instance. If individuals are not in a position to secure housing in their own right, it may be the case that they qualify for social housing or for some level of housing. In that context, assistance can be, and has been, provided. Officials in my Department have met with Kildare County Council officials regarding overholders and they are aware of the situation and will advise overholders of procedures and requirements when making applications for social housing.

In so far as the Deputy might suggest that individuals have been put under any unfair pressure, these individuals are aware of their circumstances and obligations in this area. There are currently 29 married quarters being occupied by overholders in the Curragh camp and a further 14 overholders in the Dublin area. The duration of overholding ranges from between 44 years to six weeks.

Deputy Mick Wallace: The Minister says the Department of Defence does not have an obligation to the general public to provide housing and I understand that. However, these people have worked for the Defence Forces for much of their lives and there is a duty owed to them. The Minister has said alternatives are being offered to them at local level, but some of the people to whom we have spoken say they have nowhere to go and that they cannot afford what is being offered. Is it possible the State will make these people homeless? Will the Minister affirm there will be alternative, affordable accommodation available to them and that if they cannot afford it, the State will facilitate an arrangement?

Deputy Alan Shatter: The Deputy always chooses to be selective in what he says and his presentation on this issue is consistent with that approach. He chooses to ignore entirely that each individual provided with such accommodation knew that on completion of his or her service with the Defence Forces, they were obliged to vacate the premises provided. Is the Deputy suggesting that the State should provide permanent housing for the families of every member of the Defence Forces in which they can remain for the rest of their lives, even after they have completed their service? If that is what he is saying, perhaps he will suggest how that could be financed and how the matter should be approached.

As I have already said, in so far as families have difficulties, arrangements are in place whereby families can engage with Kildare County Council if they are not in a financial position to get alternative housing. The length of time during which families or individuals have been allowed to reside in residential premises as overholders is extraordinary and indicates the extent to which the Defence Forces and the Department have tried to be as careful as possible to cause as little upset as possible.

Overseas Missions

4. **Deputy Seán Ó Fearghail** asked the Minister for Defence if he will provide an update on the participation of the Defence Forces in the United Nations Disengagement Observer Force; and if he will make a statement on the matter. [46965/13]

Deputy Seán Ó Fearghail: Last July, Fianna Fáil was happy to support the deployment of a contingent of Irish Defence Forces personnel to the Golan Heights in Syria, but that was done against the background of international concern and in a situation where the Austrian, Croatian and Japanese authorities had withdrawn their troops. What we seek today is an assurance of the continued safety of personnel serving in that location.

Deputy Alan Shatter: On 1 July 2013, Ireland received a request from the United Nations to consider contributing a mechanised infantry company to the United Nations Disengagement Observer Force, UNDOF, on the Golan Heights in Syria for the tasks of a force mobile reserve. Following Government and Dáil approval on 17 and 18 July 2013 respectively, the deployment of the 43rd Infantry Group, comprising 115 personnel, to UNDOF was successfully completed on 28 September 2013. The 43rd Infantry Group consists of a force reserve company and support elements. The group achieved full operational capability on 2 October 2013, meaning that they were operationally capable of fulfilling all aspects of their role from this date onwards.

The Irish personnel are based in UNDOF headquarters in Camp Faouar on the Golan Heights. Their role includes the provision of a quick reaction force which is on stand-by to assist with ongoing operations within the UNDOF area of responsibility. The Irish Infantry Group also carries out patrols and convoy escorts as necessary. In addition to the 43rd Infantry Group, there are also four Defence Forces personnel based in UNDOF headquarters. UNDOF is assisted by the military observers from the United Nations Truce Supervision Organisation's, UNTSO, observer group Golan, which currently includes seven Irish officers. The deployment of the Irish Force reserve company to UNDOF helps to ensure that the mission can continue implementing its mandate. I believe the Defence Forces contingent can make an important contribution to the success of the UNDOF mission, as they have done throughout the world on so many occasions in the past. They have all the resources requested to enable them carry out this task.

Deputy Seán Ó Fearghail: I thank the Minister for his response and join him in wishing success to the troops. Our mutual concern is to ensure the success of the mission and the well-being of all involved. Any involvement in a UN mission axiomatically involves a degree of risk, but it is important that we are fully conscious of the particular situation that continues to exist in Syria generally and the Golan Heights in particular. Will the Minister assure us and is he confident there is no uncontrollable or direct threat to our forces at that location?

Deputy Alan Shatter: As the Deputy knows, there is great volatility in the country of Syria and in that general area. The escalation of the conflict in Syria has affected the UNDOF area of operations significantly in recent months. The armed forces of the Syrian Arab Republic have deployed and carried out military activities and security operations in the UNDOF area of operation. These activities are in violation of the 1974 disengagement agreement. Numerous clashes have also taken place between Syrian security forces and armed members of the opposition in the area of separation.

Given the evolving security situation, the mission has continued to reconfigure its operations with a view to ensuring the safety of the personnel while continuing to implement the mission's mandate.

10 o'clock

UNDOF has continued to concentrate on static activities in an effort to reduce the exposure

of personnel to danger while focusing on enhancing situation analysis, reporting and liaising with the parties to prevent the situation from escalating. In the context of their engagement in the area, Irish troops have performed admirably. They have been successfully engaged in matters when appropriate and I can tell the Deputy all of our troops are carrying out their duties as expected and ensuring the mission can continue in the manner that is appropriate in an area of great volatility.

None of us can be sanguine in the context of the particular area. Not only are the forces of the official Syrian Government involved, but it is now reported that there are in the range of 2,000 different groups engaged in conflict in Syria. Not all of them understand fully the mission of the UN in the area and our troops and those engaged in the mission will have to continue to engage with care and competence and with the skill exhibited elsewhere in the past by our troops.

Deputy Seán Ó Fearghail: I welcome the follow-up response from the Minister. It needs to be said that we cannot be distracted by the moves in Syria to deal with chemical weapons. There is still chaos there. Will the Minister assure us our troops have freedom of movement across the Golan Heights and in their area of responsibility?

Deputy Alan Shatter: A humanitarian tragedy is being played out in Syria and unfortunately, as I stated on a previous occasion, no solution is in sight to bring an end to the terrible conflict. We know there are now more than 2 million refugees located in countries outside Syria; there are in the region of 5 million displaced persons in Syria; and there are outbreaks of diseases in Syria. Forces on all sides have committed war crimes and atrocities and civilian populations have suffered hugely. Hundreds and thousands of individuals have been injured, some very seriously. All I can say is that our contingent is in a position to undertake the mission it has been requested to undertake and has been engaged successfully in this mission.

Defence Forces Medicinal Products

5. **Deputy Pádraig Mac Lochlainn** asked the Minister for Defence if he will reconsider his decision not to publish a report on the use of the controversial anti-malarial drug Lariam. [46847/13]

Deputy Pádraig Mac Lochlainn: This question is with regard to the working group established in January 2011, which has apparently reported to the Minister, and why the Minister has not published the report. I am asking the Minister to reconsider this position.

Deputy Alan Shatter: This is an issue that the Deputy has raised with me previously. Having regard to current and potential litigation, the Department established a working group in January 2011 to examine the use of Lariam and other anti-malarial drugs in the Defence Forces. The group comprises representatives of the Defence Forces Medical Corps, the Defence Forces personnel policy branch and the Defence Forces human resources and litigation branch. The group also includes representatives from the State Claims Agency and the Chief State Solicitor's Office. The purpose of the group was to review issues arising in relation to the use of Lariam, particularly in the context of the current and potential litigation; to review and confirm the approach of the Defence Forces in relation to the use of malaria chemoprophylaxis in the Defence Forces; and to ensure that the procedures in relation thereto continue to be appropriate and in accordance with best medical practice as promulgated by the relevant medical authori-

ties. The work of the group informs the defence organisation's process of ongoing risk assessment and mitigation in the context of a proactive risk management strategy.

The group reported back to me in June this year. The report was produced in the context of current and potential litigation and is, therefore, legally privileged. I can confirm that the group investigated all the various allegations surrounding the use of Lariam and obtained advice from leading medical experts. These experts concur with the practices followed by the Defence Forces in prescribing Lariam.

Deputy Pádraig Mac Lochlainn: It is very disappointing that the report has not been published. It has been raised on numerous occasions on this side of the House by various Opposition spokespersons. It is a matter of controversy. Cases are being taken by former members of the Defence Forces and possibly some serving members. It would have been in the public interest to redact whatever the Minister felt needed to be redacted in terms of legal privilege and to put the report out there. I again ask the Minister to reconsider this decision. Does he accept it would be in the public interest to put on the table the arguments he has made in the past when we have discussed this and he refuted the concerns raised? The report was quite a comprehensive undertaking, so why not put it in the public domain and let the people argue it back and forth?

Deputy Alan Shatter: As the Deputy is aware, in replying to various Dáil questions over the past two years I have very substantially put in the public domain all of the issues with regard to Lariam, its importance and the fact that no member of our Defence Forces has contracted malaria - a disease which kills hundreds of thousands of people annually - in the context of missions abroad. I am advised by the State Claims Agency and the Chief State Solicitor's Office that because of the circumstances that exist it would be completely inappropriate to publish this particular report. It is a matter that has been prepared in the context of litigation the State must deal with and address. Unfortunately I cannot accede to the Deputy's request.

Deputy Pádraig Mac Lochlainn: Is the Minister concerned about an article in *The Sunday Times* which stated that one of the contributors to the report, Professor Patricia Schlagenhauf, availed of research funding from Roche, the manufacturer of Lariam? The newspaper report contains a quote from Dr. Remington Neven, a researcher in the United States, who stated it is akin to hiring a tobacco company scientist to consult on cancer prevention policies. Does the Minister feel this was an appropriate appointment? On the basis of this revelation by the journalist Mark Tighe in *The Sunday Times*, will the Minister review how these reports are carried out in future?

Deputy Alan Shatter: I will not go into the detail of the report beyond saying to the Deputy that, having read it very carefully, I know that the report addresses all of the issues with regard to Lariam and the various medical concerns that arise with regard to Lariam, malaria and the use of the available alternatives. I can say to the Deputy that the report confirms that the approach taken by our Defence Forces, in this context, in protecting the health of the members of our Defence Forces and in engaging with members of the Defence Forces prior to prescribing Lariam, is the correct one.

Other Questions

Defence Forces Properties

6. **Deputy Clare Daly** asked the Minister for Defence the reason families and ex-service-men are being asked to leave their homes in the Curragh; and the alternative accommodation that has been put in place for them. [46643/13]

Deputy Clare Daly: This is the same matter as was raised by Deputy Wallace, and I compliment the Minister on his consistency in his answer, because he demonstrated again a total lack of humanity and compassion in his retort earlier. What he calls “overholders” and “anachronisms” are families who have given loyal service to him and the State, and the Minister and the Department of Defence, as their employer, have a duty of care to them. I want to know what alternative arrangements the Minister has for these families and individuals who have not sufficient income to get a mortgage or rent privately, who are not being taken on by local authorities and who are being made homeless by the Minister.

Deputy Alan Shatter: Not only does the Deputy have no monopoly on compassion, she also has the same tendency as her colleague sitting beside her to be selective with the facts and the background of issues. As I mentioned earlier, in February 1997 the then Minister for Defence set out policy on married quarters on the basis that they were largely an anachronism and that they should be discontinued in a managed and orderly way. Since then the Department has discontinued the practice of providing such accommodation. In addition, given the age of the housing stock, it has been found that over time the properties require a significant and disproportionate investment in order to ensure compliance with regulations regarding rental properties.

Personnel are obliged, under Defence Force regulations, to vacate married quarters within a specified period of being discharged from the Permanent Defence Force, something which the Deputy chooses to ignore entirely. The term “overholder” is used to describe former members of the Defence Forces and their families who have refused to leave married quarters within 21 days of leaving the Defence Forces. The Department is, in accordance with normal procedure, seeking vacant possession of overheld married quarters. The situation of overholders continuing to occupy married quarters is not sustainable. As the Department is no longer in a position to subsidise housing for those who are not entitled to it, the Department has had to take necessary action. Each overholder is being dealt with on an individual basis, as evidenced in the statistics I gave Deputy Wallace.

The Department does not have a role in the provision of housing accommodation for the general public. The securing of alternative housing is a matter for the individuals concerned in the first instance. If individuals are not in a position to secure housing in their own right, it may be the case that they qualify for social housing or that they qualify for some level of housing assistance. Officials of my Department have met with Kildare County Council officials regarding over-holders, so they are aware of the situation and will advise over-holders of procedures and requirements when making applications for social housing.

Deputy Clare Daly: The problem is that the Minister has said he is taking an approach of reminding these people of their responsibilities, but what we are talking about here are families

who have lived in this area for decades. One individual has been living in the Curragh Camp for 34 years and has given 44 years service to the Army. He retired two years ago and got a letter four months after he retired telling him to vacate the premises. He has been to Kildare County Council and was told he is over the limit for social housing. He has been to the bank and was told he does not have enough money and he is too old to get a mortgage. That family is one example but there are others who have nowhere else to go.

The Minister said there were fewer than 75 families in this situation nationally. Some of those are widows and separated people in very low paid, temporary employment. Can the Minister not engage humanely with 75 people? He claims that the maintenance of this stock has been onerous on his Department. Where is the cost-benefit analysis conducted into that? These people paid substantial amounts of rent and, indeed, when they retire from the forces they pay more rent. How much is the Department spending on the maintenance of their premises because they are giving it quite a lot of rent? I do not believe it actually costs the Department anything.

Deputy Alan Shatter: As I have already indicated to the Deputy, my Department does not have a role in the provision of housing accommodation for the general public. However, my Department does deal with each case on its own merits. As I said, officials of my Department have been in contact with the local authorities, and information on the appropriate State agencies to provide assistance is given to those over-holders as part of the Department's engagement with them. If the Department was not dealing with this matter in a humane and considered way, some of the individuals referred to by the Deputy, who have been maintaining occupation of accommodation they knew they had an obligation to vacate, would have been required long ago to vacate it.

I accept this is a difficult issue for some families. It is an issue the Department has sought to deal with over a series of years, through the presence of successive Ministers for Defence, in a manner that is as careful as is possible. However, at the end of the day, this was accommodation only provided to be made available to families during the term of a person being a member of the Defence Forces.

Deputy Clare Daly: I contend that this was not the knowledge of all people and, in fact, the conduct of the Defence Forces would vindicate that. To take the case of one individual, he exited from the forces over 15 years ago, lived in his home for 40 years and, if one likes, he is only now being squeezed, even though he lives there with three generations of his family. The Department may not be a housing authority but it does have a duty of care to former employees and their families. In fact, the individual and humane approach the Department has been taking has involved one woman who has lived there for 27 years, raised her family there and remained living there post a marriage break-up, being given four or five harassment letters and being brought before the courts to be evicted.

I ask the Minister again to explain how much he claims it is costing his Department to keep these people there. My assertion is that they have actually paid, through their own rent, for the upkeep and maintenance. Where is the drain coming from? Could the Department not engage humanely with them in that they have lived there for decades and raised their families? Have they not got the right now to live out the older years of their life or for the Minister to actively assist them in gaining an alternative?

Deputy Alan Shatter: As the Deputy well knows, despite the nature of her presentation,

there is substantial engagement by the military authorities and by the Department with individual families before any action is taken with regard to court proceedings. That action is taken as a last resort in the context of individuals in these circumstances.

Defence Forces Reorganisation

7. **Deputy Seán Ó Fearghaíl** asked the Minister for Defence his views on whether the current balance between the three services within the Defence Forces is appropriate for an island nation; and if he will make a statement on the matter. [46843/13]

Deputy Seán Ó Fearghaíl: I raise this question in the context of the impending Green Paper. I want to ask the Minister for Defence for his views on the current balance between the three services within the Defence Forces, particularly whether that balance is appropriate in the context of this being an island nation.

Deputy Alan Shatter: The current defence policy framework was set out in the White Paper on Defence in 2000, as the Deputy knows. The capability decisions contained in that White Paper were based on a careful assessment of the defence and security environment and having regard to the roles the Defence Forces were required to undertake. Key capability decisions contained in the 2000 White Paper included the retention of a light infantry-based Army with a three-brigade structure and an all-arms capability, development of the Naval Service around a modern eight-ship flotilla, development of the Air Corps based on its then role profile and development of a re-organised Reserve Defence Force.

In the years following the economic collapse, the level of funding available for Defence has been reduced. In December 2011, following a comprehensive review of expenditure, the Government decided to stabilise the strength of the Permanent Defence Force at 9,500 personnel. This strength level was significantly higher than that which the previous Government's national recovery plan would have necessitated. Within this 9,500 strength ceiling, the then organisational structures were no longer sustainable and I initiated a major reorganisation of the Defence Forces. The vast bulk of the reorganisation adjustment - 906 posts - was implemented within the Army. However, the impact on the Army's capability was minimised as Army units were consolidated within a new more efficient two-brigade structure and personnel were redeployed from administrative and headquarters functions to operational units. The Air Corps and Naval Service establishments saw proportionately lesser reductions of 44 and 50 posts respectively.

On the equipment front, plans have been revised in accordance with operational priorities and the procurement of two new Naval Service vessels has been successfully managed within a constrained resource envelope. The first of these new ships is scheduled for delivery early next year, with the second ship due for delivery the following year. Other priorities in the Army and Air Corps are also being pursued in accordance with operational requirements.

All of these actions have ensured that the Defence Forces can continue to fulfil the roles assigned within the current policy framework. However, in order to ensure that defence policy continues to address emergent demands in the defence and security environment, we must periodically re-appraise our policy approach. As the Deputy knows, in July 2013, following Government approval, I launched a Green Paper on Defence. This initiated a consultative process that will inform the development of the White Paper.

Deputy Seán Ó Fearghail: Some 80% of the Permanent Defence Force in Ireland is in the Army, with 11.3% in the Naval Service and 8.5% in the Air Corps. This compares, for example, with another island nation, New Zealand, where 27% are in the air corps and 23% in the naval service. The Irish Maritime Forum made a number of interesting comments and constructive proposals in this regard. There is no doubt that, for an island nation, our Naval Service is underdeveloped and, indeed, undervalued. Comparable nations such as New Zealand have a much greater component in their defence forces. That said, we accept that New Zealand is much more isolated than Ireland. However, Ireland's maritime area has been extended from 410,000 sq. km to approximately 1 million sq. km since the publication of the White Paper back in 2000. In that context, and looking to the future, would the Minister share my view that we need to look at the future development of both the Naval Service and the Air Corps?

Deputy Alan Shatter: The Green Paper sets out a range of policy options and questions which were intended to focus submissions on key policy considerations in the preparation of the White Paper. The Deputy may be interested to know my Department has received 117 submissions on the Green Paper. Each of these submissions is being carefully considered by both civil and military personnel within the Department of Defence and, where appropriate, follow-on meetings are being arranged. The process has provided an important opportunity for all key stakeholders to input their views and I look forward to further engaging on this important project over the coming months. In doing so, and as the process is very much ongoing, I do not want to pre-empt or second guess any future policy approaches, such as force distribution and equipment or, indeed, the balance that currently exists between the three services within our Defence Forces.

I would like to thank the Deputy's party and other parties for their submissions and I want to assure them they are being given full consideration. The issue the Deputy raises is, of course, one of the issues to be considered in the context of preparation of the White Paper.

Deputy Seán Ó Fearghail: In that matter of the White Paper, the steering group in 2000 consisted of a major-general, a colonel, an assistant secretary and a principal officer. The working group which was founded at the time consisted of two colonels and two principal officers. There was no permanent naval representative on either group. In hindsight, that is something I very much regret. Does the Minister intend to establish such working groups to deal with the impending policy paper and, if so, will he ensure that they will include Naval Service and Air Corps representation?

Deputy Alan Shatter: I have absolutely no doubt that, in the context of the preparation of the White Paper, there will be substantial input from the Army, the Naval Service and the Air Corps. The Deputy might have noticed that Commandant Mark Mellett was appointed as Deputy Chief of Staff.

Deputy Seán Ó Fearghail: We welcome his appointment.

Deputy Alan Shatter: The other Deputy Chief of Staff comes from the Air Corps and the Chief of Staff is from the Army. There is a balance in this regard which will ensure that in the preparation and finalisation of the White Paper, all sections of the Defence Forces will be fully and properly represented. I am looking forward - when we have concluded our consideration of the substantial number of submissions received - to the engagement that will be necessary in order to ensure that we publish a White Paper which sets down a roadmap for the Defence Forces for the next decade. That roadmap must be appropriate and balanced and must meet the

needs of the State in the context of the domestic role of the Defence Forces and also their very important international role at UN and EU level.

Shannon Airport Facilities

8. **Deputy Mick Wallace** asked the Minister for Defence the cost to the Defence Forces of providing security for US military planes at Shannon airport. [46647/13]

30. **Deputy Mick Wallace** asked the Minister for Defence the reason at least one Irish soldier was on the ground at Shannon on 7 September when a US Air Force Hercules C130 was present. [46646/13]

Deputy Mick Wallace: Section 317 of the Defence Act 1954 states: “No person shall, save with the consent in writing of a Minister of State, enter or land in the State while wearing any foreign uniform.” Only a few years ago, our current President, Mr. Michael D. Higgins, described statements by the then Government in respect of Shannon as one untruth followed by another. What is the cost relating to the provision at security at Shannon Airport and why is taxpayers’ money being used to protect US forces at Shannon, particularly when the latter are in breach of Irish neutrality and are very often en route to countries further afield in order to breach international law?

Deputy Alan Shatter: It is extraordinary that the Deputy’s only international *bête noire* is the United States. He obviously is not concerned that 100,000 people have been killed in Syria or that there are difficulties in the other parts of the world for which no one can hold the United States responsible.

Deputy Finian McGrath: What about the 100,000 civilians killed in Iraq?

Deputy Alan Shatter: In relation to the Deputy’s question, An Garda Síochána has primary responsibility for law and order, including the protection of the internal security of the State. Among the roles assigned to the Defence Forces is the provision of aid to the civil power, ATCP, which in practice means assisting an Garda Síochána when requested to do so. These ATCP security duties include the protection and guarding of vital installations and the provision of armed security escorts. From time to time, the Garda also requests support from the Defence Forces at Shannon Airport. Such assistance has been provided by the Defence Forces since 5 February 2003. I can confirm that on the 7 September last, members of the Defence Forces were requested by the Garda to assist with security duties at Shannon Airport.

The following items are taken into consideration when calculating the costs involved in providing ATCP at Shannon Airport - security duty allowance, rations and fuel. The costs incurred for the period 2010 to 2012 inclusive were as follows:

| Year | Amount (€) |
|------|------------|
| 2010 | 203,366 |
| 2011 | 259,739 |
| 2012 | 275,008 |

The costs for 2013 are expected to be broadly in line with 2012.

An Ceann Comhairle: Am I correct in stating that the Minister is dealing with questions Nos. 8 and 30?

Deputy Alan Shatter: Apparently so.

An Ceann Comhairle: Both questions are in the name of Deputy Wallace.

Deputy Finian McGrath: Will other Members be able to contribute?

An Ceann Comhairle: If we have time.

Deputy Mick Wallace: I have as much respect for the likes of Vladimir Putin and what he does to disturb world peace as I have for Barack Obama, Islamic militants, Israel or whomever. I am opposed to all forms of terrorism, be they perpetrated by an individual or a state.

In March 2011, the Labour Party - Fine Gael's partner in government - stated that it would be enforcing The Hague convention on neutrality. According to the convention, which defines the rights and duties of international law, neutral countries are forbidden to move troops or convoys of munitions of war or supplies across their territory. We have seen pictures of soldiers with guns, and not just in uniforms, on the ground at Shannon. I do not believe that this is appropriate if the country is to have any semblance of neutrality. We like to think that we are neutral in some way.

Deputy Alan Shatter: As the Deputy knows, US planes transporting members of that country's military have landed at Shannon for many years. There is no reason, in the context of the use of Shannon, that we should impede such transportation in any way. Indeed, there is no suggestion of which I am aware of any difficulties arising at Shannon Airport. I draw to the Deputy's attention that the business generated as a result of this use of Shannon is very important in the context of maintaining the viability of the airport, which plays a crucial role in the context of facilitating access from the United States through to other locations. I really do not understand what is the Deputy's difficulty. There is no suggestion that American soldiers landing in Shannon have ever behaved inappropriately or have done anything other than contribute to the local economy.

Deputy Finian McGrath: They are just on their way to kill people elsewhere.

Deputy Mick Wallace: A few years ago, the current Tánaiste wondered why the then Government had not complied with a request from the Human Rights Commission to inspect aircraft travelling through Shannon. The Minister states that this use of the airport is good for business. I accept that it is good for business but at what price? Let us not forget that plenty of civilians pass through Shannon. If we are going to allow military personnel who are often armed to pass through our airport in order that they can fly on to Afghanistan, Pakistan, Iraq or Yemen and destroy the lives of others, then I am of the view that the price for facilitating business is too high.

Deputy Finian McGrath: Hear, hear.

Deputy Clare Daly: Absolutely.

Deputy Alan Shatter: The Deputy has obviously failed to notice that there is a group in Afghanistan called the Taliban-----

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Deputy Finian McGrath: Do its members travel through Shannon?

Deputy Alan Shatter: -----which generally believes that it should enforce the most extreme form-----

Deputy Finian McGrath: The Minister's pal-----

An Ceann Comhairle: Deputy Finian McGrath should allow the Minister to conclude.

Deputy Alan Shatter: -----of Islamic law whereby no woman should be educated or appear in public without being completely covered-----

Deputy Mick Wallace: This has nothing to do with the questions I tabled.

Deputy Finian McGrath: What has this got to do with Shannon? So the Minister supports the American war.

Deputy Alan Shatter: ----- and that girls going to school are seen as reasonable targets and can be shot. Also operating out of Afghanistan is al-Qaeda, which planned and carried out the destruction of the twin towers in New York. The Deputy seems to be of the view that the sole focus of evil in the world is the United States and that there are no other trouble spots on the face of the planet-----

Deputy Clare Daly: Is the Taliban using Shannon?

Deputy Alan Shatter: -----where individuals violate fundamental rights, seek to prevent normal communal activities and discriminate against women in a very foul way, treat them as second-class citizens and attempt to prevent them from accessing any form of education.

Deputy Mick Wallace: The Minister might be interested to discover that 19 of the 20 people who were involved in the 9/11 attacks in America came from autocratic states protected by America.

Deputy Finian McGrath: Hear, hear. Those are the facts.

Deputy Mick Wallace: The Minister should get his facts right.

An Ceann Comhairle: Members are supposed to pose questions.

Deputy Finian McGrath: Yes, but the Minister is misinforming the House.

Deputy Alan Shatter: I do not believe Deputy Wallace asked a question.

Deputy Finian McGrath: Will the Minister stop coming before the House and acting as the USA's poodle in respect of international issues? The reality is that many people who operate in the human rights arena are genuinely concerned about the use of Shannon Airport by people on their way to bomb and kill others. Those of us on the Opposition benches have always opposed all forms of violence but the Minister is blatantly supporting US policy, end of story.

Deputy Alan Shatter: When one must use abuse, one is losing the argument.

Deputy Finian McGrath: There was no abuse.

Deputy Alan Shatter: I would not describe myself as a poodle or any other type of dog. I

like dogs and am of the view that we should encourage people to keep pets because the latter brighten their lives and give them other interests.

The only country Deputy Finian McGrath and some of his colleagues ever pillory for its conduct is the United States. I would love to see him, Deputy Mick Wallace and perhaps Deputy Clare Daly jumping up in a similar manner to address issues involving the violation of fundamental rights by Russia or in Iran, Iraq and a whole range of other countries.

Deputy Mick Wallace: Saudi Arabia.

Deputy Alan Shatter: There are violations of rights, particularly of women, in Saudi Arabia.

Deputy Mick Wallace: What about the Americans?

Deputy Alan Shatter: The United States does not get everything right or do everything right. We are, however, dealing with a simple issue, namely, the transport of troops and the use of Shannon Airport. The airport has been used for many years in that context and there is no reason it should not continue to be so used. It is of particular benefit to the airport and the local economy that it is so used.

Defence Forces Reserve Review

9. **Deputy Maureen O’Sullivan** asked the Minister for Defence the current arrangements for staff and resources of the FCA; and if he will make a statement on the matter. [46642/13]

Deputy Maureen O’Sullivan: Given the long tradition of the FCA, will the Minister indicate what is the organisation’s current role, how many members it has and what resources are available to it?

(Deputy Alan Shatter): As the Deputy may be aware, a value for money review of the Reserve Defence Force was completed and published in November 2012. It recommended the retention of an Army reserve, previously known as the FCA, and a Naval Service reserve, previously known as An Slua Muirí, with a combined strength of approximately 4,000 personnel and a range of other reforms which together would ensure a viable and cost-effective reserve into the future. A new organisational structure for the Army Reserve and the Naval Service Reserve came into effect at the end of March 2013 and a large number of under-strength units have been consolidated into a smaller number of full strength units. In addition, the way Reserve units are organised has fundamentally changed.

Under the new structure, Army units within the Defence Forces have both Permanent Defence Force and Reserve Defence Force components, as opposed to the separate parallel structures that previously were in place. This revised structure has improved access to equipment, expertise and appropriate training for members of the Reserve. It has also allowed for a significant reduction in the number of Permanent Defence Force personnel required to administer and train the Reserve on a full-time basis.

The Army Reserve now has an establishment of 3,869 personnel and the Naval Service Reserve has an establishment of 200 personnel. A key issue identified in the value for money review was the high number of reservists who were not meeting minimum levels of paid and

unpaid training but were retained in the strength of units. The attainment of required levels of training is an essential requirement and I have ensured there is sufficient paid training to provide for a minimum of seven days paid training for all reservists and sustain recruitment to the Reserve. In this context, the budget available for paid training for members of the Reserve is €3.243 million in 2013. The number of paid training man days available to members of the Reserve has increased from 30,000 in 2012 to 41,500 in 2013.

Recruitment to and promotions within the Reserve will be in line with the number of vacancies that arise. A key requirement is to ensure reservists who are no longer active do not block appointments within the new organisation. This is a critical factor in ensuring the vitality of units and it is being addressed as part of the implementation process.

Ultimately, the recommendations of the value for money review that are being implemented are intended to enhance the overall capacity of the Defence Forces to deal with a broad range of contingencies. I am determined that the current reforms will be given every opportunity to succeed. I convey my appreciation to the many deeply committed members of the Reserve Defence Force and the Permanent Defence Force who are at the sharp end of the current reforms and will ultimately deliver the enhanced capabilities that are of such importance.

Deputy Maureen O'Sullivan: All change causes confusion and upset, the level of which will depend on the ability of the individual in question to cope with change. I know people who have been members of the FCA for a considerable period, probably most of their adult lives. Were members of the FCA, namely, those who experienced the changes, consulted as part of the process? Change may be fine for new entrants, given that the system is new to them, but the issue is how those who have given 20, 30 or many more years' service feel and the extent of their engagement with the new process.

Deputy Alan Shatter: The changes introduced were of crucial importance. One of the difficulties with the Reserve Defence Force is that a significant number of its members do not participate in paid training days. It is very important that we have a Reserve Defence Force that is fit for purpose and can engage with and assist the Permanent Defence Force when required. The new reforms we have introduced are designed to achieve a more integrated approach as between the Reserve and the Permanent Defence Force.

As I stated, I very much appreciate the contribution made by the many members of the Reserve Defence Force who have been engaged with the force for many years. The decisions on implementation of the changes have been made and there has been engagement with members of the Reserve. While I am advised that matters are developing very well, I remain concerned that we have numbers of individuals in the Reserve Defence Force who made a contribution in the past but are no longer active. I am anxious that, in the context of the Reserve Defence Force, we recruit some new young people who have the energy and desire to make a contribution and that those who are still members but no longer able to engage or make a contribution by participating in training days consider how best to approach matters to ensure the Reserve Defence Force is as effective as possible.

Deputy Maureen O'Sullivan: On those who are no longer active, will the Minister outline what role he envisages they could play in the future of the FCA? Perhaps they might be involved in a mentoring scheme for younger people entering the Reserve Defence Force? There is still a strong loyalty to the FCA among this group.

Deputy Pádraig Mac Lochlainn: I understand the official title is no longer the FCA but the Reserve Defence Force. Has the title changed?

Deputy Alan Shatter: Yes, the title is the Reserve Defence Force.

Deputy Pádraig Mac Lochlainn: The reason I ask is that the Reserve Defence Forces Representative Association made a presentation to the Joint Committee on Justice, Equality and Defence in which it outlined its concerns. Its representatives expertly addressed the issues that have resulted in the depletion of the Reserve Defence Force. The association is seeking a meeting with the Minister. Has he met its representatives since the changes were implemented? Has he listened to their concerns and, if so, will he act on them?

Deputy Alan Shatter: While I have not recently met representatives of the association, I met them in or around the time of the meeting to which the Deputy referred. I am always happy to meet the organisation. This is never an issue and I am not aware of an outstanding request for a meeting. If its representatives wish to meet me, I would be happy to meet them.

To address Deputy Maureen O'Sullivan's question, members of the Reserve and the Permanent Defence Force often maintain an interest in the Defence Forces when they retire. There are associations of which they are members and they actively contribute in different ways, often with very constructive suggestions and proposals. Some of the retired members of the Defence Forces and their representative groups are included in the numbers who have made submissions on the Defence Forces White Paper. Their knowledge and capacity to contribute are very much appreciated and given very careful consideration when constructive proposals are made.

Questions Nos. 10 and 12 replied to with Written Answers.

Defence Forces Expenditure

11. **Deputy Seán Ó Fearghaíl** asked the Minister for Defence if he will expand on his recent statement that Ireland's expenditure on defence, as a proportion of GDP, is one of the lowest in the European Union, while the country's Defence Forces are assigned wider roles than those of the defence forces of most member states and that any consideration of defence resourcing must have due regard to these facts; and if he will make a statement on the matter. [46841/13]

Deputy Seán Ó Fearghaíl: Speaking to the Institute of International and European Affairs in September, the Minister stated Ireland's expenditure on defence as a proportion of GDP was one of the lowest in the European Union, while the Defence Forces are assigned wider roles than the defence forces of most other member states. He also indicated any consideration of Defence Forces resourcing must have regard to these facts. Does he care to elaborate on these thoughts?

(Deputy Alan Shatter): The comment to which the Deputy refers comes from a presentation I recently delivered at the Institute of International and European Affairs. In the presentation I outlined key issues raised in the Green Paper on Defence published in July. The purpose of the Green Paper was to initiate and stimulate a broad consultative process which would inform the development of a new White Paper on Defence, which it is intended to publish in 2014. The comment should be read in the context of the whole presentation which set out a broad range of issues that must be considered in the development of the next White Paper on Defence. The

preparation of the White Paper must take into account an assessment of the future defence and security environment and the roles and tasks we wish the Defence Forces to undertake. However, the economic environment and level of resourcing available must necessarily be factored into considerations. This is a fundamental requirement to ensure a sustainable defence policy.

A key fact which is reflected in the comment to which the Deputy refers is that the Defence Forces undertake a broad range of security and support tasks not typically undertaken to the same extent by similar defence forces in other European states. The security environment that prevails in this State has required our Army, Air Corps and Naval Service to undertake domestic security tasks on an ongoing basis. In many other European countries certain of the security tasks performed by the Army here would be undertaken by other armed forces, such as the Gendarmerie in France or the Carabinieri in Italy.

In looking to the future we must consider the types of capabilities that should be maintained having regard to likely future operational requirements and available resources. However, the White Paper must be firmly grounded in reality. The reality we face is one where the prioritisation of scarce resources and trade offs between capabilities must be carefully weighed against the implications of such decisions. A critical point, as outlined in my comment, is that the implications are not solely confined to contingent defence issues. Due to the wide variety of roles assigned to the Defence Forces they also have the potential to impact on ongoing operational tasks that provide essential supports to the civil power and protect our economic resources and if not delivered by the Defence Forces would need to be replicated in any event. This must be considered when allocating defence resources. I am conscious, as I said in the paper as delivered, that the proportionate sum we allocate by way of resources to the Defence Forces is extremely small compared to other European countries and is obviously one of the issues to be considered in the context of the White Paper.

Deputy Seán Ó Fearghail: Am I to take it from the Minister's comments that he accepts the share of GDP expended on the Defence Forces and Ireland's defence policy is insufficient? Is it his ambition that the White Paper will set a benchmark for expenditure as a percentage of national income?

Deputy Alan Shatter: There are many things that I would like to do and that we might like to do in this State but, of course, we have to be realistic in what we can achieve. It is important that, in developing the future direction and vision for our Defence Forces, we maintain a balanced perspective with regard to expenditure and resourcing decisions, while also having an awareness of what expenditure may be required to achieve the objectives that are set. In a different financial environment, obviously every Minister would like some additional resources to be made available for those who come within his or her wing or are providing essential and important services. It is right that I praise the military side of the Defence Forces - the Army, Navy and Air Corps - for the efficiency with which they are using resources, the extent of their capabilities in the context of a difficult fiscal environment and the extraordinary contribution being made both at home and abroad. Members of our Defence Forces are deployed in 14 different trouble spots across the world and engaged in global duties of a significant nature. In the context of a number of operations, members of our Defence Forces are in important leadership roles.

Deputy Seán Ó Fearghail: I was struck by the Minister's comment in the same speech that: "As defence is an area of public expenditure where the impact of cuts is not immediately evident to the general public, it is critically important that we clearly articulate the rationale

underpinning expenditure and funding requirements.” Does he accept that type of comment increases the pressure for defence cuts? He previously acknowledged in this Chamber that between 1997 and 2000 the Defence Forces were a model of public service reform. They have embraced reform across the board and made themselves relevant as a public service agency. His response as Minister has been to heap further cuts upon them. I exhort him to be a champion for the Defence Forces and seek additional funding rather than identify further areas in which cuts can be imposed in the budget.

Deputy Alan Shatter: I can only say to the Deputy that he has a brass neck. When I came into the Department the position was, based on the funding that his party agreed with the troika, we would have been to maintain a defence force of personnel across the three services of more than 7,000. This Government made serious decisions to maintain the operational capacity of the Defence Forces and maintain their strength at 9,500. In that context the Deputy is referring to a comment I made to the effect that because of the nature of the work the Defence Forces need to do, much of it is not in the public domain but is to the benefit of the general public. One of the issues I have in mind in that context is the substantial work done by the relevant group in our Defences Forces in dealing with improvised explosive devices and neutralising them at the request of the civil power, that is, the Garda. On a weekly basis members of the Defence Forces put their lives at risk unsung in this context. The reference was simply to emphasise the importance of providing reasonable resources to the Defence Forces to ensure they can carry out their tasks in circumstances in which the general public is not always aware of the importance of the duties in which they are engaged.

Question No. 13 replied to with Written Answers.

Defence Forces Equipment

14. **Deputy Thomas Pringle** asked the Minister for Defence the locations to which Defence Forces’ unmanned aerial vehicle systems have been deployed operationally in the past three years; and if he will make a statement on the matter. [46645/13]

Deputy Thomas Pringle: This question relates to the Defence Forces’ unmanned aerial vehicle assistance, or drones as they are more commonly known. Drones have been in the news a lot in the last year or so. We do not have any offensive drones in the Defence Forces. I am interested to see where they have been used operationally over the past couple of years.

Deputy Alan Shatter: I am satisfied that the level of resources available to the Defence Forces, including training, equipment and up to date technology, enables the Defence Forces to carry out their roles both at home and overseas. All elements of defence expenditure were examined for the comprehensive review of expenditure in 2011. In response to these resource constraints, the defence organisation has undertaken further significant reorganisation and reform.

In dealing with the issue of the drones which was raised by Deputy Pringle, the last occasion on which they were required to be utilised in the context of operational use was in Chad. They are available to the Defence Forces for use should they be required and there are still training engagements with them. However, the nature of the UN duties in which troops are currently engaged abroad has not been such as to require the use of drones.

Written Answers follow Adjournment.

Topical Issue Matters

An Ceann Comhairle: I wish to advise the House of the following matters in respect of which notice has been given under Standing Order 27A and the name of the Member in each case: (1) Deputy Michael McNamara - Lough Derg water extraction plan; (2) Deputy Patrick Nulty - the position regarding Fairis Daniel Heeney; (3) Deputy Barry Cowen - the supply of water in Dublin and surrounding counties; (4) Deputy Catherine Murphy - the deteriorating housing crisis in certain parts of the State; (5) Deputy Kevin Humphreys - the supply of water in Dublin and surrounding counties; (6) Deputy Ann Phelan - the need for meaningful engagement by EirGrid with communities regarding the proposed grid link routes; (7) Deputies John O'Mahony and Dara Calleary - the loss of 80 jobs in Ballyhaunis and Kiltimagh, County Mayo; (8) Deputy Denis Naughten - the closure of the acute psychiatric unit in Ballinasloe, County Galway; (9) Deputy Peadar Tóibín - the need to invest in the development of an internationally recognised tourism project by installing the Boyne greenway; (10) Deputy Seán Kyne - the need to progress the western arc-western corridor to encompass rail, road, energy and communication links; (11) Deputy Michael McCarthy - the Skibbereen flood relief scheme; (12) Deputy Joe Higgins - the position regarding Fairis Daniel Heeney; (13) Deputy Brendan Smith - the alleged surveillance of Government and civilian communications in Ireland and Europe by US authorities; (14) Deputy Lucinda Creighton - the payment methods for local property tax for 2014; (15) Deputy Paul J. Connaughton - cross-compliance and its effect on farmers' single farm payments; (16) Deputy Joan Collins - the position regarding Fairis Daniel Heeney; (17) Deputy Martin Heydon - the need for meaningful engagement by EirGrid with communities about the proposed grid link routes; (18) Deputy Pat Deering - the need for meaningful engagement by EirGrid with communities about the proposed grid link routes; (19) Deputy Paudie Coffey - the need for meaningful engagement by EirGrid with communities about the proposed grid link routes; (20) Deputy Clare Daly - the ongoing water disruption in the greater Dublin area; (21) Deputy Charlie McConalogue - the 2010-12 report by the chief inspector of the Department of Education and Skills; (22) Deputy Billy Kelleher - the location of the national children's hospital; (23) Deputy Sean Fleming - the payment methods for local property tax for 2014; (24) Deputy Anthony Lawlor - the ongoing water disruption in the greater Dublin area; and (25) Deputy Richard Boyd Barrett - the changes in allocation of funding collected from the local property tax.

The matters raised by Deputies Seán Kyne, Charlie McConalogue, John O'Mahony and Dara Calleary, and Peadar Tóibín have been selected for discussion.

Finance (No. 2) Bill 2013: Second Stage

Minister for Finance (Deputy Michael Noonan): I move: "That the Bill be now read a

Second Time.”

As I bring this Finance (No. 2) Bill 2013 to the Dáil it is perhaps appropriate to remind ourselves of some of the objectives of the recent budget. Looking first at the economic backdrop against which the budget was set, although we experienced a difficult first quarter, the Irish economy returned to growth in the second quarter and more recent figures such as purchasing managers’ indices provide room for optimism for the remainder of this year. On foot of these developments my Department is projecting a pick-up in growth over the second half of the year, with growth set to average 0.2% for 2013 as a whole. Looking to next year, a more supportive external environment and a continuation of the recent positive domestic developments should allow for more robust growth, with economic output expected to grow by 2% in the year. The impact of the patent cliff which has weighed on goods exports this year should also ease in 2014, supporting a return to export growth. Domestic demand is expected to pick up next year and once again contribute positively to GDP in the year. Continued improvement in the labour market should act to boost household disposable incomes and, in turn, drive personal consumption, while the stabilisation in domestic activity should support continued improvement in investment spending.

Turning to the fiscal side, budget 2014 targeted a general Government deficit of 4.8% of GDP. While all targets under the excessive deficit procedure have been met to date, 2014 will be the first year in which we will be actively seeking to over-achieve the target. This over-achievement will form a prudent buffer to allow for any possible external shock to the economy and reassure the markets of Ireland’s steadfast commitment to restoring the sustainability of the public finances.

The year 2014 will also mark the first time since the crisis began that Ireland will have achieved a small primary surplus. This means that, excluding debt service costs, revenues are sufficient to meet expenditures. This is a key metric in assessing the underlying sustainability of Ireland’s public finances and a necessary first step towards lowering our debt levels. With over 90% of the required consolidation achieved, the deficit continues to track towards less than 3% in 2015. Furthermore, with continuing growth in employment and the wider economy, we can have cause for optimism as we approach our exit from the EU-IMF programme of financial assistance.

Turning to the Finance Bill, I would like to make a few points. As I said in my Budget Statement, while the Government has in the past two and a half years focused on implementing and ultimately exiting the EU-IMF programme, we have also been following a parallel programme to support businesses, create jobs and get people back to work. I am under no illusion that considerable work remains in getting the elevated number of unemployed back to work. However, I am pleased by the response of the private sector to a number of the budget measures designed to support job creation.

First, the positive response of the construction Industry to the home renovation incentive, HRI, scheme is welcome. It is especially welcome to see contractors seeking to brand their services under the home renovation incentive label. I am also pleased by the response of the banks to the HRI, with both Bank of Ireland and Permanent TSB announcing that they have established funds to allow their customers to either extend their mortgages or take a personal loan to finance work under the HRI scheme. It is positive to see banks actively seeking to provide finance for their customers to allow them to invest in their homes.

I am also heartened by the response of Ryanair to the reduction in the travel tax to zero, which has seen it commit to bringing an additional 1 million extra passengers to Ireland, with 11 new routes already announced for Knock and Shannon airports. Employment growth in the hospitality sector was an objective that the Government targeted from the beginning of our time in office. The measures in the jobs initiative proved to be a real success and I am sure that the travel tax measure will be positive for job creation throughout the country.

I would like to highlight two particular measures contained in the Bill which have seen changes since their announcement in the budget. First, the HRI, to which I have referred, is being introduced. Tax relief will be granted at a rate of 13.5% on qualifying expenditure on home renovation up to a maximum of €30,000, exclusive of VAT. The minimum expenditure must be €5,000, exclusive of VAT. The scheme will run from 25 October 2013 until 31 December 2015. Works carried out in 2013 will be deemed to have taken place in 2014 and credit will be awarded in 2015 and 2016.

Second, the start-your-own business incentive will provide an exemption from income tax up to a maximum of €40,000 per annum for a period of two years for individuals who set up a qualifying, unincorporated business. In my Budget Statement I said the individual must have been unemployed for a period of at least 15 months prior to establishing the business. However, on further consideration I have decided to reduce the qualifying period of unemployment to 12 months. This will be dealt with in an amendment on Committee Stage.

I would like to highlight another critically important aspect of the Bill, that is, the provisions relating to corporation tax. As I said on budget day, Ireland's corporation tax policy is based on the 3 Rs – rate, reputation and regime. Our policy on the rate is clear, but it is no harm to reiterate the Government's commitment to the 12.5% corporation tax rate. A country's tax reputation is also important in attracting foreign direct investment. That is why the Bill will amend Ireland's company tax residence rules to ensure an Irish-registered company cannot be stateless in terms of its place of tax residency. The competitiveness of Ireland's broader corporate tax regime is also important and the Bill will implement the recommendations of the review of the research and development tax credit published on budget day.

I will take Members through the Bill and describe the main provisions contained therein. Deputies will appreciate that in the time available to me I will not be able to describe every section in detail. Sections to which I make no reference mainly cover minor or technical issues.

Section 2 ensures grants paid to employers who are participating in the JobsPlus scheme, administered by the Department of Social Protection, will not be subject to tax. Section 3 provides that tax relief for acquiring an interest in a partnership will be withdrawn on a phased basis over four years. Relief will not be allowed for new loans taken out after 15 October 2013. The relief will be reduced by 25% annually until its eventual total abolition in 2017. Existing claimants will retain the relief on a reducing rate basis until 1 January 2017.

Section 4 provides for the budget day announcement of the abolition of top slicing relief for *ex gratia* or discretionary lump sums paid on or after 1 January 2014. There has been some confusion about this measure since it was announced and I would like to make it clear to the House that it will have no impact on lump sums payable from occupational pension schemes. The existing exemptions for discretionary lump sums are also being retained. It is only the concessionary rate of tax that may apply to any taxable element of such lump sums that is being abolished.

Sections 5 and 6 deal respectively with the home renovation incentive and the start-your-own business measure I have already described.

I announced the abolition of the one parent family tax credit and its replacement with a new single parent child carer credit in the budget and section 7 of the Bill provides for this change. Since the announcement was made, I have listened carefully to the views of Deputies and will be bringing forward an amendment to this section on Committee Stage which will allow the credit to be used by a non-primary carer in situations where the primary carer has no tax liability.

Section 8 provides for the budget day announcement of the new ceilings of €1,000 per adult and €500 per child on the amount of medical insurance premiums that will qualify for tax relief. I will be bringing forward an amendment on Committee Stage to provide that, where a student is being charged a full adult premium, the adult ceiling for relief will apply. The current scheme of relief requires a defined relationship between the policyholder and the individual insured in order for the tax relief to apply to premiums paid on behalf of others. I have decided to remove this requirement through an amendment on Committee Stage.

Section 10 provides for an exemption from income tax for the annual allowance, intended to cover out-of-pocket expenses, paid to reserve members of the Garda Síochána. In section 14 an anti-avoidance measure is being introduced to prevent individuals who have received a refund of fees from the third level institution from claiming the relief having withdrawn from the course at the institution.

Section 15 extends the retirement relief for certain sports persons so as to allow it in cases where a sports person retires in another EU or EFTA country. This extension is required to address European Commission concerns that the existing relief was not consistent with the free movement of workers.

Section 16 provides that the employment and investment incentive will be removed from the high earners restriction for a period of three years in the hope it will stimulate investment in SMEs.

11 o'clock

Also, capital allowances for plant and machinery used in manufacturing trades that are claimed by passive investors in a leasing trade will be included as a specified relief for the purposes of the high earners' restriction.

Section 18 contains a technical amendment to ensure that tax relief on spouses' and children's contributions deducted from the retirement lump sums of public servants who retired under the incentivised scheme of early retirement operates as intended. This section also relates to section 782A of the Taxes Consolidation Act 1997 and strengthens the override provision introduced to enable access to additional voluntary contributions without the need for changes to be made to pension scheme rules or trust deeds. Finally, this section provides for the reduction of the maximum allowable pension fund on retirement for tax purposes, the standard fund threshold, SFT, from €2.3 million to €2 million from 1 January 2014, with protection arrangements for individuals with pension rights valued above the reduced threshold at that date. In addition, the current single valuation factor of 20 used to place a value on defined benefit pension rights for SFT purposes is replaced from 1 January 2014 with a range of higher valuation factors that vary with the age at which the pension rights are drawn down.

Section 21 will increase the amount of expenditure eligible for the research and development tax credit without reference to the 2003 base year from €200,000 to €300,000. This section will also increase the limit on the amount of expenditure on research and development outsourced to third parties from 10% to 15% of the total amount of expenditure on research and development qualifying for the credit in a given year. It also amends the key employee element of the research and development tax credit, in conjunction with section 13 of the Bill, to ensure that the company, not the individual employee, will be liable for any claw-back of relief where a company makes an incorrect claim for the tax credit.

Section 23 makes a number of changes to deposit interest retention tax, DIRT. The main change is the increase of the rate to 41% with effect from 1 January 2014. The section brings dividends paid or credited to regular share accounts of credit unions within the deposit interest retention tax regime from 1 January 2014. The previous exemption from DIRT for certain interest paid on special term accounts offered by banks and building societies and special term share accounts offered by credit unions has been discontinued as and from budget night, 15 October 2013. Such accounts opened before budget day will continue to have the exemption for the term of the account. The exemption which previously applied to these accounts was on annual interest up to €480 for medium-term accounts, which had a minimum term of three years, and €635 annually for long-term accounts, which had a minimum term of five years. On budget night, it was incorrectly stated that the exemption limits applied for the full term of the account rather than annually, and I wish to correct any misunderstanding that may have been caused by that error. The section also provides for a number of consequential amendments to Part 8 of the Taxes Consolidation Act 1997.

Section 24 gives effect to the budget day announcement extending the definition of “eligible individual” for section 481 film relief, to include non-EU talent. This is subject to EU state-aid approval and a commencement order.

Section 25 provides for the withholding tax that will apply to payments made by companies qualifying for film relief under section 481 of the Taxes Consolidation Act 1997, to performing artists who are resident outside of EU and EEA member states.

Section 28 makes three separate amendments to provisions relating to the granting of double tax relief for foreign tax in TCA Schedule 24.

Section 29 amends sections 37 and 607 of the Taxes Consolidation Act 1997. These sections provide that interest on securities issued by certain commercial semi-State companies may be paid without deduction of tax, and that such securities will not be chargeable assets for capital gains tax purposes. The section adds Irish Water to the list of bodies which benefit from such exemptions.

Section 30 introduces a single rate of exit tax of 41%. This applies to payments and deemed payments from life assurance policies and investment funds, in place of existing rates of 33% and 36%. The higher rates applying to investments in personal portfolio life policies and personal portfolio investment undertakings have also been increased. The rate changes are to be introduced with effect from 1 January 2014.

Section 31 of the Bill extends the scope of the living city initiative to include residential properties, in certain designated areas, constructed up to and including 1914. There are also a number of technical amendments. This initiative is subject to EU state-aid approval and a

commencement order. I announced in budget 2014 that the initiative would be extended to certain designated areas in the cities of Cork, Galway, Kilkenny and Dublin. The areas to be designated have not yet been decided. This will be done in conjunction with the relevant local authorities and other Government agencies.

Section 33 provides for the removal of the 50% restriction on the amount of prior year trading losses a NAMA participating institution can set off against trading profits. This should protect the value of deferred tax assets at the banks, improving capital ratios under the new Basel III rules and enhancing the valuation of the State's equity holdings in AIB and Bank of Ireland.

In light of recent rulings from the Court of Justice of the European Union, section 35 provides for an option to defer payment of exit tax in cases where a liability arises following migration of a company's residence to another EU or EEA member state.

Section 38 makes the necessary amendment to the company tax residence rules contained in section 23A of the Taxes Consolidation Act 1997 to ensure that an Irish-registered company cannot be stateless in terms of its place of tax residency.

Section 39 of the Bill amends section 29 of the Taxes Consolidation Act 1997, which sets out the persons chargeable to capital gains tax and the extent of the charge. Individuals who are resident or ordinarily resident but not domiciled in the State are only taxed on non-Irish chargeable gains in respect of amounts derived from those gains that are remitted to the State. This amendment clarifies changes made to the provision in Finance Act 2013 for chargeable gains made on or after 24 October 2013.

Section 40 restricts the extent of losses that may be claimed for capital gains tax purposes in situations where a loan or part of a loan relating to the purchase of the disposed asset has been forgiven or written off by the lender.

Section 41 extends capital gains tax retirement relief to disposals of leased farmland in circumstances where, among other conditions, the land is leased over the long term, the minimum lease being five years and the subsequent disposal is to a person other than a child of the individual disposing of the farmland.

Section 42 provides that the incentive relief from capital gains tax, in respect of the first seven years of ownership, for properties purchased between 7 December 2011 and 31 December 2013 is being extended by one year to include properties bought to the end of 2014.

Section 43 provides for a capital gains tax incentive to encourage entrepreneurs, in particular "serial" entrepreneurs, to invest in assets used in new productive trading activities as announced in the budget. Commencement of this measure is subject to receipt of EU state-aid approval.

In section 44, some minor technical changes are being proposed to the section dealing with the auto-diesel repayment scheme introduced in budget 2013. This section also provides that the diesel concerned must be purchased either as a bulk supply to the transport operator or by means of a fuel card approved for that purpose by the Revenue Commissioners.

The section amends the provisions for licensing of mineral-oil traders and those for the liability of persons in certain circumstances for the excise duty on an excisable product by introducing a provision aimed at addressing the problem of supply and delivery of marked-gas

oil for laundering.

Section 45 addresses the liability of persons in certain circumstances for the excise duty on excisable products where those excisable products have been knowingly or recklessly supplied for use in the fraudulent evasion of excise duty.

Section 46 introduces a new section to general excise law to provide that alcohol products held for sale on an unlicensed premises are liable to forfeiture where the premises remains unlicensed because the person who should hold the licence does not qualify for a tax clearance certificate.

Section 47 amends section 138 of the Finance Act 2001 which provides that a persons suspected of an offence of dealing in or with unstamped tobacco products must provide information to a Revenue officer or a member of the Garda Síochána. It also provides that a Revenue officer or garda may search any bag or receptacle which he or she reasonably believes to contain tobacco products that are concerned in the offence.

Section 48 amends the provisions of general excise law to clarify that a Revenue officer may, while assigned to the Criminal Assets Bureau, continue to exercise the Revenue powers, functions and duties that have been delegated to that officer. This section also provides that appeals against excise decisions may now be made directly to the Appeals Commissioners with the exception of VRT matters, which will still be made to the Revenue Commissioners in the first instance.

Section 49 provides for the introduction of a relief from solid fuel carbon tax for solid fuels with a high biomass content. The relief will be limited to the biomass element of the finished solid fuel.

Section 50 gives effect to the increase in the rates of tobacco products tax which came into effect on budget night and which are estimated to raise €15.4 million in 2014. Section 51 gives effect to the increase in the excise rates of alcohol products tax which came into effect on budget night and are estimated to yield €148 million in 2014.

Section 56 provides for the retention of the 9% VAT rate on tourism-related services. Sections 57 to 60 contain VAT anti-avoidance measures.

Section 61 increases the VAT cash receipts threshold from €1.25 million to €2 million with effect from 1 May 2014. This change will assist small to medium businesses in the critical area of cash flow and reduce administration.

Section 62 increases the farmer's flat-rate addition from 4.8% to 5 % with effect from 1 January 2014, as announced in the budget. Section 63 provides that the VAT rate applying to the supply of horses and greyhounds and to the hire of horses is increased from 4.8% to 9%, in compliance with a judgment of the European Court of Justice. I intend for this increase to be introduced by ministerial order. The 4.8 % rate will continue to apply to livestock in general and to horses that are intended for use as foodstuffs or for use in agricultural production. In addition, all insemination services for all animals will apply at the 13.5 % reduced rate.

Section 65 amends section 81AA of the Stamp Duties Consolidation Act 1999 to extend the relief from stamp duty on transfers of agricultural land, including farm houses and buildings, to young trained farmers. Three courses are being added to the list of qualifications in Schedule

2B, any one of which must be held to obtain the relief.

Section 66 provides for an exemption from stamp duty on the transfer of stocks and marketable securities of companies listed on the Enterprise Securities Market of the Irish Stock Exchange. The exemption is subject to a commencement order. Section 67 provides for an additional 0.15% stamp duty levy on pension fund assets for 2014 and 2015.

Section 68 applies a levy to certain financial institutions, set at 35% of the DIRT paid in 2011. The levy will operate for a period of three years and will be payable on 20 October in each of the years 2014, 2015 and 2016. The levy is projected to raise a sum of €150 million per year.

Section 71 clarifies requirements where a chargeable person is seeking a repayment of tax arising out of an error or mistake in the filed tax return. Section 73 is intended to ensure that *ex-gratia* payments to women who were admitted to and worked in Magdalen laundries will not be subject to tax.

Section 74 amends section 1065 of the Taxes Consolidation Act 1997, to update the mitigation powers of the Revenue Commissioners and the Minister for Finance, in relation to various fines and penalties. Section 75 amends section 960R of the Taxes Consolidation Act 1997, which gives the Collector-General power to require tax defaulters to provide a statement of affairs. Section 76 amends section 851A of the Taxes Consolidation Act 1997 to ensure that external service providers who may be engaged by the Revenue Commissioners for the purposes of carrying out work relating to the administration of taxes and duties, are subject to the same confidentiality rules, as regards non-disclosure of taxpayer information, as Revenue officers. Section 78 sets out additions to the list of double taxation agreements and tax information exchange agreements between Ireland and other jurisdictions.

At this stage, a small number of matters remain under consideration for inclusion in the Finance Bill and I may bring these forward on Committee Stage. I will give consideration to any constructive suggestions put forward during the debate today and tomorrow.

Deputy Michael McGrath: I thank the Minister for his contribution on Second Stage of the Finance Bill. Like the Minister it will not be possible for me to deal with all the issues in the Bill but I look forward to a constructive discussion on Committee Stage. This Bill is a component part of the taxation elements of the budget and it does not deal with expenditure measures such as medical cards, telephone allowance, bereavement grant, for example. Most of the pain in this budget lies in the expenditure area. However, there are also some pretty unpalatable measures on the taxation side. The Minister referred to the state of the economy, the expectation of growth this year of 0.2% and 2% next year. Certainly some of the metrics indicate that there is a fragile recovery under way in the economy and this is welcome. I refer to the purchasing managers index figures which were released yesterday. The unemployment picture appears to be improving albeit very modestly and gradually but going in the right direction. We can argue about the driving forces behind that improvement such as emigration and activation measures. The headline measures are certainly going in the right direction and this is welcome.

Owen Smith, a consultant oncologist in Our Lady's Hospital for Sick Children, Crumlin has said that children with cancer are experiencing delays in the delivery of chemotherapy and the chief executive officers of four of the largest hospitals in the country have written to the chief executive officer of the HSE to point out that cuts to their budgets are threatening patient

services. These statements puts this debate in context. Is this really the situation we want, that young children with cancer cannot get treatment in a timely fashion? Despite talk of economic recovery and positive indicators we need to remember what is happening in reality.

Although there are signs of recovery in Dublin in particular, it is a different story elsewhere around the country. I am concerned that we are seeing the beginning of a two-speed economy not with regard to exports versus the domestic economy but with regard to Dublin versus the rest of the country. The Minister visits provincial towns and villages and he will know that the economic recovery has not reached those places yet, by any stretch of the imagination. This is a key concern.

The Finance Bill is the final instalment of a deeply unfair budget which provides no clear vision and no sustainable solutions to the major challenges Ireland faces. This is neither a pro-jobs budget nor a genuinely pro-jobs Government. I will substantiate that claim in the course of my contribution.

The overriding concern for the Government seems to be what it can get away with on a political level. Measures such as raiding people's private pension savings or hiking deposit interest retention tax, slashing tax relief on private medical insurance, are considered acceptable on the basis that the full extent of the damage from these economically dubious policies will not fully exposed for many years. Exiting the bailout on 15 December has become a mantra for the Government to the extent that it has lost sight of the consequences of the policies it is pursuing to get there. I have referred to some of those consequences.

The Government has made much of its €500 million jobs package. However the economic and fiscal outlook accompanying the budget projects employment to increase by just 1.5% in 2014 and that the unemployment rate will remain above 12% for a considerable period. While welcoming the progress that has been made, we all accept that figure is still far too high and a great deal more work needs to be done in the area of jobs and enterprise.

Most of the 25 pro-jobs measures the Minister signalled in the budget, some of which are provided for in the Bill, are either minor or a re-announcement of previous initiatives. The vast bulk of the packages include property incentives or an extension of the 9% lower VAT rate, a decision which I believe the Government was forced into when it was shown that it was not spending hundreds of millions of euro from the pension levy in the manner originally promised. While there are some welcome announcements in terms of our international tax strategy and research and development tax credits, many businesses will be clobbered with increased costs arising from changes to pensions, the expiry of the reduced 4.25% rate of employer PRSI, which has not received anywhere near enough commentary in the post-budget analysis, and changes to the sick leave scheme.

There is only a token mention of the credit crisis affecting small businesses, with no targeted measures to help businesses that cannot access bank credit. I note the announcement yesterday of the €125 million initiative for SME lending. It is welcome but it is only a drop in the ocean in terms of the requirements of businesses for credit in the economy at this time.

In regard to the decision on the pension levy, the U-turn the Minister announced on budget day was breathtaking. His justification raises more questions than it answers. Following the budget he told an audience in Limerick that the industry, which gave very detailed figures, did not fulfil its side of the bargain. He said that when it comes back to him and delivers he will take

away the levy. In a reply to a parliamentary question from me yesterday he indicated that when he announced changes to pension tax relief last year, he had been informed by the industry that this would save about €400 million. He said he had included a much more conservative figure of €250 million in the budget last year but that in reality, when he examined it in detail, the figure he could stand over in the budget a few weeks ago was €120 million. That is all very fine, but I do not believe we can base budgets, in the manner that was done last year, on an estimate such as that given by the industry. The Minister said he was told it would save €400 million. He pencilled in €250 million, but it now transpires that it is €120 million, and he is linking that directly to the decision to increase the pension levy next year and to keep it in 2015. It raises the question of what was the bargain with the pensions industry to which he referred. I can only assume it relates to the issue I have highlighted which the Minister indicated in his reply to me yesterday in a parliamentary question. I have to assume that the Minister's assertion does not stand up to scrutiny and that he is looking for cover for what is nothing more than a further raid on people's private pension savings.

In his Budget Statement on budget day the Minister said he was extending the levy "to continue to help fund the jobs initiative and to make provision for potential State liabilities which may emerge from pre-existing or future pension fund difficulties." This would appear to refer to the impact of a European Court ruling under which the State was held liable for pension payments to former Waterford Crystal employees. This is even more alarming because his words leave open the possibility that the levy may become permanent. The question that people who are currently in receipt of a pension payment or those who are saving for a pension will ask is whether the Minister can be trusted. He promised in 2011 that it would end in 2014. He reiterated that promise a number of times since, including in last year's budget speech, yet he has now reneged on that promise. A fair and legitimate question is whether people can believe that the levy will end in 2015.

Given the justification he gave for retaining the levy to provide for potential future State liabilities that may emerge from existing or future pension fund difficulties, why should the beneficiaries of €30 billion under defined contribution pension schemes pay some form of insurance payment for something from which they can never benefit? The Minister is attempting to pull the wool over their eyes. It is important to recognise that private pension savings are not a luxury. It is Government policy and has been for many years to support and encourage people to provide for their future retirement. These are the savings that hard-working families have carefully put away over the years in order they can look after themselves in their old age rather than merely rely on the State. The Government is systematically stripping away the benefits of older people. We have never had a greater need for people to save for their retirement. Instead of incentivising them, the Minister is doing the opposite; he is penalising them. Essentially, the Minister is saying that any time he is short of money his first stop will be to dip into people's pension savings. This is going to do massive damage to people's confidence in the pension system.

According to information prepared by the Irish Brokers' Association, the levy means a person aged 50 this year and earning €60,000 a year will lose €870 from his or her pension pot next year, assuming he or she has paid into the pension from the age of 25. Adding up the tax since 2011, the Government will have taken almost €2,500 off that worker over the four years from 2011 to 2014. From listening to Tara Mines workers and the ESB pensioners, we have heard that the impact of the levy is not just in respect of people's pensions this year or next year; in many cases it results in a permanent reduction in the pension payment they receive. Around

80% of defined benefit pension schemes are currently in deficit and will not be able to meet liabilities without taking remedial action - either higher contributions by employees or the cutting of benefits - which is what has happened in many cases. Quite simply, the continuation of the levy is making a bad situation much worse.

The Government is putting short-term considerations ahead of the long-term need for secure pension provision. In years to come we may look back at the pension levy as a major reason for pensioners to see their retirement incomes slashed.

The reduction in tax relief for medical insurance is another example of seriously flawed policy formulation. The Government said this change would affect what it called gold-plated policies. The Minister used that term on budget day. Of course, nothing could be further from the truth. The Government now admits that more than half of those with private medical insurance will be affected by this change and industry sources indicate that in its view, perhaps up to 90% of those with medical insurance policies will be affected by the change. The bottom line is that customers will end up paying more for their health insurance because of the change in tax relief. More people will be driven out of the private health insurance market despite the Government's stated intention of creating a system of universal health insurance. This is counterintuitive, because the whole policy of Government to have universal health insurance in the future is only sustainable if as many people as possible retain their private health insurance, and then the State will subsidise the health insurance for the remainder of citizens. What is happening in reality is that the number of people managing to hold on to their health insurance is declining. That pattern will accelerate because of this change, and the Government's objective of universal health insurance is moving further away. More younger, healthier customers will choose to forfeit their private health insurance. This will further destabilise the health insurance market in Ireland, which is already in crisis. Only a Cabinet fixated on short-term political needs could draft such a policy. While I do not expect the Minister to withdraw the proposal at this stage, I will ask him to consider an amendment I will be tabling on Committee Stage providing that the €1,000 limit be at least indexed-linked annually in line with medical inflation as measured by the CPI.

As if the pension levy and medical insurance changes were not enough, the measures in respect of DIRT, which now amounts to 41% - plus in many cases an additional 4% PRSI, giving a total of 45% - show further evidence of a lack of joined-up thinking on the part of the Government. In delivering his Budget Statement, the Minister made a commitment to an Ireland that "plays fair" and always acts with integrity in the conduct of its international tax policy. However, it would seem the same does not apply to domestic taxpayers. The Government has increased the tax on deposit savings by a massive 14%, with an additional 4% PRSI applying if the unearned income is a little in excess of €3,000. This is a punitive tax on people who have prudently saved money from their after tax-incomes. Any single pensioner earning more than €18,000, or €36,000 for a couple, is liable for DIRT at the full rate of 41% even if he or she is only subject to income tax at 20%. For low-income families under 66, the thresholds are even lower.

The Department of Finance appears to believe that engineering an environment of low returns on savings will prompt consumers to increase spending in the domestic economy. However, this strategy severely penalises people who put money aside for expected future expenses, including children's education, medical costs and nursing home care. The increased DIRT rates take no account of people's income level. Low income earners who have put aside some savings pay the same rate of DIRT as millionaires. Many young couples are trying to save to buy

a house and banks require a large deposit from them before giving them a mortgage to buy a property. In effect, they are being penalised by losing almost half of the interest they earn on their savings. I am interested to hear what the Minister will say when the banks come knocking on his door to ask the Government to get the NTMA to reduce its savings rates over the coming months for State savings schemes.

Fianna Fáil will oppose the change to the one-parent tax credit. The manner of the change will discriminate against fathers in particular, as the new single-parent tax credit will only be available to the recipient of child benefit, which is typically the mother. I note the Minister's comments about his proposed amendment to allow for the transfer of unused credit from one parent to the other. The details will be important in terms of whether the consent of a parent will be required in order to transfer the credit to the other parent and how it will work in practice. In many cases the primary carer may not have sufficient income to avail of the tax credit. The Minister has now recognised that fact. The removal of the credit and the reduction in the lower rate band will cost many parents just under €2,500 a year. Even a person earning the average industrial wage of approximately €37,000 will be hit to the extent of up to €2,500 a year. I am not aware of any other income category that will be affected by the budget to the same extent. It is a savage cut for those people.

As the Minister is aware, this move is a cause of considerable anxiety and distress to many lone parents who are already struggling to meet the costs of supporting their children. The yield of €25 million does not justify the hardship it will inflict by implementing the measure in this manner. It makes a mockery of the Government's claim that it supports working parents. According to the Department, up to 15,700 people will lose out as a result of the measure. There are significant additional costs associated with parents who live apart and share parenting responsibilities. The restriction of the one-parent tax credit fails to recognise the reality. The nature and extent of the financial implications of the provision could lead, in many cases, to a reduction in the level of maintenance payments or a reduction in the quality and quantity of time children will be able to spend with both parents. That will have a negative impact on children throughout the country. The bottom line is that children will bear the brunt of the cut in tax relief.

Research from Trinity College points to the fact that in 97% of separation cases in the State the courts deem the child's mother to be the primary carer, even in cases of 50:50 access. To that end, the proposed measure, although gender-neutral in wording, will have a grossly disproportionate adverse effect on one social group by reason of gender. Indeed, it has been suggested that it may be contrary to the Equal Status Act 2004. Many fathers rely on the value of the tax credit to assist them in supporting their children. To take away this vital support will inevitably lead to more child poverty. As a party we do not have an issue with the credit being withdrawn where one parent does not make any contribution in terms of time or financial support to the upbringing of his or her children. However, we believe the Minister has not fully thought through the implications of this proposal and he should not proceed with it in the form proposed.

I welcome the decision to retain the lower 9% VAT rate in the tourism and hospitality sector. At this stage I do not believe the Minister has indicated whether it is a permanent policy commitment or if we will have to go through the same process every year. There is no doubt that a factor in this was the highlighting, prior to the budget, of the fact that a large portion of the proceeds from the pension levy had not been used for the jobs initiative, along with intense lobbying by the industry to retain the lower 9% rate. Unfortunately, the Government has undone much of the benefit to the hospitality sector through the significant excise hikes which will

have an impact on the same industry. The lower VAT rate certainly seems to have had some success and, I hope, on the back of the decision, 2014 will be a strong year for the tourism and hospitality sector.

We support the arrangements announced by the Minister with regard to the modification of the current standard fund threshold, SFT, of €2.3 million for pension pots in such a way as to impose an effective €60,000 tax cap on pensions, with effect from 1 January 2014. However, I wish to see equality of treatment. In the course of the budget debate a few weeks ago I sought and received assurances from the Minister that the restriction on tax relief on contributions to large pension pots would apply equally to workers in the public and private sectors. It now seems that is not the case and favourable treatment will be available for some of the highest paid public servants in the country. It is important that any changes are evenly applied and that no one category - however important it might be - is singled out for special treatment. I will listen to the Minister's explanation of the provision when the Finance Bill is on Committee stage. My concern is that, similar to what happened previously under the remit of a former Minister for Finance - the late Brian Lenihan - those with the Minister's ear have been able to secure a special deal for themselves while everyone else bears the full brunt of the budget. We will debate the issue in full on Committee Stage.

I put the Minister on notice that we will oppose any move to bring the pay and file deadline forward to June. Forcing small firms to submit tax returns just seven months after this year's deadline would create huge cashflow problems for businesses and significant problems for their professional advisers as well. While I accept that the Department of Finance wishes to have visibility about what to expect in terms of tax returns from the self-employed, that could be achieved by setting an earlier filing date, with the tax owed being paid at a later date. To be clear, the self-employed people to whom I have spoken, and their professional advisers, do not want to see any change to the pay and file arrangements. I urge the Minister to take fully on board the various submissions being made during the public consultation being undertaken by the Department in respect of this measure.

I welcome the home improvement tax credit initiative. We made a similar proposal in the recent submissions we made to the Department. However, the scheme seems unnecessarily cumbersome in the manner in which it has been designed and, accordingly, I am concerned that take-up might be limited. It would be more effective if the relief was available in the year the work was carried out or at very least in full in the subsequent year. It could be argued that the stipulated €5,000 minimum threshold is too high for many small businesses. For example, someone in the business of supplying and fitting windows, doors or fireplaces could come in well under €5,000 per job. Such work would not be incentivised in any way by the initiative. A large number of legitimate small companies that often compete against people working for cash are excluded from this measure. We propose that a lower threshold of approximately €2,000 should apply.

The capital gains tax, CGT, relief for entrepreneurs is quite restrictive, and the fact that the second company must be involved in an activity "not previously carried on" by the entrepreneur or an associate may well exclude many people from potential benefit under the measure. It is disappointing that the relief will not be available to so-called angel investors who provide capital for new businesses without taking on executive roles. Our proposal was for a more general relief from CGT for entrepreneurial investors regardless of whether they invested in a new business. That would create a clear distinction between enterprise and passive investment. Currently, only 8.5% of people in Ireland aspire to be entrepreneurs, according to the Global

Entrepreneurship Monitor's 2011 study. That is one of the lowest rates in the OECD. In a budget that is top-heavy with property-related incentives, the Minister could have done more to incentivise entrepreneurs.

Section 38 amends section 23A of the Taxes Consolidation Act 1997 and seeks to ensure that an Irish-incorporated company cannot be "stateless" in terms of its place of tax residence as a result of a mismatch between Ireland's company residence rules and those of a treaty partner country. That is a welcome development and is a practical demonstration of our commitment to follow best practice on corporate tax policy. I do not believe that to be the thin edge of the wedge in terms of heralding further changes to the Irish tax system, and there is no reason for it to create uncertainty among international investors.

With regard to the bank levy, as I said on budget day, there will not be too many people crying over the fact that the banks are being asked to pay a levy of €150 million next year. However, it is somewhat ironic, even if unconnected, that within a few days of the announcement of the levy two banks decided to exit the retail market in this country. These decisions are a blow to hopes of real competition for consumers and businesses in the financial services sector. Having fewer banks means higher borrowing rates, increased fees and charges and reduced deposit rates for both business and personal customers. According to Ms Fiona Muldoon, no institution has applied for a banking licence since she joined the Central Bank. We really need to take notice of the lack of competition which will become an increasing problem, not only for individual customers but also for SMEs. It is open to question what impact a bank levy will have on the ability to increase competition in the sector, but it is unlikely to be positive. I repeat my call for the Government to bring forward a White Paper on banking. Five years since the onset of the crisis, the Irish banking sector is still not fit for purpose. It is imperative that the Government have a strategy for competition and regulation and that it not simply react to each development as it unfolds.

It is hard to see how our tax offering relative to that of our nearest neighbour and single biggest competitor - the United Kingdom - has improved as a result of the budget. The UK authorities have been absolutely unequivocal in their determination to develop an enhanced framework to assist in the development of financial services companies. We can see this by looking at the UK investment management strategy which was published by the UK Treasury in March. Improving UK tax competitiveness is not something the UK authorities have started this year. Since 2008 they have offered a 10% rate of CGT on gains from entrepreneurial activity. A similar incentive is offered for share options in early stage companies. The focus being placed on our corporation tax regime should not deter us from being innovative in our overall tax strategy, particularly in terms of how it compares with that of the United Kingdom. Doing nothing is not an option; there are plenty of countries queuing up to take business from us and we must be constantly vigilant to this threat.

I will touch briefly on other items included in the Bill. We very much welcome the development on research and development tax credits. The Minister is adopting the key recommendations of a Department of Finance report on research and development tax credits, including increasing the qualifying amount, irrespective of the base year, increasing the limit on outsourcing and improving the ability of companies to surrender research and development tax credits to key employees involved in research and development activities. The Minister should now move to phase out the base year limitation and in so doing substantially enhance Ireland's overall attractiveness to compete effectively for global research and development projects.

The Minister announced the abolition of the air travel tax, which is to be welcomed. We hope the Government lives up to this commitment on this occasion. The abolition was announced previously in 2011 but did not happen subsequently.

The Living City initiative was originally introduced in the Finance Act 2013, but I understand it has yet to actually get off the ground. The idea in itself is good and should help to promote inner city living and provide employment in the construction sector. The Minister might indicate if he would be amenable to extending the scheme to include residential properties constructed after 1915 - for example, up to the 1930s in the designated areas.

Traders whose turnover is below the current threshold of €1.25 million are entitled to account to Revenue for VAT on sales when they are paid rather than when they issue sales invoices. This threshold will be increased to €2 million which is very good news. Ultimately, it is simply a cashflow issue for businesses. At a time when cashflow is so tight, the measure will certainly be of significant benefit to them.

The consanguinity or blood relative relief for stamp duty on non-residential properties which is particularly relevant in the case of agricultural land reduces the rate of stamp duty from 2% to 1% on the transfer of land between close relatives. This relief will apply only until the end of 2014 and will be abolished completely from 1 January 2015. This gives farmers only a very brief window of opportunity in which to act if they wish to minimise their tax liability resulting from the transfer of the family farm. Given the generally accepted need to improve the age profile of the farming population, I encourage the Minister to look at some longer term mechanism in this regard in order that people can plan for the future.

Many sports organisations may be concerned by the changes to tax relief for professional sports players, as included in the Bill. Under the current law, athletes have to spend the last year of their career in Ireland to qualify for tax relief on their career earnings. The proposed amendment will allow players to finish their careers anywhere in the European Union, as well as in Iceland, Norway, Switzerland and Liechtenstein. The Minister may wish to indicate if he has been lobbied on the issue by sports bodies and the extent to which the Government fought against the measure which he claims was brought forward by the European Commission. It will undoubtedly cause difficulty for domestic sports organisations, particularly the IRFU, in trying to retain sports stars in Ireland.

Last year the Government announced an initiative for early access to pensions such that for a three-year period only employees who had made additional voluntary contributions, AVCs, to their pensions would have one-off access to take back up to 30% of these contributions. Draw-downs have been very limited, as the Minister knows. We call on him to extend the application of the measure in order that more people could benefit.

Let me address the local property tax issue. The Minister met the chairman of the Revenue Commissioners a few evenings ago and she is to appear before the finance committee tomorrow to discuss the issue. I urge the Minister to consider a very simple amendment that the Revenue Commissioners could implement in practice and which would provide that no money would be taken from any individual in respect of his or her local property tax liability until the calendar year to which the liability related. That is all people are asking for in this debate. Many people have already paid and their debit and credit cards have been hit. If the change I propose cannot be made this year, I ask that it be made in the future in order that there would not be a repeat of the recent debacle.

The Minister knows my views on the bailout and I recognise that he has met all of the key stakeholders. Fianna Fáil's view is that we should, in principle, sign up to a precautionary credit line. That would be the prudent approach. It depends on the conditions attached which the Minister is best placed to assess. I do not know what the conditions are, but I am concerned about the risks we may face in going it completely alone, even if factors entirely outside our control go against us. In the next 12 to 18 months we certainly do not want to end up back in a formal programme. I look forward to the Committee Stage debate.

Deputy Pearse Doherty: It is with a heavy heart that most of us who are opposed to the current austerity strategy practised by the Government in the past three years, which strategy is similar to that of the previous Government, read this Bill. It presented an opportunity to rectify the biggest errors made in the budget announcement last month. I refer also to the austerity measures included in previous finance legislation. The Government has refused to listen very clearly to the public's anger and is proceeding with the regressive Finance Bill based on a regressive budget.

Two weeks ago we watched the embarrassing spectacle of a fearful Government rushing through cuts affecting young and old people and the very vulnerable in a very harsh social welfare Bill. This week we debate the Finance Bill that makes more of the wrong choices on how the country should be proceeding. One month has almost passed since the announcement of the budget. In that time the Government should have noted the public's anger and changed track. Instead, it has ploughed ahead. Sinn Féin has produced a costed alternative to the budget that would have been fair, reduced the tax burden on ordinary families, protected jobs and public services and closed the deficit. This would have been achieved without damaging the domestic economy. Many groups working with the vulnerable and representing workers and the unemployed have proposed an alternative vision in addition to that of Sinn Féin. However, as the Government was not for turning, we are, therefore, debating another austere finance Bill clearly written to satisfy the troika, not the people.

I say we are debating the Bill, but, in reality, we are simply talking about it. A big problem every year when discussing the Finance Bill and other financial legislation is that Opposition Deputies are precluded from making meaningful amendments under the rules of the House and within constitutional restraints. Consequently, any attempt by my party to make real, substantial changes to the Bill that would help struggling families throughout the State will be ruled out of order. There has been much talk about political reform. The Government spoke about it and there has been considerable debate on the issue. However, the truth is that unless we address the problem whereby Opposition members cannot table meaningful amendments to any finance legislation, we will not really be tackling the issue properly and there will be a mock debate.

Sinn Féin is for positive engagement. At a recent meeting of the finance committee, Sinn Féin was the only party that tabled amendments to the Credit Reporting Bill, some of which were accepted by Government, while others were accepted in principle. During the debate on the last Finance Bill we put forward amendments on real estate investment trusts, known as RE-ITs, the contents of which were accepted by the Minister for Finance. However, we are limited in what we can do, and the Minister is well aware of that, because when he was on this side of the House he had the same shackles placed on him.

In recent months I drafted a Bill that would make Irish-registered non-resident companies tax-resident here if they did not prove tax residency anywhere else in the world. However, because of the rules, I am precluded from introducing that Bill in the Houses of the Oireachtas.

The Bill was written and published four months ago and its contents appear in the Finance Bill today, which I welcome. I am surprised that the provision is here because when I tried to raise this issue at finance committee meetings I was heckled by members of the Minister's own party and shouted down by Deputy Dara Murphy in particular. I welcome the move on corporation tax and we will tease out the details at Committee Stage. I welcome it as a symbol that the attitude has shifted. In recent times, for better or worse, our corporation tax policy has come under the spotlight, but the response to this has been wrong. We cannot ignore the issue or spin our way out of it. Nobody defends Irish economic sovereignty more than Sinn Féin, but we cannot pretend that we have a transparent system when the Department cannot even say how many companies in Ireland are registered here but are not tax-resident here or anywhere else in the world. We had a farcical situation in which the sub-committee set up to examine the issue was afraid to call in the multinationals, and any time I tried to raise the contents of my Bill, now contained in the Finance Bill, I was heckled by some of the Minister's own party colleagues.

Deputy Dara Murphy: That was because the Deputy wanted to talk about a particular company. He was naming one specific company.

Deputy Pearse Doherty: Not at all. The Minister had no problem, before he introduced this measure, sitting down with various multinational companies - including the same one that Deputy Murphy is afraid to mention in this House - to discuss this measure in the Finance Bill.

Deputy Richard Boyd Barrett: Google or Facebook?

Deputy Pearse Doherty: If this is a move that represents a more mature and fair corporation tax policy, Sinn Féin will support it. It is an intolerable situation at present in which SMEs here are paying the full whack of corporation tax while some large multinationals are paying only a tiny percentage. The Minister has spoken about the importance of our reputation with regard to tax matters and I fully agree with him. That is why the Government must stop claiming to have a transparent corporation system and instead start building a system that is actually transparent.

The biggest wave of anger sparked by the financial aspects of the budget introduced by the Minister for Finance, as opposed to those measures introduced by the Minister for Public Expenditure and Reform, which also prompted huge anger, relates to the changes to tax credits for single parents. The change has angered single parents themselves, as well as those who know single parents who are trying to support their children as best they can. It is a mean move that is targeted to save €25 million in a year. The logic that fathers - and in most cases we are talking about fathers - do not bear the cost of children who stay with them for weekends, on holidays or even for five months and three weeks of the year is absurd. We all know that Christmas is approaching and those single fathers and single parents will provide for their children as much as any other parent. When they have their children in their homes, whether that is at weekends, during summer holidays, on alternate weeks or through some other arrangement, they provide for their loved ones. The Department's latest estimate is that 14,500 people may be affected by this cut. While I acknowledge the amendment the Minister has introduced, I argue that the number of people affected is at least double the Department's estimate because that figure only refers to the adults. It is not just the individual fathers or mothers who will be affected by this. Their children will be affected and for every adult we are talking about at least one child. It is an unfair move. There have been other suggestions with regard to how money could be saved in a fairer way, through, for example, linking the tax credit to the payment of maintenance. That is something the Government should examine. It must also examine the unfair and mean nature

of this cut, which ultimately affects the welfare of the children of separated parents.

The Living City initiative is wrongly named. I say that because to be a living scheme, it would have to exist. What the Minister has done in the Finance Bill is to announce an extension to a scheme that has not come into existence yet. Recently, in response to a parliamentary question, the Minister listed a range of measures as long as my arm that were announced in budget 2013 or previously and that are still on the desk of someone in Brussels awaiting approval. Among these is the Living City initiative. As I said last year, I have concerns about how this scheme will actually work and who will benefit from it. In some ways, it harks back to and smells of the old property reliefs that contributed to the bubble. If we go down this road, we should tread very carefully indeed. It is worrying that the Minister is announcing an extension to a pilot project that does not even exist. He is broadening the area and the scope of the project without any experience of how successful it may or may not be. A pilot project is about testing the waters, but with this extension the Minister is plunging in feet first.

Since coming to office, this Government has concentrated on supporting the elites in Irish society. It has failed to take on high earners and continually targets groups on the margins. This year's Finance Bill is just as conservative as last year's. The Minister stated on budget day that he was introducing 23 measures that would contribute to job creation. Given that job retention and creation is a key plank of Sinn Féin policy, I welcome the Government's comments on jobs. Unfortunately, however, they have been nothing more than comments. The Government's jobs policy can be described as all launch and no action. The net jobs that have been created in the economy, after 176,000 people have emigrated on this Government's watch, were created in spite of Government policies rather than because of them. I want to see taxation measures that contribute to support job creation, and in that context I am particularly interested to see if the home renovation scheme delivers dividends. Indeed, this is something that my party examined and I will speak about it again later in the debate. However, I wish to flag the fact that I believe the threshold in the scheme is far too high. The aim is to deal with black market activity, but those who have spoken to me about this have pointed out that the people who are carrying out renovations up to the value of €30,000 are not operating in the black market. It is those undertaking jobs worth €1,000, €2,000 or €3,000 who are in the black market. In that context, we need to consider meaningful amendments to the Bill.

It is only right and proper that the banking system carry its share of the burden. We know that the banks were reckless in the past and that they are refusing to engage seriously with the mortgage crisis now. The detail of the proposed levy is less encouraging than the principle of this section of the Bill. Why is the Minister lifting the limit on what losses incurred by banks can be carried forward and what will be the effect of that? The lifting of those limits could actually mean that this levy will yield very little, if any, revenue. Is this really a levy on the banks or is it just a charge that will be passed onto customers? We know that the Government has been impotent in standing up to the banks, particularly in the context of fee hikes, interest rate increases and so forth. We also know all about the smoke and mirrors surrounding the Mercer report in the context of the pay of senior bankers.

In the interests of full public disclosure, I wish to make an important statement on the Anglo Irish Bank tapes. Within the last number of weeks, Sinn Féin was anonymously sent a copy of secret recordings involving senior officials at Anglo Irish Bank. The majority of these recordings, which are not currently in the public domain, cover the period between February and September 2008. On the advice of senior counsel, we have taken the decision not to release the tapes at this time. I have made them available to the Garda Commissioner and the Governor of

the Central Bank.

12 o'clock

I personally hand delivered them to Garda headquarters and the office of the Governor of the Central Bank this morning. We have also retained a copy of the tapes with my solicitor with a view to publishing them on a future date.

Deputy Timmy Dooley: Pity the Deputy would not hand information on the disappeared to the Garda also.

Deputy Pearse Doherty: As the publication of these secret conversations would be in the public interest, the Government must move speedily towards the establishment of a banking inquiry. There is a public demand for the truth and to know what was going on in the banks, as well as the contacts between senior bankers and the then Fianna Fáil Government in the run-up to the bank guarantee.

Deputy Timmy Dooley: Will the Deputy hand information on the disappeared to the Garda also?

Deputy Pearse Doherty: It has always been my view that the then Fianna Fáil Government had more information on the bank prior to the guarantee than it has previously disclosed.

Debate adjourned.

Visit of Chinese Delegation

An Ceann Comhairle: Before proceeding with Leaders' Questions, on my own behalf and that of the Members of Dáil Éireann, I offer a céad míle fáilte, a most sincere welcome to the Chairman of the Shanghai Chinese People's Political Consultative Conference, CPPCC, Mr. Wu Zhiming, and a delegation from the Shanghai CPPCC. I express the hope they will find their visit enjoyable, successful and to our mutual benefit.

Leaders' Questions

Deputy Micheál Martin: Letters from the chief executive officers of four of the largest hospitals in the State, St. James's, Tallaght, the Mater and Our Lady's in Crumlin, to the director general of the Health Service Executive, HSE, and revealed in last evening's "Prime Time" programme illustrate how untenable the Government's budgetary strategy is for the health service. Clearly, the letters indicate that the centre cannot simply hold if the Government proceeds with cuts of up to €666 million to the health budget. In a nutshell, they have stated the quality of services and patient safety are being compromised and will be irreparably compromised if the cuts go ahead. This is about access to services and patient safety. All the demands being put on the health service and hospitals, they claim, in contrast with the budget, are leading to undeliverable objectives and imperatives. Alarming, they also point out there are now delays

in cancer services for patients. In essence, the progress achieved in the past decade in cancer care is being dismantled. This view was added to by Owen Smith, consultant paediatric haematologist at Crumlin, this morning on “Morning Ireland” when he confirmed that children and teenagers with cancer were having treatments delayed when timely interventions with their types of cancer were critical. He made it clear that survival and outcomes were being adversely affected as a result. The hospitals’ chief executive officers have stated the implementation of the Taoiseach’s budget proposals will lead to “a serious dysfunctional and damaging outcome.”

For months, we have been raising the issue of discretionary medical cards, but the Taoiseach puts his head in the sand with denial after denial, week after week. Does he accept that services in our acute hospitals and patient safety are being compromised as result of budgetary policy? Will he accept that the provision of cancer care is being dismantled? Is he determined to proceed with the scale of the budget cuts in health that he has announced?

The Taoiseach: The health budget this year is €13.263 billion, with a capital fund of €357 million. The total savings identified this year are over €600 million. Everyone understands this will be a very challenging year for the health service. The Minister for Health, Deputy James Reilly, is operating with a budget of €3 billion less than in 2008 and 10,000 fewer staff. He is changing the structure of the costs of delivering health services, not the services. I reject Deputy Micheál Martin’s assertion that patient safety is not the Government’s priority. It is the absolute priority of the Government and the Minister.

I note the letter from the four hospital chief executives which was delivered yesterday. Clearly, the obligation and legal responsibility following the budget being delivered, as the Deputy will be aware, is for the HSE to prepare its service plan based on the budgetary figures. Owing to all of the challenges faced, the Minister has given extra time to the HSE to prepare the service plan which will be presented to the Minister on 15 November.

I note the end of the chief executive officers’ letter states: “We would urge that the implications of continuing in this vein be recognised and that constructive engagement with the hospitals in the budgetary formulation process be pursued.” This will happen during the preparation and determination of the HSE service plan. I listened this morning to Mr. John McCormack of the Irish Cancer Society on “Morning Ireland” who indicated that he was not aware of the delays referred to in the same broadcast by a medical doctor. Cancer services are available for people on a regular basis to offer assistance and support.

Between January and August, the number of patients waiting on trolleys was down by 30% compared with the number in 2011. Consultants now see and discharge patients on a 24-7 basis which saves the State hundreds of millions of euro. That was an issue that was not tackled in the past. The biggest reorganisation of hospitals in the history of the State was announced in May. The HSE took a new approach to determining hospital budgets. For the first time ever, budget allocations were related to projected spend rather than historic budgets rolling forward from previous years. As a consequence, the Mater Hospital received an increase of 5.7% in its funding for 2013, while Tallaght hospital received a 2.8% increase. There was a reduction in funding for St. James’s Hospital and a slight reduction for Crumlin hospital. This year the budget figures for hospitals show a 3% increase. Hospital managers are expected to manage their funding on the figures they have received.

Deputy Micheál Martin: The Taoiseach’s reply follows a well worn pattern at this stage - denial after denial. The chief executive officers in question are conservative and would be the

last to come out with a letter like this to the HSE. It is carefully written, but when it is decoded, they are saying they cannot take any further cut to hospital budgets and stand over patient safety in the current budgetary climate. Dr. Owen Smith is not an ordinary medical doctor and if I were the Taoiseach, I would not second-guess him. He has been the principal leader and pioneer in the treatment of childhood and teenage cancers. He knows what he is talking about. He has said there are delays in the treatment of young people and children, while outcomes are being compromised.

An Ceann Comhairle: A question, please.

Deputy Micheál Martin: Can we have less of the denial? No one can pinpoint the proposed cuts in the health service at this stage because the Minister for Public Expenditure and Reform handed them to the Minister for Health with a take it or leave it ultimatum. Meanwhile, the HSE claims the cuts will amount to €1 billion when they are finished, not €666 million. The Taoiseach is getting many warnings. The system is telling him it can take no more, certainly not cuts of this scale. If they go ahead, patients' lives will be lost as a result. The Taoiseach had better get that into his head, intervene, change tack and policy.

Deputy Bernard J. Durkan: What does the Deputy suggest we do then?

Deputy Finian McGrath: That is the real issue.

(Interruptions).

An Ceann Comhairle: I have called the Taoiseach in case Members did not hear me.

The Taoiseach: The path we have set out here is to change the structure of how health services are delivered in this country and cut the costs of delivering those services, but not the quality of the services. I reject Deputy Martin's snide assertion that patient safety is not a priority of the Minister for Health or this Government.

Deputy Micheál Martin: I never said that. It is an issue.

The Taoiseach: If Deputy Martin is in the business of second-guessing, he should mind what he says.

Deputy Micheál Martin: I have the letter here.

The Taoiseach: He went from a health expenditure of €3.6 billion to over €15 billion. We had all the answers when Deputy Martin was on this side of the House. We were going to have world-class services and the elimination of all these problems.

Deputy Michael Healy-Rae: Fine Gael had all the answers.

(Interruptions).

The Taoiseach: It might be of interest to those screeching behind Deputy Martin that when he was Minister for Health he spent €13.8 million on management consultancy and had to be bailed out to the tune of €664 million.

Deputy Seán Ó Fearghail: The Taoiseach should answer the question.

Deputy Barry Cowen: The Taoiseach should answer a question.

The Taoiseach: The mess Deputy Martin left behind must be changed. I do not second-guess the eminent consultant who spoke on the radio this morning.

Deputy Micheál Martin: The Taoiseach just did. He is still doing it.

The Taoiseach: I was merely speaking about Mr. McCormack, who delivers cancer support services to patients who need them. The budget for hospitals this year was increased by 3%. The Mater and Tallaght hospitals both received increases to rebalance their budgets.

Deputy Micheál Martin: The Government had to bail out hospitals last year.

The Taoiseach: It is not the same old story. It is a case of cutting the costs of services but not the services themselves, and I reject the Deputy's assertion.

Deputy Micheál Martin: The Taoiseach may keep on saying that, but nobody outside is listening.

Deputy Mary Lou McDonald: I reject the Taoiseach's assertion that this is about cutting costs but not services. It is very clear from the letter from the four hospital CEOs that their experience is that it is not simply prudent, cost-cutting savings that are being made but that services are being undermined. This morning cancer patients and their families woke to the news that they are next in line to be hit by health budget cuts. It is very clear that the crisis in the health system is getting worse. The CEOs of four of the State's largest hospitals tell us that cancer services will be affected and those patients will suffer. Most astonishingly, the Minister for Health refuses to comment. His get-out was that this letter was sent to the HSE. It is abundantly clear that the Minister, Deputy Reilly, is part of the problem. He is continuing with the same failed approach of the last Government and Deputy Martin in his time.

Deputy Micheál Martin: My cancer policy worked.

Deputy Mary Lou McDonald: It is time for the Minister, Deputy Reilly, to go. He should resign. These four hospitals - the Mater, St. James's, Tallaght and Crumlin children's hospital - provide vital services. Their CEOs say the Government's cuts and demands for fewer staff and shorter waiting lists are unsustainable and undeliverable and that this approach is damaging the foundations of the health system. When four eminent CEOs from large hospitals state very publicly and clearly their lack of confidence in the Taoiseach's Minister for Health and his agenda for cuts, what is the Taoiseach's response? Does he have confidence in the Minister? Does he believe up to €1 billion can be cut from next year's health budget without hurting patients or compromising their safety? Is he willing to let cancer patients suffer because of the incompetence of his Minister and his austerity agenda?

The Taoiseach: Sometimes when Deputy McDonald gives her eloquent speeches she seems to forget what legal responsibilities are. That sometimes seems to be a tendency in her party. The legal responsibility after the budget is passed is for the HSE to prepare a service plan based on the figures in the budget for the Department of Health and present it to the Minister for Health. The Minister is not looking for an out. This letter was addressed to the director general of the HSE and was delivered yesterday.

Deputy Timmy Dooley: I thought the Government had abolished the HSE.

Deputy Micheál Martin: It has not happened.

The Taoiseach: The HSE prepares that plan. The letter is from four CEOs and sets out their position. This year's budget is for a 3% increase for hospitals. Both Tallaght hospital and the Mater hospital received increases as a result of the rebalancing of budgets this year and not based on historic spends that, as the Deputy knows, were always boosted up in the last months to make a case for the following year. These were based on projected expenditure. The answer to Deputy McDonald's question about whether I have confidence in the Minister is "Yes."

On her second question about cancer, the CEO of Crumlin hospital has confirmed there are no extraordinary delays for children in accessing cancer services. He said there may be a delay of one or two days in some particular cases rather than immediate access to chemotherapy. As I said to Deputy Martin, the first part of the last paragraph, which sets out the chief executives' position, seeks constructive engagement with hospitals in the budgetary formulation process. That will happen in the preparation of the HSE plan to be presented to the Minister for Health on 15 November.

Deputy Mary Lou McDonald: I should not be too surprised at the Taoiseach's expression of confidence in the Minister, because it is clear that he lives in some kind of warped bubble regarding these matters.

Deputy Bernard J. Durkan: Deputy McDonald should be careful.

Deputy Ray Butler: Does she have confidence in her own leader? Where is he?

Deputy Mary Lou McDonald: The Government's backbenchers do not like hearing this, but they will hear it. The CEOs of these four hospitals have described the Government's proposed cuts of up to €1 billion as short-sighted and random. It is very clear from reports from Crumlin children's hospital that children with cancer are experiencing delays to chemotherapy. That is now on the public record. It is astonishing that the Taoiseach would cite an increase in hospital funding as some kind of get-out, as though that makes the matter go away.

Deputy Patrick O'Donovan: The Deputy has many matters that have not gone away.

Deputy Mary Lou McDonald: The letter clearly states that there is a crisis in the hospitals and that further cuts will lay low many of those services. The implication for those who rely on our health services is yet more anxiety and concern.

The Taoiseach attempts to lecture me about legal responsibilities with regard to the preparation of the HSE service plan. That is a joke coming from the Taoiseach. Has he any sense of his responsibility to the citizens of this State, to sick people, to patients who rely on these hospitals and to others for the services to which they are entitled? The Taoiseach cannot stand over further cuts to the health system. He should re-read the letter from the four CEOs and listen to their message of no confidence in his Minister for Health and his Government's policy.

The Taoiseach: I have a sense of responsibility to the people we serve. We serve the people. This is not a joke, but a very serious matter. This letter from the four CEOs is a serious letter and is written from their perspective. The budget for health this year is over €13 billion, with a capital programme of over €350 million. We had a situation for a number of years in which the extraordinary rises in health spending brought the budget above €15 billion but did not deliver the services needed by the patients to whom Deputy McDonald referred, and to whom I have a responsibility, or the standards they deserved. That was never going to change unless the structure of health services delivery was changed. This is not an easy job. The Minister for Health,

Deputy Reilly, has probably the most difficult task of any Minister in this Government, given the complexity of the situation. The legal requirement of the HSE is to produce the service plan, based on the budgetary figures as adopted by the House.

Deputy Mary Lou McDonald: What is the requirement of Deputy Kenny, as Taoiseach? Is it to stand by his man?

The Taoiseach: The budget for this year was for a 3% increase in hospital allocations. Hospital managers are expected to manage affairs in the hospitals for which they have responsibility, based on those figures. I fully expect that the request of the four chief executives for constructive engagement with hospitals in the determination of the HSE plan to be presented to the Minister will be granted. That is a fair request. If they were to write their letters any other way, one would say everything was to their satisfaction.

The chief executive of Crumlin Hospital has confirmed that there are no extraordinary delays for children accessing cancer services. I fully support the progress that has been made in delivering cancer services for patients who suffer from this ailment, one that has affected every family in the country in the past number of years. I have personal evidence of this, from within family and outside of it. Many people have said to me that the structure brought about, in terms of cancer services and specialist units, is the way to go and that people would never go back to a situation where services were provided here, there and everywhere without a focus on the issues presented.

Deputy Micheál Martin: Is that a belated acknowledgement of the progress we made?

The Taoiseach: It is an important letter and believe me it is not being treated as a joke. The Deputy might treat it as a joke, but it is not. It is a serious business.

Deputy Mary Lou McDonald: It is the Taoiseach who is the joker.

The Taoiseach: It is also a serious business to change the structure of the way health services are delivered to people, so as to cut the cost of delivering those services, but not the services themselves. That is the area on which the Minister, Deputy Reilly, is focused. The focus is on patient safety and care and ensuring people have access to medical attention and care of the highest order when they need it.

I hope constructive engagement takes place with these chief executives and with the other six hospitals where cancer services are provided in the preparation of the health service executive plan.

Deputy Clare Daly: It is not just in the health area that the Government and Ministers are running into difficulties. Has the Taoiseach given the Minister for Transport, Tourism and Sport an option on a job share, where he can balance his ministerial responsibilities with a role as a mouthpiece for the management of semi-State companies in their battles against the workforce? It seems that not content with his unfettered access to the airwaves last weekend, where he could berate and bully Dublin Bus workers and warn them that if they have the audacity or neck to vote for a fifth time against attempts to reduce their pay and conditions, those conditions and pay would be butchered anyway, with the full backing of the Government.

Yesterday the Minister, Deputy Varadkar, came into this House during Topical Issues and it was like an audience with Christoph Mueller himself. Against a backdrop of an unprecedented

move by the Aer Lingus CEO to ignore the industrial relations machinery of the State, Deputy Varadkar told us that it had nothing to do with him and our 25% shareholding was irrelevant. Then he told us that the increased traffic into Shannon Airport was a good thing, and nobody would disagree with that. However, he then boldly stated that IMPACT's objections to the new arrangement would make the Shannon cabin crew base commercially unsustainable for the company and it would have little choice but to close that base. That is utter nonsense. Four competitive US airlines operate the aircraft on that route out of Dublin and all of them operate it with a cabin crew complement of six staff. None of them has a problem with commercial unsustainability. A cabin crew of six is the industrial norm.

Let us be clear. The real agenda here is to stand on and erode working conditions built up over generations and to facilitate a race to the bottom. The staff were prepared to consider a staffing arrangement of four or five, but were told it would be four or the base would be shut down. Shutting the base down involves the loss of 87 Aer Lingus jobs, some of which have been held for decades. This is a declaration of war. Is this a deliberate strategy? To take on one group of workers may be deemed a misfortune, but to take on two looks like a deliberate policy of union busting. Given the Taoiseach has unleashed Christoph Mueller in Aer Lingus and is now sending him into An Post, is the Government engaged in a deliberate policy to eliminate secure, permanent, pensionable employment and to undermine the industrial relations machinery of the State? If it is not, will the Taoiseach order his hound dogs into the Labour Court to deal with these issues in the traditional way?

The Taoiseach: The Deputy has had a good flight there.

Deputy Mattie McGrath: Aer Lingus or Ryanair?

Deputy Michael Healy-Rae: The Government will have a crash landing yet.

The Taoiseach: The Deputy has gone from the Minister, Deputy Varadkar, to Dublin Bus, Aer Lingus, Shannon and cabin crew staff. I am not in the position of ordering any hound dogs anywhere. I understand the ballot is taking place in respect of Dublin Bus. I hope the strategy is accepted and that there is a clear result from the ballot. People in Dublin need Dublin Bus to provide its valuable service. The majority of the workforce in Dublin Bus have accepted the recommendations. I hope that when the ballot result is known, the service will continue as it is an important service, particularly towards the end of the year.

With regard to Aer Lingus and the decision regarding the number of cabin crew required to service aircraft Aer Lingus intends to fly across the Atlantic, there is still an opportunity for discussion between the union and the company. I hope those discussions will take place and a solution will be found.

Deputy Clare Daly: The Taoiseach's response was brief and he was very keen to trivialise some of the issues. The problem for the Taoiseach is that it is not about going around the globe - ranging from the Minister, Deputy Varadkar, to Dublin Bus, Shannon and An Post is not about being long-winded - but about a system and approach being adopted by the Government to systematically undermine decent wages and conditions in the semi-State companies. There is no other explanation for it.

It was not the workers who ended the talks. The workers were engaged in discussion with management, but management pulled the plug in a draconian way - in a company in which the State owns a 25% shareholding. That did not just happen in regard to the cabin crew. The

Taoiseach is aware there is a pensions crisis in Aer Lingus. The same chief executive has sent into the Labour Court a negotiating team that does not have a mandate and which is refusing to deal with that crisis. At stake here are serious issues for workers. Will the Taoiseach order his chief executives in the semi-State companies to engage in the industrial relations machinery in the State? For once, could he stand behind the workers who built those companies, rather than behind the management who are trying to erode their terms and conditions of employment?

Deputies: Hear, hear.

The Taoiseach: The machinery for negotiation here is well known. Workers, unions, company directors and chief executives are entitled to engage regarding the affairs of any of these semi-State companies. Members are aware of the contribution the semi-State companies have made over the years and of the dividends being paid by a number of them that were not paid previously. They are aware of the changes that have been made and the changed work practices that have been brought about. There is an opportunity for union and workers to engage with management in respect of Aer Lingus. The period for engagement is short, but the opportunity should be taken.

I did not hear the Deputy mention An Post in her first contribution. That company is not the responsibility of the Minister, Deputy Varadkar. I hope that the new ballot in Dublin Bus, which provides an important service for this city, will result in the proposals being accepted and that Dublin Bus and its workers, who do such an important job, get on with the business of providing a valid service for the people of this city.

Retirement of Head Usher

An Ceann Comhairle: Before moving on to the Order of Business, I invite Leaders to contribute on an important event happening today, the retirement of our Head Usher, Mr. Tom McGrath. Tom joined the staff of the Oireachtas on 29 December 1977 and has held many appointments here, including his recent promotion in 2012 to Head Usher. It is fair to say Tom is well-respected, and fondly remembered by those who have since left the House, for his excellent and professional service in those 30-odd years. I came here in 1981, which is 32 years ago, when Tom was a young usher. He has not got any older looking since, despite the way I look. It is a great pleasure indeed to be able to say a few words and to say that as Members we deeply appreciate the service given to us by all ushers.

Deputies: Hear, hear.

An Ceann Comhairle: I note Tom is standing beside the Captain of the Guard, whom we also appreciate very much for the service he gives to the House.

Deputies: Hear, hear.

An Ceann Comhairle: During his service here Tom has had occasion to serve loyally many who addressed the House, including Presidents Reagan, Clinton and Mitterand, Chancellor Kohl, Prime Minister Blair, the Honourable John Howard MP from Australia, and Xi Jinping, who is now President of China. Tom is no stranger to dealing with dignitaries of world renown. He also looked after two of our Presidents who addressed us, Presidents Robinson and

McAleese. On behalf of all the Members and staff of the Oireachtas, as Ceann Comhairle, I thank Tom for his outstanding service and wish him well during his retirement, particularly in enjoying the company of his family.

The Taoiseach: It is only appropriate the Ceann Comhairle should make a little time available for comments on Tom McGrath. I arrived here very shortly before he did and I recall the young usher about whom the Ceann Comhairle spoke so fondly. Over the 37 years he has been here he has witnessed political changes and political history at first hand. As the Ceann Comhairle stated, he has served eight Taoisigh and seen the House rise for ten general elections and many by-elections. He has witnessed political careers rise and soar and go into oblivion. He was present for some of the most heated, vigorous and sensitive debates in the House. As the Ceann Comhairle pointed out, he has greeted Presidents, prime ministers, royalty and dignitaries from throughout the world. He greeted many Members of the Houses on their first day in the premises. He did all of this with unfailing courtesy, professionalism and dedication to the highest standards of the Houses of the Oireachtas. We who are in these seats in the House carry out our duties only with the incredible support Tom and all those who work with him provide for the Members of the House. It is support I have deeply valued and appreciated over my many years in this place and I know my colleagues on all sides share this view.

We are lucky to have a Parliament which is so accessible to visitors from home and abroad who come here to see how we work. We hope they might leave with a favourable impression of the structure of the Houses. Whatever about the performances of the Members, who are only the temporary staff, visitors leave impressed by the presentation of Leinster House and with a greater sense of Leinster House's history and a deeper understanding of the Dáil and Seanad. That is to the credit of the wonderful team Tom has led, and it is something of which he can be immensely proud. He has given the State and the House a career of dedicated service, and on behalf of the Government I wish him every success and happiness in the time ahead.

Tom McGrath is a man with deep Tipperary roots and I hope the time following his retirement gives him an opportunity to devote some time to the things he cherishes. I have no doubt *iománaíocht* in *Tiobraid Árann* is among the loves of his life. I thank Tom for his friendship, kindness and support and for his public presentation of the highest standards of service and integrity in Dáil Éireann.

Deputy Micheál Martin: Ba mhaith liom i dtús báire mo bhuíochas a ghabháil le Tom McGrath as ucht an tseirbhís atá tugtha aige don Dáil agus don Oireachtas i rith na blianta. Ba mhaith liom freisin comhghairdeas a dhéanamh leis as ucht an méid atá bainte amach aige sa Teach seo. Táimid go léir buíoch de. Tá súil agam go n-éireoidh go geal leis sna blianta atá roimhe lasmuigh de Teach Laighean amach anseo. I am delighted to join the Taoiseach and everybody in the House in wishing Tom a very long, happy and enjoyable retirement. I was struck by the Ceann Comhairle's introduction. 1977 was a momentous year in terms of political events. I can accept no culpability for it as I was a 17-year-old second level student who none the less enjoyed reading about the extraordinary victories a certain party had on that occasion. Tom came in on a momentous occasion. I acknowledge that I have also experienced momentous elections from that time to the present day. All Members of the House have been struck by the professionalism, warmth, commitment and pride that the ushers and all who work here take in the Oireachtas and in what it represents. Tom was the personification of this in the conduct of his duty.

As a Corkman I always like an opportunity to pay tribute to Tipperary people. I have no

doubt we will meet Tom more often, perhaps on occasions when spring breaks and the Munster championship begins afresh and anew. Be under no illusions - our dander is up, notwithstanding what happened this year, and we will head to Thurles next year with some degree of confidence. Tom has always been very courteous and professional with the public and Members of the House. He is particularly synonymous with the very good and informative tours of Leinster House, and many delegations who came here spoke of his knowledge about the detail of its history and all that went with it. His knowledge is *par excellence*, as is his enthusiasm about the history of Leinster House what it represents for the country.

I am very conscious that memoirs are the order of the day as we head into Christmas, and Eamon Dunphy and Sean Óg Ó hAilpín are launching their blockbusters. Given his experience and knowledge - I know the Captain might look askance at the suggestion - it seems to me the period from 1977 to 2013 would be one hell of a memoir from the perspective of a head usher or usher, in terms of excitement, interest and no little gossip about what transpired over the years. Suffice it to say Tom has done his country some service. We wish him a healthy and enjoyable retirement and, may I say, a politics-free environment in the years to come.

Deputy Mary Lou McDonald: I do not have 30 years' service in this place but I can say from the recent years I have served here that I have always been struck by Tom's professionalism, courtesy and good humour. Let this be said also of all of the ushers who work in the Oireachtas. I join with others in thanking Tom for this and in congratulating him for such an outstanding record of public service. The idea of a memoir is quite a good one and I am taken with it. It certainly would make interesting reading. I would like to let Tom know that when his name was first mentioned in the Chamber this morning the beginnings of a chorus of "Ooh, aah, Tom McGrath" started and then stopped. It would accurately reflect the esteem in which he is held on all sides of the House. I wish him and his family well in his retirement. I wish Tom health and the enjoyment of the Premier County, which I can say with deep sincerity, having a Tipperary mother. Ar son Shinn Féin, ba mhaith liom buíochas a ghabháil le Tom. I thank Tom and wish him the very best of luck.

Deputy Shane Ross: On behalf of the Technical Group, I would like to join in saying farewell with great affection to Tom McGrath. It has always been one of my greatest nightmares that either Tom McGrath, or Denis, who was the manager of the bar, would write memoirs. I do not think any Member of the House would wish that to be done with any degree of sincerity or truth and I hope he does not do that.

Having said that, I would like to pay enormous tribute to Tom McGrath, whom I have known for, I suppose, 30 years, like the Taoiseach and other Members of this House. It has always struck me that the dignity with which the ushers, and Tom in particular, have carried out their duty has been something of an example which we might follow, but which would not do us any good in our political careers. They carry a quality which we do not have, which is a kind of professional anonymity which has served this House extraordinarily well, but for which they do not get the sort of recognition politicians get. I would like to say that I believe there is a unanimous respect for the work the ushers, like Tom McGrath, have done over that period. We do not often get an opportunity to thank them for doing that, and I would like to do it on behalf of the Technical Group here today.

I agree with so much that has been said by other Members about the pride that he took in his job. I too would like to echo what has been said about the extraordinary dedication which he and many of the others have shown in taking tours around Leinster House. They are respon-

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sible not just for the fantastic condition of this house but, by sending the message out about this house and about the great traditions, the pride, the rules and the enormous history this house has, by taking those tours around and by facilitating members of the public in bringing them to the Visitors Gallery, they send out a different message about this house from the one we sometimes do. That is a very important role which they have to play.

I would like to reiterate what has been said. I wish Tom McGrath a very happy and very long retirement and I want to thank him very much indeed on behalf of the Technical Group.

Minister for Communications, Energy and Natural Resources(Deputy Pat Rabbitte): On behalf of the Labour Party, I agree with all of the tributes paid by my colleagues to Tom McGrath, whom I knew before I came into this House and have known well since I came in. He has, indeed, taken great pride in the discharge of his duties.

These exchanges have been useful in that they have established on the record that Deputy Micheál Martin cannot be blamed for the mistaken decision of the people in 1977. When it comes to more modern times, I cannot be so generous.

Deputy Micheál Martin: I would be worried if you were.

Deputy Pat Rabbitte: I would like to thank Tom McGrath for his service to the Oireachtas and to the people, and to thank him for his unfailing courtesy and professionalism down the years. I hope he enjoys his retirement.

Deputy Thomas P. Broughan: On behalf of the “others”, could I make a few remarks?

An Ceann Comhairle: Yes.

Deputy Finian McGrath: I thought the Deputy was still in the Labour Party.

Deputy Robert Troy: The “others”, an ever-expanding group.

Deputy Thomas P. Broughan: On behalf of the “others”, and a number of us sitting on the benches here, I would also like to thank Tom warmly for his service over the past 35 years or so. It is fair to say he has always been a good friend of mine. As the Ceann Comhairle knows, Deputies cherish deeply the support system provided by the Oireachtas staff, Oireachtas commission staff and, indeed, the ushers. Very often, the first sounding board we have in regard to public policy comes from our friends around the house and from the ushers. I know Tom has been a diligent, committed public servant, a really dedicated staff member of these Houses, and he has carried out all of his duties as usher and Head Usher to perfection. Over my own 20-plus years in this House, I have had to seek the protection at times of the Ceann Comhairle and, indeed, earlier Ceann Comhairligh, and I have always received tremendous help and support from our staff of ushers, Tom in particular. I want to wish him very well on behalf of the “others” on these benches.

An Ceann Comhairle: Thank you, Tom. We wish you well and wish many years of happiness in retirement to you and your family.

Order of Business

The Taoiseach: It is proposed to take No. 34, statements on European Council, Brussels, pursuant to Standing Order 102A(2)(b); and No. 3, Finance (No. 2) Bill 2013 - Second Stage (resumed). It is proposed, notwithstanding anything in Standing Orders, that: (1) the proceedings in regard to No. 34, which shall be taken on the conclusion of the Order of Business, shall, if not previously concluded, be brought to a conclusion after 85 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 take questions for a period not exceeding 20 minutes; and (iii) a Minister or Minister of State shall be called upon to make a statement in reply which shall not exceed five minutes; (2) the suspension of sitting under Standing Order 23 shall take place today for 30 minutes after the statements and the order shall resume thereafter with Topical Issues; and (3) the following business shall be taken tomorrow after Oral Questions: Finance (No. 2) Bill 2013 - Second Stage (resumed). Private Members' business shall be No. 136, motion re cannabis regulation (resumed) to conclude at 9 p.m. tonight, if not previously concluded.

An Ceann Comhairle: There are three proposals to be put to the House. Is the proposal for dealing with No. 34 agreed to? Agreed. Is the proposal for the suspension of sitting today agreed to? Agreed. Is the proposal for dealing with the Finance (No. 2) Bill tomorrow agreed to? Agreed. I call Deputy Martin on the Order of Business.

Deputy Micheál Martin: The severe water shortage in Dublin over the last two weeks has highlighted many significant issues and difficulties, but in particular it raises the issue of the wisdom of introducing water charges in late 2014 in the absence of being in a position to guarantee large sections of the population timely access to water. There are increased pressures on the system, in particular demographic pressures.

The Government is proceeding with its legislation in regard to water services and the establishment of Irish Water, and also in terms of bringing in water charges. Given what has happened over the last two weeks, serious questions marks have to hang over that because there has to be a relationship between availability of and access to water and charging for it.

Deputy Bernard J. Durkan: Correct. It should have started 20 years ago.

Deputy Micheál Martin: People want quality water and a proper service before they are asked to pay for it. In that context, the Water Services Bill, which deals with the establishment of Irish Water, is coming through but the Government has also committed to providing Irish Water with the necessary powers-----

An Ceann Comhairle: Thank you, Deputy.

Deputy Micheál Martin: There is legislation on the schedule which seeks to provide Irish Water with the necessary powers to deliver water services, including through service level agreements with local authorities, to define the relationship between Irish Water and local authorities and the economic and environmental regulators, to set out the legal basis for domestic water charges and to extend the water regulatory powers of CER, and to provide for related matters. When can we expect that Bill to come before the House?

The Taoiseach: The clarity by which we now know of the lack of investment in water over the years is the reason we have to have Irish Water and have consistency in dealing with these things.

Deputy Bernard J. Durkan: Exactly.

The Taoiseach: I listened to the chief engineer, speaking after the visit of the Minister for the Environment, Community and Local Government to Ballymore Eustace, indicate the nature of the particular problem and the impact of possible climate change on that.

Deputy Micheál Martin: Climate change?

The Taoiseach: That was according to the chief engineer. We need a plan to deal with the leaks from the pipes in Dublin and require a long-term plan to facilitate the provision of water for the city during the next 50 years.

Deputy Barry Cowen: We asked for-----

The Taoiseach: That is why Irish Water has been established.

Deputy Mattie McGrath: The Taoiseach is leaking badly.

The Taoiseach: The water services Bill will be published during this session.

Deputy Micheál Martin: It will be published this session.

The Taoiseach: Yes.

Deputy Micheál Martin: Therefore, the Government is going to proceed with the introduction of water charges.

Deputy Mary Lou McDonald: I wish to raise two issues. One year has passed since the decision to locate the new children's hospital at St. James's Hospital. A new heart centre at Our Lady's Children's Hospital, Crumlin which was privately financed is opening today. People are watching and wondering when the new children's hospital will be delivered. A deal has been struck to sell the national lottery-----

An Ceann Comhairle: Has legislation been promised in this area?

Deputy Mary Lou McDonald: -----and the Taoiseach has indicated that money is going to be ring-fenced. When will the national paediatric hospital development board Bill be brought forward? Will the Taoiseach also indicate when the consolidated domestic violence legislation will be forthcoming?

The Taoiseach: I do not have a date for the publication of the second item of legislation to which the Deputy referred.

Deputy Mary Lou McDonald: As usual.

The Taoiseach: The Minister for Health has appointed the chairperson and members of the national paediatric hospital development board. The board has access to the necessary expertise, including that relating to planning, to deliver the project successfully. The comprehensive review of the tri-location plan is part of this process. I expect that a comprehensive plan for the stages of development of the new national children's hospital will be forthcoming in the very short term. This plan will include timelines for how long it will take for planning permission to be obtained and when work will start. I will come back to the Deputy with a date for the publication of the legislation.

Deputy James Bannon: The public is expecting the establishment of a delivery unit to oversee improvements in key areas of the Oireachtas, change the management structure of the Oireachtas Service and show evidence that the Houses of the Oireachtas Commission is better equipped to deliver reform of this institution.

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

(Interruptions).

Deputy Mattie McGrath: He is going around the Houses.

Deputy Finian McGrath: Deputy James Bannon should proceed and not pay attention to other Members.

Deputy James Bannon: When will the Houses of the Oireachtas Commission (amendment) Bill be brought before us?

The Taoiseach: That Bill is scheduled for next year.

Deputy Lucinda Creighton: In the context of the Local Government Bill, when the property tax was introduced, we were promised that in 2014 some 80% of the revenue generated would be ring-fenced for use in the local authority areas in which it was collected. I understand the position has changed and that this will not now happen until 2015. Given the level of dysfunction in a huge number of local authorities in the context of budget overruns, outstanding bank debts, etc., it is important that the Government honour the commitment to the effect that incentives for local authorities to perform properly and spend responsibly would be provided. That could be done very simply by means of an amendment to the Local Government Bill which is before the House. It would enshrine in law the commitment provided orally by the Minister for the Environment, Community and Local Government.

Deputy Michael Healy-Rae: It was only a Government promise. It does not matter.

The Taoiseach: The Bill is before the Dáil

Deputy Shane Ross: In the context of the Government's long-promised judicial council Bill and in view of the fact that yesterday I introduced a Bill on the appointment of judges, will the Taoiseach indicate when he intends to introduce legislation - as promised - to remove the rampant cronyism that has been evident for many years in the appointment of judges?

The Taoiseach: That Bill is expected to be published by the middle of next year.

An Ceann Comhairle: I call Deputy Robert Troy. Is the Deputy present?

Deputy Finian McGrath: He has gone home.

An Ceann Comhairle: In that event, I call Deputy Seán Ó Fearghaíl.

Deputy Seán Ó Fearghaíl: The Government has promised to introduce major items of administrative legislation in the area of the arts and heritage, namely, the national cultural institutions (museums and archives) Bill which will deal with the National Library, the National Museum and the National Archives and the national cultural institutions (galleries) Bill which will give effect to the policy changes the Government proposes to bring forward in respect of the abandonment of the arm's-length principle. Has the Cabinet considered the heads of these two

important items of legislation? When will the Bills be published and is there any co-ordination in respect of their introduction?

The Taoiseach: The heads of the national cultural institutions (museums and archives) Bill have not yet been approved by the Government. The heads of the national cultural institutions (galleries) Bill were cleared in July and work is proceeding in drafting the legislation. Obviously, there is a degree of connection and co-operation on these Bills. I will ask the Minister for Arts, Heritage and the Gaeltacht to provide the Deputy with an update on the position.

Deputy Bernard J. Durkan: A number of sections of the Charities Act 2009 remain to be implemented. When is it expected that these sections will become operational? Many legitimate charities have expressed concerns about the delay in their being brought into force.

Will the Taoiseach indicate whether it would be possible for the housing (miscellaneous provisions) Bill to be withdrawn from the list of proposed legislative measures and for an emergency measure to deal with the rapidly emerging housing crisis in the greater Dublin area to be introduced?

An Ceann Comhairle: That is a matter for another day.

The Taoiseach: The Charities Act was passed into law in 2009. The Minister for Justice and Equality, Deputy Alan Shatter, is considering the position on the matter to which the Deputy refers.

The Government is aware of the pressure in the greater Dublin area in respect of housing provision. The housing (miscellaneous provisions) Bill is due to be published next year. However, the Government is attempting to take steps to alleviate the pressure.

Deputy Michael Healy-Rae: The Nordic countries which have excellent rail networks are having an undue influence on a particular policy which could have a detrimental effect on our export trade. Everybody knows the importance of this trade to Ireland. In the context of the road transport Bill, is the Government aware of the threat to our live export trade if the countries to which I refer get their way in influencing our policy on road transport?

The Taoiseach: The matter to which the Deputy refers can be discussed without introducing the road transport Bill which is due for publication next year. Issues of a European nature are discussed at the relevant forums and ministerial Councils at European level.

Deputy Mattie McGrath: In the context of the electricity (supply) (electronic communications networks) (amendment) Bill and on the issue of pylons, I refer to the lack of engagement on the part of the Minister for Communications, Energy and Natural Resources, Deputy Pat Rabbitte, who has just left the Chamber.

An Ceann Comhairle: We can have a chat about that-----

Deputy Mattie McGrath: I tabled questions on this issue, but the Ceann Comhairle ruled them out of order and stated the Minister had no responsibility in the matter.

An Ceann Comhairle: The responsibility lies with EirGrid.

Deputy Mattie McGrath: EirGrid will not meet anybody.

An Ceann Comhairle: To which Bill is the Deputy referring?

Deputy Mattie McGrath: This is similar to the position which obtained when the British were still here and landlords thought they could do as they liked. The Minister will not take responsibility and will not answer questions.

An Ceann Comhairle: I want to correct the record on this matter. The Deputy should resume his seat. He has stated the Minister will not allow questions to be answered. That is not true. I am obliged to deal with questions in accordance with Standing Orders. If a question is out of order, it must undergo a particular procedure, which includes obtaining advice from officials of the Houses. It is only then that a decision is taken. The Deputy should be careful when he accuses people of wrongdoing.

The Taoiseach: The Bill to which Deputy Mattie McGrath referred will be published before the end of the year.

Deputy Peter Fitzpatrick: When can we expect the adoption (tracing and information) Bill to provide for an information and tracing service for applicants seeking information on adoptions on a statutory basis to be published?

The Taoiseach: That is a matter for the Minister for Children and Youth Affairs. It will be next year before the Bill is published.

Deputy Róisín Shortall: I thank the Ceann Comhairle for circulating to Members the modifications and amendments to Standing Orders in book form. We all hope they will help to make the House more effective and, most importantly, relevant to the lives of real people.

1 o'clock

I acknowledge and thank the Ceann Comhairle for establishing the principle of allowing speaking slots for Deputies belonging to the group of "others".

An Ceann Comhairle: We have not done so. That is a matter for the Committee on Procedure and Privileges. This is a special occasion.

Deputy Billy Kelleher: The Ceann Comhairle's strong endorsement of the proposal will be of great assistance.

Deputy Róisín Shortall: I very much appreciate the Ceann Comhairle's support in the matter and hope he will also soon support further amendments to Deputies from the "others" group to contribute to Priority Questions, Leaders' Questions and Private Members' business.

An Ceann Comhairle: That is a separate matter.

Deputy Róisín Shortall: I hope the Ceann Comhairle will give positive consideration to our request.

The second issue I wish to raise-----

An Ceann Comhairle: We are dealing with promised legislation.

Deputy Róisín Shortall: -----is the long promised housing Bill. When can we expect to have sight of the legislation? Will the Taoiseach confirm that it will make provision for strengthening the hand of local authorities in dealing with anti-social behaviour on the part of tenants? There is a lacuna in current legislation which badly needs to be filled.

The Taoiseach: The Bill is due for publication next year. The matter the Deputy raises is of particular importance and I hope the Bill will include measures to deal with it. This problem affects a number of areas of the country.

Deputy Frank Feighan: When will the juries Bill to give effect to the Law Reform Commission's report on juries come before the House?

The Taoiseach: There is not yet a date for publication of the Bill. I will update the Deputy on the work in progress.

Deputy Willie O'Dea: To clarify an issue, I believe the Taoiseach told Deputy Martin yesterday that he expected victims legislation would be produced in the second half of next year. Will he consider bringing forward this legislation in view of the recent horrendous and stomach-churning RTE programme which detailed the murders of people who were separated from their families whose members were subsequently not told anything? The Northern Ireland authorities appear to be making all the running on this matter.

An Ceann Comhairle: We cannot debate the matter on the Order of Business.

Deputy Willie O'Dea: Jean McConville was found buried in this jurisdiction. I ask the Taoiseach to consider advancing the legislation and placing victims centre stage.

An Ceann Comhairle: When is the Bill due?

The Taoiseach: It is due next year. We are trying to make some changes to address the bottleneck that normally arises with legislation being produced. In that context, I will certainly consider the Deputy's comments. This is a particularly sensitive and important issue. As to the discussions yesterday, everybody would like to see closure brought to this matter and those who were disappeared brought home in order that their families can grieve for them. While I cannot give the Deputy a guarantee on the matter, I will have the Minister for Justice and Equality consider it in the context of the changes we are making to expedite legislation, if I may put it that way.

Deputy Billy Kelleher: Four hospital chief executives, in an unprecedented move, have written to the chief executive of the Health Service Executive-----

An Ceann Comhairle: The House dealt with that matter.

Deputy Billy Kelleher: I am raising it in the context of legislation rather than as a means of highlighting, as my party leader did, the serious issue of people potentially dying as a result of a lack of safety in hospitals arising from cutbacks. The chief executives made a very serious charge. When will the patient safety authority Bill be published? The new authority will act in an advocacy role and will include the Health Information and Quality Authority. A commitment to this effect was given in the programme for Government.

The Taoiseach: It will be next year.

Deputy Micheál Martin: Next year will be too late.

Deputy Billy Kelleher: Action should be taken quicker given the serious difficulties that have arisen. The HSE has been told that patients could die in four Dublin hospitals.

The Taoiseach: I have already answered questions on this matter from the leader of the

Deputy's party and Deputy McDonald, on behalf of the Sinn Féin Party.

Deputy Billy Kelleher: I will read the Taoiseach's replies with interest.

Deputy Barry Cowen: The explicit exclusion of all semi-State bodies from the scope of an upcoming freedom of information Bill is very worrying. When will the Bill come before the House to allow Deputies to thoroughly investigate the reasons bodies such as Irish Water are being excluded from the proposed legislation?

The Taoiseach: Deputy Cowen may raise that matter on Committee Stage of the Bill, for which we are awaiting an opportunity to have a debate in the House. The Deputy can tease out the issue at that point.

Deputy Robert Troy: Unfortunately, a number of children remain in highly vulnerable circumstances owing to the inaction of the Government. On assuming office, the Minister for Children and Youth Affairs, Deputy Frances Fitzgerald, identified as one of her key priorities the need to place the Children First guidelines on a mandatory and legislative basis. More than three years later, we are still awaiting legislation on the guidelines. Will the Taoiseach indicate when the legislation will come before the House?

Several weeks ago, when I introduced a Private Members' Bill on wind turbines, the Taoiseach indicated he was willing to provide time to debate this extremely important issue. The proposed erection of wind turbines affects my constituency and the midlands in general. Is he still willing to facilitate such a debate?

The Taoiseach: The Whips should be able to facilitate such a debate at the appropriate time.

The heads of the Bill on the Children First guidelines were cleared in July. A great deal of work has been done on the legislation, which I expect to be published either close to the end of this year or early next year. It was intended to do so before the end of the year but we may not realise that objective.

Cyberbullying Bill 2013: First Stage

An Ceann Comhairle: We now move to the initiation of Private Members' Bills. In accordance with the new Standing Orders, I am obliged to advise Deputy Troy that he is entitled to make a brief statement not exceeding five minutes when seeking leave to introduce his Bill.

Deputy Robert Troy: I move:

That leave be granted to introduce a Bill entitled an Act to address and prevent cyberbullying.

Unfortunately, we are all aware of the recent deaths of teenagers who were allegedly victims of cyberbullying. For those who are unaware of the nature of cyberbullying, it is a practice whereby technologies such as text, pictures, video clips, websites and chat rooms, are used in a deliberate, repeated and hostile manner by an individual or group and in a manner that is intended to harm others. A recent survey highlighted the incidence of cyberbullying among Irish teenagers as among the highest in the 26 European countries surveyed. A recent paper by the

Psychological Society of Ireland, which was presented to the society's annual conference in Cork last year, found evidence that cyberbullying had far-reaching and long-term impacts on those affected.

The Fianna Fáil Party recognises that cyberbullying is a public health and educational issue. We strongly endorse many of the Ombudsman's recommendations in this regard. It is imperative that we encourage children and young people to take responsibility for their words and actions online and make them aware of the impact their words and actions can have. However, while preventative measures are intrinsic to tackling cyberbullying, we need to deal with the deficiencies in current criminal law by creating a stand-alone offence of cyberbullying. This step was called for in the recent report by the Government's Special Rapporteur on Child Protection, Dr. Geoffrey Shannon, in which he pointed out that the growth of cyberbullying has, almost overnight, created a readily accessible forum for bullies to target children with little or no regulation or sanction. He points out that the legal system has been taken somewhat un-awares as to the manner and means through which children have fallen victim to cyberbullying. He states that while there are some legislative provisions in place that could be interpreted in such a manner as to tackle this growing problem, a focused response is required. It is in light of Dr. Shannon's comments that my party is introducing this Bill, the purpose of which is tackle obvious deficiencies in the legal system and its failure to advance in tandem with technology.

While laws are in place to deal with harassment through the postal network - snail mail as it is known - and through stalking and so forth, no legislation is in place to deal with advances in technology. We are introducing the Bill in the hope that the Government will afford the House an opportunity to debate and act on it, as recommended by the Government's Special Rapporteur on Child Protection. I am presenting this Bill in the hope that the Government will afford us an opportunity to debate and act on it, as recommended by the rapporteur on child protection.

I wish to use this opportunity to highlight the need for a strategy and framework to implement the recommendations in the rapporteur's annual reports. It is pointless to prepare such reports when so many of their recommendations are ignored. That in itself speaks volumes about the need to act on recommendations. This is an important recommendation and it is why we are introducing this Bill, which we hope the Government will adopt.

The Taoiseach: This is a good change in that Deputy Troy was able to put his case briefly on an important subject.

An Ceann Comhairle: Is the Bill being opposed?

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

Question put and agreed to.

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

Deputy Robert Troy: I move: "That the Bill be taken in Private Members' time."

Question put and agreed to.

European Council: Statements

An Ceann Comhairle: I call the Taoiseach to make a statement on the European Council pursuant to Standing Order 102(a), under Standing Order 43.

The Taoiseach: I advise Deputy Troy that, along with the Minister for Children and Youth Affairs, this morning I launched a pilot project from McAfee, an Internet company based in Cork, that deals with cyber-security and the education of children. It would be worth the Deputy's while to look at the pilot project, which involved 3,000 children, volunteers and mentors. It was very helpful given the nature of what is going on out there.

Deputy Robert Troy: I heard it on "Morning Ireland".

The Taoiseach: I am pleased to brief the House on the outcome of last month's meeting of the European Council, which took place in Brussels on Thursday and Friday, 24 and 25 October. As I told Deputies in my statement in advance of the Council, I had three clear priorities for this meeting - namely, to contribute to a productive discussion on the digital economy, innovation and services as vital sources of future growth for Ireland and Europe; to push for action on developing digital skills in order to combat youth unemployment; and to urge partners to reach agreement on the final elements of banking union. As I told the House on 23 October, I wrote to President Van Rompuy and my fellow leaders in advance of this meeting and advised them that Ireland is now preparing to exit our EU-IMF programme and that a successful and sustainable exit will be a very significant and positive step both nationally and at EU level. The stability of the eurozone and the wider Union is critical to help maintain and anchor our recovery. I emphasised the importance of delivering on our commitments and of maintaining and building on the achievements for which we have together worked so hard. In particular, I emphasised the need to ensure that the banking union is completed on time and the need to hold firm to our deadlines for agreeing the remaining legislation on deposit guarantees and on a single resolution mechanism. I stressed the necessity, as agreed in June 2012, of breaking the vicious circle between bank and sovereign debts that forced Ireland into a programme in 2010, at a time when there was a different consensus in Europe on the merits of bailing in creditors of failed banks. Breaking this link is important not just in ensuring that our impending return to full market financing can be a durable success story for the entire eurozone, but also for the longer term credibility and stability of the eurozone and of the Union.

I highlighted the need to maintain our focus on growth and jobs as the key goals to which all our policies and programmes must contribute. Nothing should deflect us from our focus on getting our young people into the workforce and creating productive and healthy lives for themselves. I believe our young people could be the main beneficiaries of the high-potential digital sector. We need to maximise this potential. As I said to the House prior to the meeting of the European Council, the reality is that most new jobs are created by fast-growing young firms in sectors such as cloud computing. With over a quarter of digital sector employers across Europe finding it difficult to fill vacancies, there is clearly more we can and need to do in aligning our education and training systems with the needs of 21st century employers.

There are now early signs of recovery in Europe's economic performance. The numbers for the second quarter of this year show GDP up slightly in both the EU and the euro area for the first time since the end of 2011. Net job creation has resumed in most member states, including, of course, in Ireland. However it is clear that unemployment remains unacceptably high on foot of a period of deep and protracted recession. It is also clear that there is more we can and

must do to support a stronger EU-wide recovery so that unemployment falls faster. This means, above all, unlocking new investments in the real economy so that successful firms expand their activities at home and abroad, including new firms and new growth areas. From Ireland's point of view - I stressed this to the meeting - this is about growth in the digital sector, supporting real jobs, and ensuring our people, including our young people, have the digital skills to access the employment opportunities that exist and will grow. I also emphasised the opportunity represented by the many unfilled ICT jobs at a time of mass youth unemployment in so many member states. A presentation given by the Commission indicated that 1 million job vacancies will exist in this area by the end of 2015. This is our clear domestic emphasis. It is being implemented through the interlocked Action Plan for Jobs and Pathways to Work strategies. It is the emphasis that we must continue to strengthen at European level, building on the successful Irish Presidency programme. That is why I attach particular importance to our October discussion on the digital economy and innovation. With so many new jobs created by fast-growing young firms, it is appropriate that we seek to create the right conditions to support new growth areas. This includes early and tangible progress on SME access to finance.

Our discussions were informed by a very valuable presentation from President Barroso, which highlighted three key messages. First, innovation in both the private and public sectors is key to raising our productivity levels and is driven by ICT investment. However, Europe is clearly lagging here. EU investment in ICT as a share of overall investment is currently running at less than half the equivalent US rate. Second, this means Europe is not making the most of digital economy opportunities. A striking example is that the US, Korea and Japan between them account for almost 90% of the world's 4G mobile subscriptions, compared to just 6% in Europe. This is in stark contrast with Europe's leading position in the 1990s in setting global standards. Third, fragmented market rules are a key bottleneck that must be addressed. Our Single Market must become a digital single market, with clear dividends for both consumers and job-creating SMEs. We should not have any digital barriers. If we have removed physical barriers between countries, we should not have digital barriers. This last point in particular picks up one of the central themes of our Presidency - namely, that the next phase of Europe's recovery must involve a Single Market of the future, notably a digital single market, and the need to ensure that the legislation supporting the Single Market keeps up with new market trends and the way our citizens now live their lives.

The European Council agreed three political responses. The first of these is pressing ahead with work on a truly connected continent. We have already set a clear goal under the Compact for Growth and Jobs of having a well-functioning digital single market by 2015. We must now deliver that goal. In practical terms, this means breaking down digital barriers in areas such as online shopping and cross-border roaming charges. It also means having the right market rules for unlocking a new wave of investments in next-generation broadband and 4G mobile services. These investments can underpin productivity growth and provide a direct boost to the real economy. The second key area is making it as easy as possible for consumers and businesses to do their business digitally. Governments and public administrations will have a crucial role to play here, and must work harder to keep up with the rapid pace of market developments. This should be a win-win proposition, with some estimates suggesting potential efficiency gains of up to 20%. Building trust and confidence must of course be at the heart of our efforts. I attached particular importance here to the modernisation of our data protection frameworks, including careful attention to the role of streamlined market rules in supporting new growth areas. There was clear acknowledgement in this context of the enormous potential offered by developments in areas such as big data and cloud computing.

The European Commission will also complete its review of the EU copyright framework next spring. I expect this will identify clearly the next steps needed here which will fall to the incoming Commission to take forward in the second half of the year.

Leaders also discussed taxation of the digital economy. There is widespread consensus that the changes that have occurred require a response but that it must be a global response; therefore, this is best handled in the OECD's base erosion and profit shifting framework. We agreed that, where appropriate, member states should co-ordinate their positions to achieve the best possible outcome in the context of that framework and that we would return to it in December.

The third area of agreement is a strong push on digital skills, including stronger linkages with ongoing work on youth employment. With estimates that one quarter of European employers are finding it difficult to fill vacancies, there is more we need to do to align the education and training systems with the 21st century reality. In that vein, I took the opportunity to inform my colleagues of the Dublin web summit which took place last week and which was such an outstanding success.

The October meeting also took stock of progress on other key initiatives being advanced within the framework of the Compact for Growth and Jobs. We agreed that work must continue to ensure the youth employment Initiative would be fully operational from the beginning of 2014. I highlighted our work towards implementing the youth guarantee in Ireland. I will participate next week in an important conference being organised by President Hollande in Paris which is intended to ensure continued political momentum.

The October European Council also highlighted the importance of finalising work on the new joint risk-sharing instruments between the Commission and the ECB to address the credit constraints still facing the job creating sectors. These should expand the volume of SME loans across the European Union from the beginning of next year and increase the alignment with the new multi-annual financial framework. The problems of financing SMEs will continue to be an important area for Ireland and the Union as a whole and I have no doubt that we will be returning to that issue again.

The Council welcomed, too, the important proposals made by the Commission in the area of regulatory fitness, REFIT. We need to see our digital and smart regulation agendas as complementary. This is about eliminating unnecessary red tape and reducing transaction costs for the businesses than can and will create new jobs. I fully support this. It was also an important endorsement of the work being taken forward by the Commission to ensure full implementation of the services directive, including on remaining barriers in the area of regulated professions. We agreed to annual reporting on the necessary national level reforms and that the Commission would make further proposals in the first quarter of next year.

One of the most immediate priorities, as emphasised by the Heads of State and Government at the June European Council, is to progress the banking union, as this is key to restoring financial stability to the euro area. We must follow through on the 29 June 2012 statement by the Heads of State and Government and break the link between the banks and the sovereign. I welcome the call by the European Council for the Eurogroup to finalise guidelines for European Stability Mechanism, ESM, direct recapitalisation in order that the ESM can have the possibility to recapitalise banks directly, following the establishment of the single supervisory mechanism. Parallel to this, the work on all other building blocks of a reinforced EMU must continue.

President Draghi updated the European Council on the steps being taken by the European Central Bank to support banking union. It remains my view which I reiterated to partners that not only must we implement what we have committed to, we must also strive do so within the deadlines we have agreed. In that regard, the European Council's reiteration of the urgency and importance of completing the banking union is welcome. I welcome the regulations for the single supervisory mechanism, SSM, recently adopted. This is an important step towards banking union.

With regard to the preparations for the ECB's asset quality review which is to be followed by stress tests, the European Council agreed that member states would make all appropriate arrangements, that European instruments would be available and that the ESM would have the possibility to recapitalise banks directly. As decided in June, the European Council will return to all of these elements in December with a view to taking final decisions. The ECB's comprehensive assessment of the banks of the member states participating in the single supervisory mechanism is key to restoring confidence in the European Union's banking sector and in helping to restore normal lending conditions to firms and households. Ireland will, of course, fully co-operate with this comprehensive assessment of its banks in advance of the ECB taking over direct supervisory responsibility. We fully support the creation of the single resolution mechanism, SRM, supported by the single resolution fund as the natural complement to the SSM. With the SSM coming into full effect towards the end of 2014, it is important that the SRM follow soon after. The October European Council called for agreement on the SRM by the end of the year and this will be the subject of further discussions at our December meeting.

Strengthened economic policy co-ordination was also discussed. The Heads of State and Government acknowledged that enhanced economic policy co-ordination should be accompanied by increased national commitment and ownership and December's Council is due to return to this subject.

At the December European Council we will discuss the policy areas identified by the Commission in the 2014 annual growth survey and the macroeconomic issues highlighted by the 2014 alert mechanism report. The Commission will also provide a first overview of the implementation by member states of the country specific recommendations. Ireland, as a programme country, did not receive country specific recommendations in 2013, but we will participate fully in the 2014 semester process.

The Lithuanian Presidency also updated the European Council on the state of play of preparations for the eastern partnership summit to take place in Vilnius on 28 and 29 November. Ireland is supportive of the aims of the eastern partnership.

The European Council expressed its deep sadness at the recent deaths of hundreds of people in the Mediterranean on their way to Lampedusa. The unfortunate victims were migrants seeking to reach Europe from Africa who had lost their lives when the boats carrying them sank. To this end, a task force for the Mediterranean has been established, led by the European Commission and involving member states, relevant EU agencies and the European External Action Service, to develop a strategy to identify priority actions in the short term.

The Heads of State and Government also issued a statement in response to the further recent revelations concerning data gathering activities by US intelligence agencies which have caused considerable concern among European citizens. In the statement the leaders underlined the close relationship between Europe and the USA and the need for this valuable partnership to be

based on respect and trust, including in the activities and co-operation of secret services. They stressed that intelligence gathering was a vital element in the fight against terrorism and that a lack of trust could adversely impact on the co-operation on which such intelligence gathering depended.

Although not on the agenda and not least given the interest of other leaders in the subject, I took the opportunity, both in my letter in advance of the meeting and in contacts with colleagues around the European Council, to update them on our impending exit from the EU-IMF programme. I said we would be exiting in December. The economy is growing; employment is growing; our budget is on track, and our debt will peak next year. We also have significant cash reserves and these elements, taken together, mean that Ireland is in a strong position as we exit the programme. There was strong support among colleagues for our efforts. We have access to the ESM bailout fund of €500 billion, the same as any other eurozone country.

On the crucial issue of financing of the economy and, in particular, financing for SMEs, the European Council agreed additional measures. Banking union was recognised by the European Council which reiterated the importance of making progress by the end of the year. I look forward to returning to the House before the December meeting.

Deputy Micheál Martin: The latest meeting of the European Council was largely a formal affair. The Council had many important topics on its agenda, but it reached no decisions beyond what had already been well flagged and predictable. For all of the Taoiseach's repeated claims that job creation and growth are the absolute focus, nothing agreed at the summit will make a major contribution to dragging Europe out of the current prolonged crisis. There is no urgency or ambition, only a growing complacency. The Taoiseach has told us that he and the other members of the Council are delivering huge progress, but the evidence is very different.

In the past few days the European Central Bank has again cut growth forecasts for the euro area. Following the logic of the ECB's analysis, it is likely that it will also cut its forecast for growth in Ireland. In the middle of the Government's escalating campaign of self-praise it refuses to acknowledge that it has missed every one of its own growth forecasts. Progress on fiscal consolidation has been the result of interest rate reductions handed to Ireland as a result of negotiations in which we did not participate and the impact of measures 70% of which Fine Gael and the Labour Party voted against. The ECB is now stating much of the eurozone risks falling back into deflation. Given that the Bundesbank has started talking about the risk of rising inflation in Germany and the possible need for interest rate rises to stop this, there is a risk that the ECB will fall back into the old default policy of setting rates which damage rather than help growth. The reality of lower growth and threatened deflation is completely excluded from the picture painted by the Taoiseach.

Collectively, the leaders have provided no credible map forward for the European Union to become a driver of growth and fix the serious flaws in the design of the euro. One of the major reasons for this is that many leaders such as the Taoiseach appear more interested in managing the media than pushing for action which is ambitious enough to help.

The summit took place in the early phases of the Government's plans for a massive outbreak of self-praise next month. Starting at the Fine Gael conference and continuing through a mounting media campaign, the intention is to signal the end of the troika programme as a glorious achievement.

The Taoiseach: No.

Deputy Micheál Martin: By choosing a party event to make his only significant comment about this issue-----

Deputy Finian McGrath: Be careful.

The Taoiseach: I am not crowing over here.

Deputy Micheál Martin: -----and by mixing it with talk about what he intends to do after the next election, the Taoiseach has confirmed the nature of the campaign.

The Taoiseach: The Deputy never heard us talk about green shoots or turning corners, as we heard previously.

Deputy Micheál Martin: The campaign is proceeding with such energy that even the most gullible would be well advised to step back and see what is actually going on.

The Taoiseach: Absolutely.

Deputy Micheál Martin: Let no one be fooled: there is no negotiating of exit terms from the troika programme. The programme is coming to an end after three years and we would have to negotiate to avoid exiting it. It is cynical, even by the standards of the Government, to try to redefine the end of the programme as “negotiating an exit”, particularly as Fine Gael and the Labour Party voted against measures which delivered 70% of the savings in order to meet the programme’s targets. The issue at hand is whether Ireland will have available to it a guaranteed fund from which it can draw if market rates are too expensive. Such a back-stop would reduce the risk of holding Irish bonds and as a result, reduce the cost of borrowing for the State.

The budget announced last month involved a large amount of putting off decisions. In nearly all areas of spending no multi-annual figures were provided and the Government threw up a large cloud of smoke over what its medium-term targets were. The Minister for Finance, Deputy Michael Noonan, has commenced a round of meetings on which he provides expansive off-the-record briefings, but he has not provided a single scrap of paper stating what he hopes to achieve or the basis on which the Government will take its decisions. Reports claim that the Government’s main objective is to avoid anything that looks like a programme. This morning’s report that the it will probably not seek a formal back-stop arrangement was presented as usual in off-the-record briefings to journalists rather than in a forum in which questions could be asked. This is, of course, being claimed as a position of strength. If that is so, why did the Government not state up-front that it did not see the need for a conditional credit line? Why did it not produce a document showing that it would be of no benefit? Why did it enter into the process of stating it was exploring options?

Both the ECB and the IMF stated publicly that this credit facility would make Ireland’s medium-term funding more secure and cheaper. The Commission took a position on both sides of the fence, claiming that the facility would help but would not be essential. No doubt one of the Commission’s objectives is to limit the number of calls on the inadequate bailout funds provided by member states. Given past experience, what we are seeing is yet another example of a Government driven by putting political strategy first in everything. The single most defining characteristic of the Government’s approach to European affairs has been its refusal to ever state exactly what its policy is. Its primary objective in negotiations is always political – ma-

noeuving to hail whatever emerges as a great victory.

We are two years into a process of discussing the future structures of Economic and Monetary Union, but the Government has yet to state what it thinks is required. When negotiating the fiscal treaty, for the first time ever, the Government produced no statement of objectives and no White Paper explaining its approach. From European sources, it emerged that the only requirement of the Government was that whatever emerged should involve avoiding a referendum. There was nothing about fixing the euro or Europe developing the ability to fund real growth measures, merely a political demand which was hidden from the people. This approach has been followed in every single negotiation. The failure to produce a specific proposal before negotiations is due not to a fear of showing our hand but to the fact that this might undermine the ability to claim credit for what emerges.

We saw this with the reductions in the interest rates on Ireland's EU loans. The reductions were delivered at summits for which Ireland had not put the issue on the agenda and circulated no papers. It had been seeking reductions of only one quarter the size of what was granted to other countries and automatically extended to Ireland. Within minutes of a deal we had not sought, the Taoiseach's staff were putting out statements rewriting history and indicating that doing nothing had actually been a cunning plan.

There was the agreement to break the link between sovereign and banking debt. This also came about without a significant input from Ireland, but the Taoiseach and his Ministers were active in talking about the significant financial benefits which were about to flow to Ireland at the time. The Minister, Deputy Michael Noonan, while encouraging talk that it could be worth up to €60 billion for Ireland, stated he would not say what we were looking for in terms of bank recapitalisation because it would give away our hand and we might only receive the minimum. Over one year later we have received exactly nothing and the Minister still will not say what we are looking for. As one commentator astutely put it, look closely and what one sees is not substance but masterful misdirection. This is happening yet again at the end of the troika programme. The first phase of the campaign-----

Deputy Dara Murphy: The Deputy never mentioned the promissory note.

Deputy Micheál Martin: I did. I did so last week.

Deputy Dara Murphy: The Deputy did not.

Deputy Micheál Martin: The first phase of the campaign was to get people to believe the programme was not ending on schedule but that an exit was being negotiated. The next phase is to avoid defining specific objectives for a post-bailout back-stop and the final target is to hail whatever happens as a significant victory.

The Government has refused to level with the people on how much a back-stop might be worth to Ireland; it is refusing to give commentators and the public alike any fair basis for assessing what emerges. Until this is done, all we can be sure of is that the Government is again putting political strategy ahead of everything else.

The media-first policy of the Government was also seen in the summit's discussion of banking union. On the day the Taoiseach spoke to the Dáil, he chose to leak his letter to other leaders to journalists rather than publish it in order that we and the public could ask questions. In a session such as this that letter was not revealed. It was not circulated, which shows the primacy

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of the Government's focus. It is about media management heading into the meetings, etc., and the issue was not even dealt with here transparently by the Taoiseach.

The Taoiseach: At least there was a letter.

Deputy Micheál Martin: That sums it up: "At least there was a letter." Cover one's back, cover the tracks.

The Taoiseach: Not like when we came into the Department of the Taoiseach and there had been no trace left.

Deputy Micheál Martin: The Taoiseach can send a press release stating we sent a letter to all of the Heads of State and that the Government is great altogether. Then he leaks it, but he does not seem to think it is worthwhile that we discuss the letter here.

The Taoiseach: There had been no trace left beyond.

A Deputy: WikiLeaks.

Deputy Finian McGrath: It is worse than WikiLeaks.

Deputy Micheál Martin: Why could the Taoiseach not do this?

The Taoiseach: Cleaned out; there was no record for posterity.

Deputy Micheál Martin: I asked the Taoiseach for a record of his meeting with the President of the European Council, Mr. von Rompuy, but he would not give it to me.

The Taoiseach: The Deputy was in America when the call came in the middle of the night.

Deputy Micheál Martin: The Taoiseach opposed it. I asked him for it, but he has persistently refused to provide the documentation on another figment of his imagination.

The Taoiseach: We did not answer questions in the middle of the night.

Deputy Micheál Martin: The Taoiseach should not go on too long now-----

The Taoiseach: The Deputy did not ask questions in the middle of the night.

Deputy Micheál Martin: -----because he has been the least accountable Taoiseach to the Dáil I have ever come across in terms of what he is prepared to make available to us.

Deputy Paschal Donohoe: The Deputy worked for a few of them.

Deputy Micheál Martin: Every Cabinet committee the Taoiseach establishes is designed to avoid people getting their hands on information for months and years afterwards.

The Taoiseach: Not at all.

Deputy Finian McGrath: Another power grab.

Deputy Micheál Martin: What has been agreed to so far is not a banking union. The single supervisory mechanism, the single resolution mechanism and the deposit guarantee directive under discussion will not create a genuine banking union. Risk will not be shared across the eurozone and there will be no uniformity in regulation. The biggest problem with this is not that

it will precipitate a new financial crisis but that it will embed a level of caution and restriction in the system. This will keep undermining vital lending. A genuine banking union would rapidly restore confidence and begin to open up lending for cash-starved businesses, particularly small and medium-sized enterprises. The communiqué calling on the Eurogroup to finalise ESM recapitalisation guidelines was no more than a way of avoiding the topic. The summit's generic call on members to strengthen the co-ordination of economic policies is meaningless. The statement that there will be a "shared analysis" of economic policies would be positive if leaders were willing to speak up for a change to the damaging policy of universal austerity. In particular, the large structural surpluses being run by some economies cannot continue to be ignored. I welcome the fact that the Minister of State, Deputy Paschal Donohoe, last week decided to reverse government practice and begin at least to talk about developing specific Irish policies relating to the future of Europe. Like many others I am still not sure about his linking of a Korean pop star to the issue, but his speech was a half-step forward. I hope he will build on it by producing specific proposals.

The Taoiseach: He struck the right note there.

Deputy Micheál Martin: I would also encourage him to push the Taoiseach and the Tánaiste to address beyond empty platitudes the issue of Britain's referendum on EU membership. Ireland has a significant national interest in Britain's future in the European Union. We must make our position plain and prepare for any eventuality.

The Taoiseach: We have made it plain.

Deputy Micheál Martin: The summit's conclusions on the digital economy and innovation mark incremental rather than significant progress. Policies agreed some time ago are inching towards implementation. A genuine single market in digital services will be of significant benefit to Ireland. It is an area which has been prioritised by the enterprise agencies for a number of years and this activity has had a big impact. The strongest part of our economy throughout the crisis has been our export-oriented sector and businesses involved in advanced technologies have been particularly strong. This did not happen by chance; it was a result of choices made over the period of a decade and more sustained commitment to the required investment in people and infrastructure. The Taoiseach's always-partisan approach to policy and to politics has meant that he has opened many facilities that emerged from this process while pretending they appeared from nowhere.

Recently I have met with different people from the sector, particularly from the research teams which provide the foundation upon which everything is built. They are extremely concerned about the gap between the words on supporting genuine innovation and the reality of what is happening. The recent budget includes a major cut in funding for the sector. Important researchers are leaving our system. All of the research centres being announced by Ministers continue work that is already well under way, although it is often rebranded to allow Ministers to claim to be doing something new. Worst of all, other successful research teams are being closed to fund the Government's strategy of moving funding away from more basic research and into a narrow band of areas chosen by Ministers. At a recent event in UCD the distinguished professor of physics Brian Cox said of this approach, "It makes sense until you actually think about it."

Earlier this year Ministers announced that a new strategy for science, technology and innovation is to be prepared. Since then there has been no consultation with anyone. If the Tao-

iseach is sincere in his support for this sector he should insist that a proper consultation process be undertaken before any more changes are made, and this should include a genuine debate in the Oireachtas.

Most of the summit commentary was devoted to revelations about spying. I welcome the approach of European institutions on this matter and the direct approach to US authorities undertaken by the European Parliament. The comments of countries with large intelligence services of their own brings to mind Captain Renault walking into Rick's bar in "Casablanca" and exclaiming, "I'm shocked - shocked - to find that gambling is going on in here". If our partners in the Union want to be taken seriously on this issue they should begin by being open about their activities where these impinge on the freedoms of European citizens.

There has been much talk about extending no-spying agreements between friendly nations. If this degenerates into larger countries reaching an accommodation and ignoring their moral obligations to smaller states then it would be a disgrace. Our Government should insist that these agreements be extended to smaller countries. In particular, this matter should be formally raised with the British Government. The very least we are entitled to is an assurance that our Government has not been and will not be spied on.

Deputy Seán Crowe: We are informed by commentators and by Deputy Martin that the European Council meeting was a formal affair. It was noted by some commentators that it was supposedly tamer and less robust than normal because the make-up of the German Government had not been finalised. We know that Ms Merkel will be the head of state but negotiations on the coalition government are ongoing. Germany now has the most important say in European economic matters, and due to the actions of consecutive Irish Governments it now has control and a significant say over Irish economic and budgetary matters.

The agenda of the European Council meeting was thrown into disarray because of the recent revelations of US spying on EU member states, their diplomatic offices, and even the mobile phones of their heads of state. That was the elephant in the room during that meeting. I note a statement issued by the heads of government to underline the close relationship between Europe and the USA and the need for this valuable partnership to be based on respect and trust. The Taoiseach referred in his contribution to the digital economy and the importance of building trust and confidence. However, those revelations must have caused difficulties in the room with member states who are possibly involved in spying on other states. The Tánaiste is reported to have visited the US embassy in Dublin to discuss whether this Government is being spied on or was spied on in the past. I am sure the Tánaiste will not make public the details of that meeting. However, he informs us that he has received assurances from the US Government on the matter of military war planes in Shannon, although these are suspected to be less than factual. I am unsure how forthcoming the US authorities will be with regard to this latest matter.

The spying revelations have only come to light due to the foresight - and, many say, the bravery - of Edward Snowden. It is clear that the US never intended the details of its huge spying operations, including on so-called allies, to be made public; nor did EU countries want the details to be made public because of the difficult and awkward situation in which they find themselves. This is due in the main to the negotiations over the Transatlantic Trade and Investment Partnership or TTIP, a major free trade agreement between the US and EU that would go far beyond and behind each other's borders to systematically enforce a near-single market between the two - so much so that corporations from either the EU or US could have the power to strike down domestic laws within the EU. While the EU and US are discussing co-operation

on the digital industry and progress on new European data privacy laws, the scale and depth of spying by the US on the people with whom it is negotiating continues to be revealed.

Did the Taoiseach discuss this issue with his European counterparts at the Council meeting? Will he support the call for a suspension of the TTIP negotiations? To make matters even more interesting for the EU, the breaking news over the past two days is that the British embassy in Berlin had a spy nest installed on its roof to carry out covert electronic surveillance on Angela Merkel's Government. It is clear the Cold War seems to have broken out across Europe and we are only now heading into the winter. The opposition party Die Linke has stated that if the substance of the allegations proves to be true it will call for a special EU summit to discuss possible financial sanctions against the British. I ask the Taoiseach if the Government would support such a move.

Before this latest Council meeting my party colleague, Deputy Gerry Adams, raised with the Taoiseach the possibility of Ireland's leaving the bailout programme and the reality behind the spin. Will the Taoiseach accept that because of arrangements agreed by the Taoiseach, Ireland will be under German and EU surveillance for a long time, and that next year's budget, like this year's budget, will have to be signed off in Brussels, Frankfurt and Berlin?

Last week, a Sinn Féin delegation met the troika and was informed that the chances of Ireland being able retroactively to recapitalise its banks through the ESM fund are "very slim" - those were the words used. When the delegation members asked the reason, the European Commission representative told them there were political circumstances that would have to be taken into account and that the potential for this was low. The IMF representative said it was an issue the Government should continue to pursue with officials in Europe. With whom does the Taoiseach agree in respect of these matters? While the private banking debt remains as our sovereign debt, ending the bailout programme will not change the reality of austerity for ordinary people and it increases the risks of needing another bailout. In his contribution the Taoiseach mentioned his own views on sovereign and banking debt and what he outlined to the meeting but he did not outline exactly to the House the response of other members. It would be useful in respect of post-Council meetings if we were to get a sense of whether there was consensus on the position and what the other players in the process are saying.

Before the Council meeting the Taoiseach wrote to all 27 leaders and the Council President, Mr. Van Rompuy on this issue. What were the answers to his letters? Has anything really changed? The Irish people were told in June 2012 of a game-changer. In November 2013 are we any closer and when will we see the game-changer?

I note from the recommendations of the Council meeting that the same empty rhetoric on youth employment is being used. We are told that "the fight against youth unemployment remains a key objective of the EU strategy to foster growth, competitiveness and jobs". We know to our cost that the small amount of money that is being put aside is far too small to make a significant dent in European youth unemployment. For example, the National Youth Council of Ireland has highlighted the Swedish model as the preferred option for Ireland. This would cost an estimated €6,600 per person, or approximately €400 million, which could be provided by a combination of Exchequer funding and matched funding from the EU.

We know that to their shame the Labour Party and Fine Gael MEPs recently voted against increasing EU funding for youth employment measures. I do not know the explanation for this.

The Government also announced a cut to the jobseeker's benefit for those under 25 years of age in its 2014 budget. Young people aged between 21 to 24 will lose almost 33% of their weekly payment while 25 year olds will lose 25% of their payment. It is easy to see that the Government and its MEPs can talk the talk about a youth guarantee, but when it comes to real jobs and delivering real jobs, it cannot deliver.

Sinn Féin's pre-budget 2014 measures included a proposal to ring-fence wealth tax income for jobs for young people. We believe this would provide an additional investment to get our young people into appropriate training and back into full-time work.

The Government and its MEPs need to get serious about supporting and assisting the unemployed youth of Ireland. They need to drop the rhetoric and follow through with some practical activation measures.

We were all shocked when more than 350 people died after their boat got into difficulty near the Italian island of Lampedusa, an issue mentioned by the Taoiseach in his contribution. I think we can all agree right across the House that the EU needs to do more to assist migrants who are trying to reach the European Union in increasingly dangerous ways, due to the daily poverty they struggle against. This brutal and avoidable tragedy has caught the EU's attention and it is vitally important that steps are taken to ensure nothing like this ever happens again and that the Mediterranean Sea does not become a graveyard for poor and vulnerable migrants. It is important that the push factors that are behind these migrants risking their lives, such as poverty or their being victims of human trafficking, are addressed. Were these factors discussed at the Council meeting and, if so, what is going to be done to address them? We know that human trafficking is happening on a huge scale around the world and victims are ending up in every member state. What practical steps, if any, will the EU take in this regard? This is not an issue that can be tackled by one country alone. It needs increased co-operation and support between countries to ensure that vulnerable people do not end up being economically and sexually abused by even more sophisticated criminal gangs.

Does the Taoiseach support increased co-operation between EU states and countries in neighbouring regions to tackle this growing problem? It is obvious, even to the most naive, that strict and robust measures must be put in place to track vessels carrying these migrants, which are usually dangerously overloaded, and ensure that if they encounter a difficulty in international or national waters that everything humanly possible is done to ensure their lives are saved and that they receive humanitarian care and supports.

Due to our geographic location we have not had to face this issue as much as southern European countries, but the State's treatment of asylum seekers through the direct provision system is a scandal and a disgrace. The direct provision system, which systematically institutionalises asylum seekers, has operated for the past 13 years at a huge financial and human cost. I hope the Government will use the EU focus on migration to look at the broken system and move toward ending direct provision and replacing it with a reception system that meets the needs of all refugees.

I have posed a few questions to the Taoiseach. If we are serious about addressing these and Council issues, as part of the Taoiseach's address to House when outlining the Irish position on many of the difficulties facing this country and the European Union it would be useful if he were to include some of the responses to the Irish position.

Acting Chairman (Deputy Catherine Byrne): The next speakers are the Technical Group, Deputies Clare Daly, Thomas Pringle and Finian McGrath, each of whom has five minutes.

Deputy Clare Daly: Obviously the time is limited. I wish to refer to one issue. Clearly the issue which unsurprisingly dominated the EU summit was the revelations of the wholesale spying by the United States Government on its European counterparts, including many leaders of European Union countries. Naturally, such a scenario would provoke outrage and condemnation across the board or almost across the board - in many ways the Taoiseach stood out like a sore thumb for the wrong reasons against that backdrop by displaying himself as either unwilling or unable to understand the significance of what was going on. Obviously he was joined by David Cameron who would not be in any position to give out about any other country's surveillance regimes given the conduct of the GCHQ. To me and many Irish citizens the attitude displayed by the Taoiseach is at variance with that of most people in this country. It is important to put that on the record because many people are beginning to question whether there are any limits below which he will not sink in his slavish adherence to our masters across the water, as he appears to view them. There appears to be a belief that he is the leader of the 51st state of the union rather than an independent sovereign country. He could have played a lead role in this area but instead he chose to diminish the significance of what was taking place.

On the one hand he acknowledged what had happened to Angela Merkel's telephone as an appalling situation, if it was true, [I think he said] but then he went on to downplay the significance of that by joking that nobody would listen to his own telephone and, if so, that he would not really mind about that at all. That is not good enough. It is an absolute understatement of the potential invasion of Irish privacy which is going on here and the very serious issues at stake. Rather than deal with the issue he, again today, said intelligence gathering is very important in its role against terrorism. How could bugging Angela Merkel's telephone be dealing with the war against terrorism unless, of course, it is the economic terrorism which Mrs. Merkel and her counterparts are unleashing but I do not think he would have a problem with that considering that he agrees with it? The reality is that this has been a serious attack on the rights of all European Union citizens. It is imperative that an investigation be conducted into potential spying on the Irish public. The people have a right to know that information. It is inconceivable, given the role of Ireland as a gateway for US companies into the European market, our role in facilitating tax avoidance by many US corporations, among others, and our role in handing over Shannon Airport to the American establishment against that backdrop that mass surveillance has not been under way in this country or a trawl for information.

2 o'clock

For the Taoiseach to say there is no indication that that is the case belies the reality of the information that exists. Of course denials are made by the authorities when the information is put to them and they only really admit it when they are caught out. The Taoiseach needs to take cognisance of that because the evidence demonstrates the opposite of what he said.

I was very pleased to see Edward Snowden interviewed last week around the time of the European gathering. He acknowledged that he felt the sacrifices he had made in his young life were vindicated by the discussions and the attention being put on mass surveillance as a result of the revelations he put in the public domain at enormous personal cost. He put on the record that massive oversight of Government intelligence agencies must be stepped up. We have a role to play in that regard. He made the point that citizens have to fight against the suppression of information about affairs of essential importance to the public. He said that those who speak

the truth are not committing a crime. He went on to talk about how spy technology and surveillance is now clearly a global problem. As citizens who believe in openness and transparency, we have a moral duty to ensure that our laws and values limit surveillance programmes and protect human rights. The Taoiseach is the leader of an independent, neutral country in Europe. Many of the European authorities who were kicking and screaming about the United States engage in inappropriate surveillance themselves, although probably not to the same extent. We are in a unique position in that we could lead the way and have an open and informed debate to deal with this global problem.

Deputy Thomas Pringle: One of the main issues coming down the line is banking union, which has been mentioned in passing in the House on a few occasions. It is interesting to note that in his communiqué to the Council, the President of the European Council, Herman Van Rompuy, devoted two sentences to banking union. Banking union will be vitally important for this country in the future given the stress tests and asset quality reviews currently being undertaken by the European Central Bank. I take it that the banks in this country that are part of the review will also be covered by the single resolution mechanism, SRM, and the banking union when it comes into play next year. It is not clear what the role will be for national governments in terms of banking union in the event of capitalisation being required. The ECB has stated that member states should make all appropriate arrangements, including national backstops. Where will the national backstop be in the priority that will be applied under the banking union in terms of where the recapitalisation will come from?

I note that the Taoiseach said in his contribution that the European Council agreed that member states would make all appropriate arrangements. Who decides what are appropriate arrangements, and will depositors be brought in for recapitalisation? Is it an appropriate arrangement that the taxpayer will have to become involved in recapitalisation before the ECB steps in? These are key questions on which decisions must be made and on which we must be clear in this country before we finalise the introduction of the banking union. It goes to the heart of what the Government has said with regard to the famous statement of June last year in which we got a mention in the communiqué about the legacy recapitalisation we did in order to save the euro and whether that will be fulfilled. Personally, I do not believe it will be. The Government is dragging out the issue over the next year and eventually we will see that it will not happen. The so-called national backstops will probably come into play before we get any sign that the ESM might be used. The issue is vitally important and must be clarified in the national interest. It must be clarified in the House and we must have a full debate on the matter to ensure that we and the Irish people know exactly what is involved and what is being entered into.

I accept that the decision has been put back to December, but there was some discussion on the strengthening of economic policy co-ordination and reform contracts or competitive packs, as they were called during the election campaign in Germany. The Commission will provide a first overview of the implementation of country-specific recommendations and this will be the basis for further monitoring and implementation. Work will be carried forward to strengthen economic policy co-ordination with the objective of taking decisions in December. It appears that we will have to enter into binding contracts that have been dictated by the Commission and the ECB on our economic policy. When will we regain economic sovereignty if we exit the bailout on 15 December, if we are being forced to enter into so-called binding contracts?

Reference has been made to a solidarity mechanism. How will we contribute to it? What will it be and how will it be funded? Will it be available to us? I seek clarification on those issues. In terms of the reform contracts, competitive packs or whatever they will be called in

the future, the Commission stated that it is fair to assume that the kind of beefed-up supervision and enforcement envisaged would most likely require EU treaty change. Will the Government enter into such an arrangement for a change to EU treaties without reference to the Irish people? It is interesting to note that it has been reported that the Constitutional Affairs Committee of the European Parliament sent a confidential document to get legal advice on how the European Union could participate in national referendums. If we have a referendum on the issue in the future, will we see the European Union campaigning in this country? Under the Constitution, such decisions are supposed to be for the sovereign people to make.

Deputy Finian McGrath: I thank the Acting Chairman for the opportunity to speak on this very important debate on the European Council. Before I go into the detail of my points in the debate, first, I formally wish the Minister of State, Deputy Paschal Donohoe, all the best in the future in his new role as Minister. I did not have an opportunity to congratulate him and to say well done and good luck in the future.

Deputy Paschal Donohoe: I thank Deputy McGrath.

Deputy Finian McGrath: It is important that all Members of the Oireachtas keep a close eye on what is going on in the European Union and particularly in the European Council. It is also important for Independent Deputies to be part of the watchdog for Europe. A strong distinction should be made between a eurosceptic and someone who has a critical eye on Europe and the decisions made there. Many people, particularly from some of the establishment parties, label people regularly in this House. If we see a disconnect between the European establishment and citizens, it is important to highlight it. It is up to all of us to be vigilant in the debate. Therefore, we must watch, examine and scrutinise EU decisions. We must also keep a close eye on the Government and how it responds and works at European level. On many occasions I feel the Government took its eye off the ball.

I was not too impressed with what I heard this morning about the Government blaming the European Commission, for example, for cuts and hiding behind the European Union following decisions it made. The situation was grossly misrepresented to the citizens of this State. I am being deliberately vague as this information will be brought before the House in the near future. I await further details on the facts concerning the particular allegation. I raise it in the context of the European Council meetings, as all information from the European Union should be clear and honest. Governments must face that reality. Misleading citizens should never be an option when it comes to decisions of the European Union.

I listened to the main points made by the Taoiseach. He referred to the digital economy and developing digital skills in order to combat youth unemployment. He also urged parties to reach agreement on the final elements of the banking union. I warn the Taoiseach to be vigilant and not to get involved in a lap of honour following the exit from the bailout in December. It is important that the Taoiseach and the Government wake up to that reality. There must not be a lap of honour syndrome because there is nothing to celebrate, since we still have a major problem. I raise this genuinely because it is important to do so. According to the European Commission yesterday, Ireland's economic growth will be weaker than expected next year, in line with slower-than-expected GDP growth across the eurozone. In its closely watched autumn economic forecast, the Commission stated that it expected eurozone GDP to rise next year by 1.1% and not by 1.2% as predicted in May. Pressure mounted on the European Central Bank to cut interest rates.

External factors, such as the slowdown in emerging economies, were cited as the main reasons for the cut-in-growth outlook. The Commission has said that the “ongoing necessary adjustment process” in eurozone countries as they implement fiscal consolidation measures will “continue to weigh on growth for some time”.

It is important to face the reality. The Commission also stated unemployment would be higher than expected in 2014, at 12.2% compared with the 12.1% predicted earlier this year. Even Olli Rehn, the European Commissioner, has demanded further action, but that is not something one will hear around this House or in many quarters across the State. I raise this because we must be very cautious about the economy and what happens in regard to economic growth and job creation.

There is considerable focus on the digital economy, and I strongly support the new ideas thereon. Let us not forget, however, that there are certain young people who are not directly involved in ICT jobs. There are many people in the country who are not skilled enough to take on jobs in the ICT sector. This needs to be factored in. I urge the Minister to raise this at European level. It is important that all Members of the House keep a close eye on what is going on in the European Union.

Acting Chairman (Deputy Catherine Byrne): The Minister of State will now respond to questions.

Deputy Timmy Dooley: I welcome the opportunity to urge the Minister of State to guide us on some of the finer points. Was there any discussion last week on the ESM and the retrospective funding of our pillar banks? In June of last year, a decision was taken at Council level to break the link between sovereign debt and the banks’ debt in terms of capitalisation. We were told at the time that the Taoiseach had negotiated extensively and was successful in that regard. A formula of words was arrived at that could mean anything and which has meant very little. There is still no flesh on the bones of the notion that the ESM or ECB will provide any funding in recognition of or to compensate the Irish sovereign for the moneys put into Bank of Ireland, in particular, and AIB. At the time in question, the measure was hailed as paving the way for that to happen. Commentators from other countries and some of the soundings from other parliaments indicate that the ESM will provide facilities only in the event of a future requirement to shore up the capital reserves of financial institutions across the Union. Can the Minister of State help us in any way in clarifying the position on any effort to recompense the State for the decision that had to be taken?

Deputy Thomas Pringle: With regard to the Taoiseach’s contribution on the European Council agreeing that member states would make all appropriate arrangements after the ECB’s asset quality review, what does “all appropriate arrangements” mean?

Minister of State at the Department of Foreign Affairs and Trade (Deputy Paschal Donohoe): I thank both Deputies for their questions. The answers to many of their points lie in paragraphs 41 to 44 of the conclusions of the European Council. On Deputy Dooley’s question, the Government is very much focused on ensuring that the commitment made to breaking the link between the sovereign and banking systems will be upheld. We have been very clear that, in order to do that, a robust banking union must first be set up to provide a framework in which these issues can be dealt with. Paragraphs 41 to 44 make clear the commitment of the Union to doing this.

The last statement on the role of this system in dealing with existing difficulty came from the statements from the Eurogroup at the ECOFIN before the summer. It was made very clear there that, on a case-by-case basis, other member states would examine the application of the fund. The priority of the Government is very clear; we want to ensure that when a banking union is in place, such a mechanism will be an option for our country in dealing with the sustainability of our debts and creating a banking system that will be capable of meeting the needs of the people we all represent.

On Deputy Pringle's specific point about the interplay between European banking stops and national banking stops, which formed the thrust of his earlier contribution, the aforementioned conclusions cover the matter. Paragraph 42 states, "Member States should make all appropriate arrangements, including national backstops, applying state aid rules." It is also acknowledged in the conclusions that the ESM will play a role in dealing with that difficulty. That forms the heart of the discussion that is taking place. There is an understanding that national backstops will play a role. The documentation refers to the Deputy's point on the hierarchy of needs. Depositors with deposits above a certain threshold would be asked to make a contribution to the cost of a failing bank. One would then look at the role bondholders would play. One of the very important areas of the negotiation that is to take place over the coming months will be determining the interaction between European and national backstops. The Government is very clear that there ought to be a robust European backstop system in place. We believe this because unless there is complete clarity regarding where the money will come from in the event of a banking collapse, the kind of difficulty our country has gone through in the past could be created again. We do not believe it is in the interest of Ireland or of Europe for this to happen.

Deputy Timmy Dooley: May I contribute?

Acting Chairman (Deputy Catherine Byrne): Does the Deputy just want clarification? He may not ask another question but just seek clarification.

Deputy Timmy Dooley: It is not another question; my point is kind of linked but essentially the same question. The Minister of State says the matters associated with the mechanism used to give recognition to the investment of the State will be dealt with on a case-by-case basis. That is the kind of language that is now emerging. It is stated that other member states and the ESM will examine the matter depending on the case we put forward. We are weakening our hand in the negotiations by not taking a conditional line of credit as we exit the bailout. I am not directing my remarks at the Minister of State in saying the Government is engaged in a political posturing exercise by stating we have had a clean exit, that things are great, that there is a bit of confidence and that we are going well. I have no problem with the principle of that but, unfortunately, it is undermining the capacity of the State and its negotiators to return to the member states and contend that we have a very considerable debt burden. It is largely unsustainable and if there is a lower level of growth than projected, our staggering debt pile may become unmanageable. It is scarcely manageable at present. I am sure Deputy Mathews will agree with me when he gets an opportunity to contribute. By making a political statement at home, we are actually weakening our argument in front of those we need to convince.

Acting Chairman (Deputy Catherine Byrne): Before the Minister of State responds, I will allow Deputy Pringle back in as he is seeking clarification on an earlier question he posed.

Deputy Thomas Pringle: Can I take it from what the Minister of State said earlier that the ESM will actually be at the end of the process? Is it the case that the depositors will be burned

and the taxpayers will be burned before the ESM actually comes into the process? Is that what is emerging from the European Council?

Deputy Paschal Donohoe: In response to Deputy Pringle, I did not say that. I said that at the end of the hierarchy that is in place or that is being negotiated at the moment, there is a role for backstops within all of that. We are very clear that within those backstops there must be a significant and clear European system in place. As evidence of that I would just point to conclusion No. 43 which calls on the euro group to finalise guidelines for the ESM for direct recapitalisation so that the ESM can have the possibility to recapitalise banks directly following the establishment of the single supervisory mechanism. That is the conclusion that came out of all of this. It says that at the end of the hierarchy that we have discussed, backstops of a kind will be available. The role of the ESM is laid out in all of that.

In response to the points raised by Deputy Dooley, while I can fully appreciate that his political comments are not directed at me, I feel an obligation to respond to them. I am struck by Deputy Dooley's remarks, as well as those of his party leader, regarding this matter. I can understand the sensitivity of this issue for Fianna Fáil. After all, Fianna Fáil is the party of the promissory note and the bailout. This Government ended the existence of the promissory note and will ensure that this country can exit the bailout programme. I can completely understand the sensitivity of this for Fianna Fáil and why its members are using the language they are using in this discussion. That party put in place a bailout programme that had an unaffordable rate of interest attached, anchored by the payment of a promissory note that it said could never be changed. Both of those things have been changed by the current Government.

Deputy Dooley made reference to the issue of an application for a precautionary credit line. This Government is not going to adopt the same kind of casual attitude to these matters as that adopted by the last Government, which included Deputy Martin in its ranks. We are going to very carefully weigh up all of the options that are open to our State to ensure that we can make a sustainable exit from the bailout programme and that our country can fully fund itself in the future. It is a matter of the most immense importance. We will carefully weigh up all of the options in the coming weeks and make a decision that we believe is in the best interests of this country, economically and socially. That is another point of difference between the process that we will adopt in this regard and the one adopted by the last Government, of which Deputy Martin was a member.

Deputy Peter Mathews: I also welcome the Minister of State and wish him well in his new role. Having said that, I am hugely disappointed at the position that other Members and myself have been put into - there are too many of us now in this House - as a result of the choreography of passing legislation and voting. Here we are, making statements post the European Council meeting but the arrangements for statements prior to the Council meeting precluded me from engaging in any meaningful conversation with anybody before they went to that meeting. I think that is pathetic. The letter that was a precursor to the Council of Ministers meeting, signed by the Taoiseach, was also pathetic and an embarrassment.

I wish to raise a number of issues. First, was any amount of debt for write down, whether that was bank debt in the two remaining pillar banks or Government debt held by the Central Bank, discussed or requested at the meeting? The answer to that is either "Yes" or "No" but my guess is that the answer is "No". I ask that question because the remaining Irish banks are zombie banks. The foreign banks are getting out of this country. If they saw green shoots in the economy, they would stay. Is that not the case? They are not staying because they want to

clean up the detritus and the destruction on their balance sheets and just get out. They now want to concentrate on smaller units of banking in their own host countries.

When I hear terms like “asset quality review” across European banks, I hear nothing more than obfuscation and fog. The assets that are held in a lot of European banks are Government bonds. They are the assets and those bonds, depending on their attractiveness or doubtfulness, go up and down in value. Yields go up and down, depending on the speculative cash that follows assets, whether they are bonds, assets or equities. At the moment, hedge funds are investing in equities, which is why there has been an increase of almost 25% in equity prices on the markets. The funds got out of bonds and went into equities.

The bank capital across Europe is highly fragile but this fact is being hidden behind a fig leaf of long discussions and so on. AIG is suing the banks in the United States because of the sub-prime loans they created. The sub-prime loans were the source and core of the problem in the United States but that is not the case in Europe. The problems in Europe relate to all sorts of other assets and off-balance sheet exposures that we do not even fully understand yet.

The most important task for members of Government and the Civil Service to undertake now is to read the book by Joseph Stiglitz, *The Price of Inequality*, which is now available in paperback.

Acting Chairman (Deputy Catherine Byrne): Does the Deputy have a question?

Deputy Peter Mathews: Has the Minister of State read it?

Deputy Paschal Donohoe: No.

Deputy Peter Mathews: It is worth reading.

Why, during the budget debate, did the Minister for Finance say that Ireland’s debt to GDP ratio is expected to be at 124%? It is not. That is the Government debt to GDP ratio. The Government debt to GNP ratio is about 140%. When one adds in household debt and non-financial corporate debt or SME debt, Ireland has the highest debt ratio in the world.

It is disgraceful that Mr. Wolfgang Schäuble said that Ireland is doing “fine” on budget day. That remark was both arrogant and out of place.

Deputy Seán Crowe: I posed a number of questions during my statement earlier but one of the issues I stressed was that it is a waste of time for all of us if the Taoiseach comes into the House to outline the Irish Government’s position on various issues but does not give us any indication of the position of the other governments in Europe. Perhaps as part of the ongoing discussions about Dáil reform that issue might be given some consideration.

The Taoiseach made reference to breaking the vicious circle between banks and sovereigns but what future plans were actually agreed in that context? He did not go into that in any detail. He spoke about Sinn Féin meeting the troika and hearing its views on bank capitalisation and so forth.

In the context of the TTIP negotiations, issues of trust and confidence are paramount. Yet running parallel to those negotiations is the major crisis concerning countries being spied on. Many believe that the discussions should be suspended, at least temporarily, in order to send a strong message to the United States that the Governments and people of Europe are opposed to

such activities. Does the Irish Government have a view on that?

The Taoiseach made reference to the need to address the digital divide in order to fully realise the potential for job creation. He spoke about resourcing the education system and the fact that there is clearly far more we can do to align our education and training systems with the needs of 21st century employers. Everyone agrees with that but will more resources be provided in this area? We all know the reality in schools today and the difficulties being faced. If a computer breaks down, schools do not have access to anyone with the skills to repair it. It is great having these big views on the world and how we will fix it. However, nothing will happen if these basic problems are not addressed.

Deputy Paschal Donohoe: I thank Deputy Mathews for his kind words. On the write-down of government debt, if he can give me any example of a country that pursued-----

Deputy Peter Mathews: Greece.

Deputy Paschal Donohoe: I will come back to Greece. Can the Deputy give me an example of a country that pursued a write-down of its debt, either through a multilateral or unilateral action, that then resulted in its having a lower interest rate on its short- to medium-term borrowing? He referred to Greece. Greece has been through the largest debt write-down in the history of economics. Has he seen any reduction in the interest rates on its borrowings?

Deputy Peter Mathews: It negotiated it.

Acting Chairman (Deputy Catherine Byrne): Allow the Minister of State to finish.

Deputy Paschal Donohoe: These are just the figures. The challenge for our State is that we need to borrow to close the gap between what is taken in taxes and what is spent on public services. The Government has decided that increasing the term of the promissory notes payments, doing what we can to support our banking system and closing the gap between spending and taxation will bring us to a point at which it will be affordable for the State to borrow again. As Deputy Mathews knows, the interest rate on our borrowings at the moment is between 3% and 4%. Those who advocate unilateral action must explain how we would maintain this low interest rate.

Deputy Peter Mathews: It can be negotiated.

Deputy Paschal Donohoe: We are well aware of the need to negotiate. If Deputy Mathews is calling on the Government to negotiate, which it is doing, there is also an obligation on him to be consistent. Do those who advocate unilateral action believe we could maintain the lower rate of interest on government borrowing that we have successfully achieved?

Deputy Peter Mathews: Yes, yes, yes and yes.

Deputy Paschal Donohoe: Deputy Mathews must bear in mind that less than two years ago, as he knows, it would have cost the State 15% to borrow on the financial markets.

Deputy Peter Mathews: It was the same for Italy and Spain.

Acting Chairman (Deputy Catherine Byrne): Will Deputy Mathews allow the Minister of State to finish?

Deputy Paschal Donohoe: Our borrowing rates are now less than 4%. Deputy Mathews

knows we have secured a larger reduction in our rate of interest on the financial markets than many of the countries he has mentioned. They are just the figures.

Deputy Peter Mathews: Only temporarily.

Deputy Paschal Donohoe: It will be up to people to see if that prediction is correct. I will reiterate that we have secured a rate of interest on our borrowing over the last year. It has happened. It is objectively correct. The State has been able to borrow at a fraction of the rate that applied two years ago. What the Deputy and others who are advocating unilateral action need to answer is how that low rate of interest would be maintained.

Deputy Peter Mathews: Cash bids up the price of bonds.

Deputy Paschal Donohoe: The Deputy asked whether I had read the books of Joseph Stiglitz. I actually have read his books. I read his books on globalisation, most notably one of his more recent books, *Globalization and Its Discontents*.

Deputy Peter Mathews: Has the Minister read *The Price of Inequality*? That is the one to read.

Deputy Paschal Donohoe: I look forward to getting the opportunity to read it.

Deputy Peter Mathews: I will buy the Minister a copy.

Deputy Timmy Dooley: Will he get him a signed copy of the book?

Acting Chairman (Deputy Catherine Byrne): Will Members please allow the Minister to respond?

Deputy Timmy Dooley: I apologise for introducing a bit of frivolity into the proceedings.

Deputy Paschal Donohoe: Deputy Mathews is correct that the debt to national income ratio measurement was used by the Minister for Finance in the budget. However, he should acknowledge the predictions we have in place to see that debt to national income ratio fall. That is why the Government has a target next year for a primary budget surplus - so we can decrease the debt to national income ratio. This will allow us to prioritise tax revenues for the things on which we want to spend our money - that is, our schools and hospitals.

Deputy Peter Mathews: That is a negotiating position.

Deputy Paschal Donohoe: Deputy Crowe asked me about the attitudes of other countries. I am happy to outline the views of other countries with regard to the priorities we are talking about. Unfortunately, time will not allow me to do it today, but certainly in my appearances at the Oireachtas committees I am happy to outline as far as I can the areas of disagreement that other countries might have with us and what we are doing to further our own interests.

Deputy Seán Crowe: The Taoiseach is supposed to be telling us what happened at a European Council meeting, but one does not get a sense of what actually happened at it. He tells us the Irish position but we do not have a clue what was agreed on it.

Deputy Paschal Donohoe: What strikes me is Deputy Martin's claim that we do not outline what the Irish interest is, while the Deputy says we do. In the pre-Council discussions that we have here we say what we want to achieve, and in Dáil debates such as this we then say where

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we stand on it. If there is an opportunity to go into that in more detail at a committee meeting, I would be more than happy to.

We believe it is still very much in the interests of the Irish and European economies that the TTIP negotiations be progressed. There will be a significant gain for our economy and the European economy more broadly if those discussions yield an agreement in a few years' time. The last set of negotiations was due to take place in October, as Deputies may be aware, but they had to be deferred due to the difficulties in America. We believe the potential dividend of that agreement is of such importance to our country and other countries that it should be advanced, and I look forward to seeing that happen.

Will there be new funding to deal with the digital divide? One agreement made at the Council was that the European Structural Investment Funds, which will be in place between 2014 and 2020 and is one part of the overall package of the multi-annual financial framework - which, as Deputies know, is the multi-year budget for the European Union - will be used for ICT education and developing digital skills.

Regarding the banking union, I refer to conclusions Nos. 41 and 44 of the meeting, which I mentioned to Deputy Dooley earlier. These lay out where the process stands. There will be another set of negotiations between finance Ministers in the second half of November and early December, and the issue will then go back to the European Council. It is clear that a robust and well-functioning banking union is in our own interests and also in the broader interests of Europe.

Time does not allow me to go into any great detail in building on what the Taoiseach has said, but I will make three brief comments. I believe the conclusions will make a material difference to our ability to develop the digital economy. This is a sector that is growing at six to seven times the speed of other parts of our economy. The conclusions on banking union show the continued commitment of the Government to ensuring that commitments already made will be upheld and delivered. What I am certain about, having attended the meeting, is that there is a continued sense of urgency in dealing with the difficulties Europe has, particularly with regard to unemployment. It is fair to say that the feeling of acute panic and crisis that characterised previous Council meetings has passed, but the commitment to dealing with the difficulties we have discussed here is not diluted in any way. I look forward to giving an update to the House and to the Joint Committee on European Union Affairs on the next Council meeting in December.

Message from Select Committee

Acting Chairman (Deputy Catherine Byrne): The Select Committee on Jobs, Enterprise and Innovation has completed its consideration of the Companies Bill 2012 and has made amendments thereto.

Sitting suspended at 2.40 p.m. and resumed at 3.10 p.m.

Dáil Éireann
Topical Issue Debate

Regional Development

Deputy Seán Kyne: I welcome the Minister of State, Deputy Cannon. He would agree that if there is one trend to be observed in our country's economic recovery it is how Dublin-centric it is. The lion's share of new jobs are in the greater Dublin region and the property market over the last period of time is performing in the same way, which leading to talk of a two-speed market. With this topical issue, focusing on what is termed the western arc, it is not my intention to follow in the footsteps of others and be overtly critical or to take a swipe at Dublin because it would be advantageous to do so. However, to any observer it is clear that economic recovery is stronger in the capital.

We cannot - nor should citizens be expected to - cram into Dublin and the surrounding counties. According to the latest CSO figures, 50% of the population live in the Leinster area. There is an ignorance, sometimes completely genuine, among residents of the capital of the additional challenges faced by people in rural or semi-rural areas. Limited public transport options, less developed transport infrastructure, additional costs for energy supply and communications and a lack of high-quality broadband Internet services, let alone a choice of service providers, are all additional challenges faced by people outside Dublin and the other urban areas. I regularly meet with businesses in the west and with constituents who outline such problems, which are holding them back.

A web presence is integral to the success of a business, with an increasing amount of business being conducted online. Furthermore, the transition to e-commerce and e-business is lessening the significance of location, meaning a business on the western coast with a high-quality broadband connection can compete successfully with a business in central Dublin. Broadband Internet access is also vital for flexible working options. Recently, a constituent who works from home for part of the week told me he has to drive to the car park of his local GAA club to be able to download some of the documents he requires.

The Government obviously cannot dictate to businesses where they should locate or establish themselves. However, Government can and should take steps to promote a regionally balanced economic recovery. The western arc is a counterbalance to the east and Dublin regions and involves connectivity between five of the six largest cities, Belfast, Derry, Sligo, Galway, Limerick and Cork. It is essential for maximising the total gain from road, rail, air, sea, energy and broadband telecommunications to release the full economic potential of the region.

There must be a realisation that a meaningful economic recovery will not take place until we address regional imbalances in a co-ordinated and strategic way. The lack of co-ordination and strategy is exemplified by the fact that this topical issue falls between the two Departments - those responsible for communications and transport - with each saying the other is responsible. The western arc initiative involves the Department of Transport, Tourism and Sport and the Department of Communications, Energy and Natural Resources as well as other Government Departments and State organisations such as the Western Development Commission and the Border, Midlands and Western Regional Assembly. They have done much work to promote the region and, rightly, to point out the positives in the region. I ask the Minister to look positively on the western arc proposal as has been outlined. I am sure he is aware of it. He might give us

his comments.

Minister of State at the Department of Education and Skills(Deputy Ciarán Cannon): The Minister for Communications, Energy and Natural Resources, Deputy Rabbitte, is unable to attend today due to a prior commitment. As Deputy Kyne pointed out, the question he has posed is shared between the Minister for Communications, Energy and Natural Resources and the Minister for Transport, Tourism and Sport. I will try as best I can to respond to the issues he raised.

The Minister for Transport, Tourism and Sport has indicated to the House previously that there is no policy or plan to develop the concept of a so-called western arc or indeed a so-called eastern arc. The Government's policy on the funding of capital projects to 2016, including rail and road links, is set out in the document Infrastructure and Capital Investment 2012-16: Medium Term Exchequer Framework. Due to the overall reduction in funding for transport infrastructure, the priority to 2016 is to protect the investment made to date and maintain safety standards. The limited funding available over and above this priority will be provided only for projects which are affordable, meet overall transport objectives and deliver the best return in terms of economic recovery and job creation.

In the energy area, the Government Policy Statement on the Strategic Importance of Transmission and Other Energy Infrastructure underlines the importance of investment in energy infrastructure. The statement notes that our ability to rebuild the economy, deliver the regional development Deputy Kyne mentioned, create jobs and growth, ensure general well-being and realise the economic potential of our renewable energy resources requires such investment.

EirGrid has a major commitment to upgrading and putting in place new infrastructure all over the west of Ireland, which supports economic growth. The €240 million Grid West project consists of a new high-capacity power line linking the Bellacorick area in County Mayo to Flagford in County Roscommon and Cashla in County Galway. This project is part of EirGrid's GRID25 plan to upgrade the national transmission system between now and 2025. The Grid West project will connect the electricity generated by the region's major renewable energy resources and will facilitate significant job creation and investment as well as contributing to national recovery and growth.

Considerable public and private sector investment in telecommunications has already been made in the western arc region. Bord Gáis has installed fibre-optic cabling along the route of its gas pipeline from Cork to Galway via Ennis, Shannon and Limerick. ESB and Iarnród Éireann also provide backhaul services in the region. Project Kelvin provides direct international telecommunications connectivity to North America and Europe and links Letterkenny to Derry and Belfast. The national broadband scheme provides basic broadband services. I am delighted that all post primary schools in the region and in all of Ireland will be connected with 100 Mbps broadband by September 2014.

Metropolitan area fibre networks have been built in 47 towns in the western region, providing high-capacity services to telecommunications operators in these locations. Telecommunications operators are also investing in advanced broadband services. Deputy Kyne rightly pointed out the significant challenge we face in delivering a high-quality broadband service to the whole of Ireland, including the western seaboard. The Government's national broadband plan aims to radically change the broadband landscape in Ireland by ensuring high-speed broadband is available to all citizens and businesses through a combination of commercial invest-

ment and State intervention.

It is clear that despite the economic downturn, the Government and industry remain committed to investing in the western region. We are committed to building on the region's considerable potential for growth, particularly in the energy area, and by facilitating greater connectivity, the Government is focused on maximising the opportunities for development in the western arc region.

Deputy Seán Kyne: I thank the Minister of State for providing a response on behalf of the Minister for Transport, Tourism and Sport, Deputy Leo Varadkar. It is clear that there is significant activity and I am familiar with much of it. We are in a situation where over 50% of the population are in the Leinster region and to prevent further decline in the population outside that region, we need to ensure the western region will continue to receive investment. The investment outlined will provide for the provision of sustainable jobs in the region.

I am disappointed to hear that the petitions committee of the European Parliament wrote to the Government - the Minister for Transport, Tourism and Sport in particular - asking why available EU funding for projects such as those comprising the western arc was not being drawn down. Everyone knows and appreciates the constraints on State expenditure and we remain in a vulnerable position in that regard. However, we must appreciate that investment of the type sought will produce multiple times the dividend produced by the initial State contribution. The letter from the petitions committee states that it regrets that the west and north-west region appear not to have benefited from ERDF funding and that no *ex-ante* public consultation was carried out.

This relates to funding as far back as 2007; therefore, the lack of investment does not just cover the period of office of the current Government. The petitions committee was referring to a lack of investment over a long period, particularly in transport. As the Minister of State is aware, the European Union has a transport infrastructural programme, the TEN-T programme, from which €26 billion is available from now for the next few years across Europe for regional infrastructural projects. I seek a response from the Government as to why the western region has not been included in a TEN-T programme funding proposal. I ask the Minister of State to liaise with the Minister on this issue so as to advance the concept and procure infrastructure under the TEN-T programme.

Deputy Ciarán Cannon: As I indicated, the Minister for Transport, Tourism and Sport has already informed the House that there is no policy or plan to develop the specific concept referred to by the Deputy, the so-called western arc. There is no plan to develop an eastern arc either. Following discussion of this issue in the public domain, I understand the Minister of State, Deputy Michael Ring, organised for a deputation from the west to meet officials in the Department and there was a significant discussion of the concept. The investment suggested by the Deputy involves quite a complex process and is primarily designed to create inter-country rather than internal linkages. However, I will undertake to discuss the issue further with the Minister.

The Deputy is aware that we are on the cusp of developing the final section of the M17-M18 motorway. I am hopeful the project will proceed to construction next year. This will provide a significant arterial transport corridor, stretching from Limerick to Sligo and linking some of the significant towns and cities mentioned. There is major and ongoing investment in the west. The Government is committed to achieving balanced regional development and the investment

we are making reflects this. We want to leverage private sector investment, particularly in the roll-out of broadband, and are confident we can do this. We already see the tangible results of that policy on investment in the west and I hope we will see further results in the future.

School Inspection Reports

Deputy Charlie McConalogue: Last Monday the chief inspector's report for the period 2010 to 2012 was published. As Fianna Fáil's spokesperson on education, I was happy to see that the report was predominantly positive. I compliment the chief inspector, Mr. Harold Hislop, on the report which contains significant detail and is based on the findings of announced and unannounced inspections. I also compliment the inspectorate on increasing the frequency of inspections in recent years.

The report includes assessments after announced and unannounced inspections by staff from the Department of Education and Skills. It found that standards of teaching and learning were satisfactory or better in the majority of lessons; parental surveys showed high levels of satisfaction - 97% - with primary schools; and standards of teaching and learning were satisfactory or better in the majority of lessons inspected. Some 86% of lessons inspected in unannounced inspections were satisfactory or better in primary schools.

In complimenting the inspectorate on this report it is clear the findings mean that we must also compliment those who work at the coalface in schools and teaching staff and I am happy to do so. However - I suppose there is always a "however" - the report points to unsatisfactory quality standards in the teaching of Irish and maths in schools. In regard to the teaching of Irish in primary schools, the findings are significantly less positive than those for the teaching of English or mathematics. During the years 2010 to 2012 inspectors reported that the quality of Irish teaching was problematic in one fifth of the lessons inspected during incidental inspections and that the quality of pupils' learning of the language was problematic in approximately one quarter of lessons.

While many inspectors involved in whole-school evaluations commended the commitment and efforts of teachers to teach Irish, they also found that learning outcomes were disappointing. Inspectors judged that the teaching of Irish was satisfactory or better in 80% of lessons observed during incidental inspections. They also reported that the quality of pupils' learning outcomes was satisfactory in 76% of the lessons evaluated. Inspectors noted that assessment practices were not satisfactory in more than one third of Irish lessons evaluated between 2010 and 2012. These findings point to the need for critical numbers of primary schools to make planned, systematic provision for assessing pupils' learning of the main Irish language skills. At post-primary level, things were less satisfactory, with approximately one third of Irish lessons ranked as unsatisfactory.

With regard to the teaching of maths, findings from 124 subject inspection reports in secondary schools between 2010 and 2012 indicated that while schools generally strove to engender a positive attitude towards mathematics among their students, in a considerable number of schools there were problems with the teaching, learning, assessment of and planning for maths classes. In a significant minority of schools, 20%, deficiencies in planning and preparation in the teaching of mathematics were evident, particularly with regard to planning for the use of resources in lessons and planning for the assessment of students' learning. Inspectors found that student learning was inadequate in more than one quarter of the lessons they had observed

during subject inspections.

While there is much that is positive in the inspector's report and much to be commended, weaknesses were highlighted in these two specific areas, Irish at primary and post-primary level and mathematics at post-primary level. What actions does the Minister intend to take to deal with the shortcomings identified in the report?

Deputy Ciarán Cannon: I too welcome the publication of the chief inspector's report for the years 2010 to 2012 and thank the Deputy for giving me the opportunity to discuss its publication. The report gives an objective, honest account of the quality of education in primary schools, second-level schools and centres for education. It found that the standards of teaching and learning were satisfactory or better in the majority of lessons inspected. The chief inspector noted there was room for improvement in a significant minority of lessons.

For the first time, the report includes surveys from parents and students which show high levels of satisfaction with primary and post-primary schools. Some 97% of primary parents were very satisfied with schools, while 87% of post-primary parents expressed the same view. The report acknowledges all the good practice that takes place on a daily basis in schools in terms of quality leadership, management, teaching and learning. It also reveals some weaknesses and points schools firmly in the direction of improvement.

The Minister for Education and Skills has made it a priority to strive for a top-class education system. The Deputy is fully aware of the many reforms introduced since the Minister took office, including his support for the reform of school inspections, follow-up inspections and a remodelling of whole-school evaluation. All of these changes have a common purpose, to improve the life chances of all young people through improving fundamentally the education we provide for them. In these challenging times no country can afford to rest on its laurels or bask in past glories. For years we heard that we had one of the best education systems in the world and tended to accept that accolade uncritically. We are now developing a more nuanced and realistic picture of the education system, which is welcome. This is not to say that we have a bad system. It has many strengths, thanks in large measure to the efforts of so many dedicated teachers and school leaders, but there has been a marked reluctance to acknowledge its failings and tackle its shortcomings. Quality assurance is a core element in guaranteeing the sort of educational experience we want. It is only through reflection on the strengths and weaknesses in our system and in our individual schools and centres for education that we can truly improve.

This quality assurance has to have both internal and external elements. For this reason, the Minister has introduced school self-evaluation into our system. The inspectorate has led this development and continues to support schools in their engagement with this important process of self-improvement. The chief inspector's report documents the ambitious programme of reform of the inspection of schools that has taken place in the past three to four years. These changes have been informed by best national and international practice. We now have a range of new models of inspection at primary and post-primary level, including incidental inspections, follow-through inspections and a remodelling of whole-school evaluation. The inspectorate has also developed systems to gather the voices and opinions of parents and learners and these very important voices are reflected in the chief inspector's report. The report gives us the information we need to allow us to see the strengths and weaknesses in teaching and learning, educational provision and the management and leadership in our schools. However, it does not do this in a vacuum. It describes the complex demographic, financial and organisational challenges that all of us in the political and educational system have faced in the past three years.

This is the context in which schools, inspectors and the Department of Education and Skills had to work in the 2010 to 2012 period.

The Deputy raised two issues in particular, one with regard to the teaching of Irish. As he pointed out, the inspectors found there were some concerns with Irish at primary and post-primary level. We are tackling the issues highlighted in the report. The Minister has asked the Teaching Council to work with teacher education institutions to raise standards generally among Irish teachers which will certainly help in this regard. He has also asked the NCCA to revise the Irish curriculum at primary and post-primary level and he has located COGG and the NCCA together so the development of materials to support the curriculum will take place at the same time as the development of the curriculum itself.

The Deputy also raised the weaknesses in maths, which confirm the real need for fundamental change in the curriculum and in the teaching of the subject. These changes are under way in project maths, as the Deputy is aware. The Minister has also made available postgraduate courses for teachers to enable them to upskill in their understanding of maths and its teaching in the future.

Deputy Charlie McConalogue: I thank the Minister of State for his reply. The good points and the many positive aspects of the chief inspector's report must be welcome, particularly in light of the fact it has become more difficult for teachers in recent times. In smaller schools at primary level it has become more difficult with the Government's increase in the pupil-teacher ratio. At second level we have seen the withdrawal of career guidance posts, which have led to larger class sizes, a squeeze on subject choice and more pressure on teachers as a result.

Will the Minister of State comment on whether, following the findings of the chief inspector's report, he and the Minister for Education and Skills intend to increase the number of inspections and appraisals and widen their scope? Earlier this year the chief schools inspector raised the prospect of annual reviews of the performance of teachers and principals. Harold Hislop pointed out that, unlike some countries, Ireland has no system of regular evaluation of school staff. He also pointed out the purpose of regular performance reviews is not for hard accountability but to foster genuine improvement for the individual and the school. Mr. Hislop stated in Ireland, teachers on probation are subject to assessment and there is also a formal process for dealing with under-performing teachers, but otherwise there is no procedure under which the competence or standards of an individual teacher's work are regularly and systematically evaluated within the school. I ask the Minister of State to comment on whether the Government has any plans in this regard.

Deputy Ciarán Cannon: In the context of the significant financial pressures in which we have found ourselves over the lifetime of the Government, it is important to point out current expenditure on education has increased from €3.218 billion to €3.263 billion at primary level and from €3.07 billion to €3.147 billion at post-primary level. This means annual public expenditure per student in Ireland on early childhood, primary and post-primary education is above the average for OECD countries.

Teacher evaluation and inspection is a very complex and sometimes challenging subject and we need to be very careful in this regard. Recently I attended a conference which had a two day discussion on the subject. We must trust our teachers. They are highly trained professionals and in the vast majority of cases they are highly motivated individuals. Deputy McConalogue is correct to point out the model of inspection proposed by Harold Hislop would be very sup-

portive and would identify weaknesses in teaching practices and assist individuals and whole schools to work to increase the quality of teaching.

The report Mr. Hislop has just published provides us with a very balanced and factual description of the challenging times we all face because of the current economic situation. It also provides us with an honest objective analysis of our education system. As the Deputy mentioned, it shows a well and properly functioning inspectorate is a key driver of educational change and school improvement and it highlights where there is good practice and where there is a need for improvement. It also indicates the very strong evidence the DEIS programme is tackling educational disadvantage very effectively. We have also seen evidence the literacy and numeracy strategy is working. There is also evidence in the report that the junior cycle reform recently introduced by the Minister, Deputy Quinn, is needed, and evidence of the need for a stronger voice for parents and students in school matters. This was determined by interacting with parents and students during the compiling of the report.

The report also provides us with data to show in the main parents and students are happy with their chosen school and the quality of teaching, learning and management within the schools. It also highlights, as I mentioned earlier, that we cannot be complacent. There is a need for continued reform in the education system, and the improvement of students' educational experiences in schools will be among the Minister's priorities in the coming years.

Job Losses

Deputy John O'Mahony: I thank the Ceann Comhairle for selecting this issue which follows the announcement on Monday of 80 job losses at Homecare Medical Supplies in County Mayo. This results from the ending, on 31 January, of a contract it has had with the HSE for recycling aids and appliances. The first thoughts of all of us in a situation like this are with the workers themselves and their families coming up to Christmas. Of the 80 jobs lost, 50 are in Kiltimagh and 15 are in Ballyhaunis, which is a huge number in an area which has suffered difficult times and unemployment over the years. It would be similar to the loss of 500 jobs in a large urban area. This part of County Mayo has a number of small towns which have suffered the closing of banks and district courts, such as Swinford and Charlestown.

I welcome the fact Homecare Medical Supplies has stated the 70 remaining jobs are safe. The company operates to the highest standards and these jobs will be unaffected. With regard to the contract which has been lost, has a new contract been put in place or is there a new tendering process? Is it possible that Homecare Medical Supplies could win a new tender and that these jobs could be saved? Will the Minister ensure every support possible is put in place for the workers and their families so they can access their entitlements immediately? Will opportunities be put in place, such as training and upskilling, for these workers? This is a huge issue in the area.

Deputy Dara Calleary: I thank the Ceann Comhairle for allowing us raise this issue. As Deputy O'Mahony stated, Homecare Medical Supplies has, since 1988, been an excellent home-grown company, very well run by the McGuinness family. It will maintain 70 positions, but 50 will be lost in Kiltimagh and 15 will be lost in Ballyhaunis. It is a massive blow to those areas. This is a company with a very proud and rooted tradition in east Mayo and one that has really grown with the community there.

For some time I have been raising my concern that companies such as this, whose interests are purely domestic and which may not be in the export market, are getting lost in the infrastructure of job support. I believe more support needs to be given to such companies. This relates specifically to a contract it has lost, and Deputy O'Mahony has also raised queries in this regard. We have to look at the way in which we do contracts in this country. While I know this is not an issue that comes under the Minister's specific remit, the Government is spending billions of euro and we have to look at how we are spending that money, if we are parcelling those contracts, in order that small Irish companies such as Homecare Medical can have the opportunity to create employment.

We need a very focused training initiative to move into east Mayo to assist the workers. While there are employment opportunities, workers may not have the skills to match those opportunities. If we move very quickly with the various new operations that are there, we can match up those people who have been made redundant. There are just over 12,000 people on the live register in County Mayo and we need to offer those people who want to work the chance to do so within the opportunities that exist.

I have spoken before about the work Mayo County Council is doing through the economic investment unit that has been established by the county manager within the county council. This has the potential to be the blueprint for local authority involvement nationwide. This is its first big challenge. I hope the Minister will give that unit the support that is necessary in order to support the communities of Kiltimagh, in particular, and Ballyhaunis, which have taken more than their fair share of the impact of the downturn in recent years.

Minister for Jobs, Enterprise and Innovation (Deputy Richard Bruton): I thank the Deputies for raising this issue. I absolutely agree that at this point our sympathy is clearly with the workers who have received this very unwelcome announcement. I understand 80 people were advised on 1 November that they would lose their jobs at the company by 31 January 2014. As Deputies have acknowledged, the company is retaining 70 jobs. This is a rationalisation plan, which is obviously a commercial matter for the company itself.

As the Deputies have said, Homecare Medical Supplies is run by the McGuinness family. The company supplies health care equipment, disposables and daily living and mobile aids to the HSE, hospitals, nursing homes and the community care, pharmacy and retail sectors, so it has contracts other than with the HSE. Its head office is in Ballyhaunis, with a service centre in Kiltimagh and retail stores in a number of towns, including Ballyhaunis, Castlebar, Cavan, Cork, Galway and Dundalk. The company confirmed that 50 jobs will go in Kiltimagh service centre, 15 in Ballyhaunis and a further 15 in Clonee, County Meath. The company stressed that this is only part of its business and the remaining 70 jobs will be unaffected.

The company is a client of Enterprise Ireland, so it is not a company that is falling through the crevices, as Deputy Calleary fears. Enterprise Ireland stands ready to support the company through its full range of services. To take up Deputy O'Mahony's point, the HSE has a new tendering process and the date for the closure of tender applications is in about a week's time. As I understand it, the decision has been made by the company that it will not be entering a tender into that process. Clearly, if Enterprise Ireland can assist the company in any way it will stand ready to do so, but the company appears to have made a decision in this matter on commercial grounds.

I assure the House there will be every support for workers through both the Department of

Social Protection and the other services, whether it be our own employment rights support services or the various services of the training and support agencies, which will be available to the workers. On the wider question of procurement which was raised by the Deputy, this remains an important issue. We need to have good protocols in regard to public procurement, which, while achieving value for money, must also allow innovative SMEs to have an opportunity to tender. Enterprise Ireland is seeking to develop expertise in that field, and it has worked with many companies and facilitated joint tendering and other approaches. I am heartened by the fact that the new procurement officer, Mr. Paul Quinn, has become involved explicitly with SME access to the procurement structure. That is a good omen for the future, although it continues to be a concern of businesses as they tender for projects. Clearly, I cannot comment on the individual case that is involved here as I am not privy to the details of it. However, I assure the Deputies that all of our agencies will work with both the workers and the broader community to find alternatives and a way out for people.

On the wider issue, it is encouraging to see that employment in the west, as recently published by the CSO, is up by 4,200 in the last 12 months, so there are clearly signs of some positive job movement within the region, on which we can hope to build.

Deputy John O'Mahony: I thank the Minister for his extensive reply, which dealt with some of the specific questions we put. On the wider issue, I understand that certain commercial issues cannot be discussed here. However, the kernel of the matter seems to be procurement. If, as the Minister said, the company has made a commercial decision not to tender, there is an issue in that regard.

I welcome many of the pro-business and pro-jobs provisions of the recent budget but I believe there is a case, as mentioned by Deputy Calleary, for positive discrimination to benefit smaller towns and rural areas within whatever policies can be formulated to allow them to compete on a level playing field. That will be important for the future.

Deputy Dara Calleary: Homecare Medical is an example of an innovative SME. If it is having a problem with this process, my suggestion is genuinely that the problem is with the process. This company is not afraid of business or of hard work. If it could have met the demands of that process, it would have. We have to examine this.

I am encouraged to hear that Enterprise Ireland is working with the company. I ask the Minister to ensure that Enterprise Ireland works at the highest level with the company to try to identify other opportunities because, unfortunately, there are no other employment alternatives in Ballyhaunis or Kiltimagh. Employment in that part of the country is not growing and the only option for many is emigration. We have to try to keep as many people as possible in our small towns despite the fact that they are feeling utterly frustrated at the moment. There is a recovery taking place in some parts of the country but there are many others who are not seeing it, and they are feeling this frustration. This is one part of the country that is not seeing it. To lose 50 jobs and 15 jobs in areas that already have high rates of unemployment means that frustration is going to grow.

I ask that, first, Enterprise Ireland work at the very highest level with the national procurement service and with Homecare Medical to try to resolve whatever issues exist ahead of next week's deadline. Second, we need an all-of-government approach to assist smaller towns and more dispersed communities to be ready to gain from the upturn that may come next year.

Deputy Richard Bruton: I am conscious that a tender is out and that it will have to be conducted in a way that is fair to everyone who submits a tender. I recognise that this is a very innovative company which has developed software packages that allow the management of a process in a way that was not possible heretofore. Clearly, I will seek to learn from what has happened here, see what lessons can be drawn from it and see whether there is action that could be considered. As I understand it, this is a decision the company has made and it has gone through a process in reaching this decision. As I said, Enterprise Ireland stands ready to support the company. We will seek ways in which an innovative company such as this can be assisted in developing new markets, which we are clearly anxious to do.

Tourism Promotion

Deputy Peadar Tóibín: We in the mid north-east region are blessed with one of the most significant and internationally recognised tourism resources in the country. Along its 110 km length, the Boyne Valley is littered with internationally recognised historic heritage sites. I refer to Drogheda, the high crosses of Monasterboice, the world heritage site at Brú na Bóinne, which comprises Newgrange, Knowth and Dowth, the Battle of the Boyne site at Oldbridge, Slane Hill, Slane Castle, Navan, Ardmulchan, Ardbraccan House, Dunmoe Castle, the Hill of Tara, which has currency internationally, the monastery at Bective, the 12th century cathedral at Newtown Trim, and the largest Norman castle in the country, which is located in Trim. The Boyne Valley also contains the River Blackwater, on which the monastery of Kells is located. In future I would like a volume of the Book of Kells to be located in the town. There is also Loughcrew in the northwest of the county, which is the location of a 5,000 year old grave. Hundreds of other bridges, raths, wells, castles etc. are scattered throughout this scenic valley.

The value potential of this tourism product is recognised by Fáilte Ireland and is part of that organisation's strategic plan. Unfortunately, however, the Boyne Valley has not been properly exploited. In fact, it is completely under-exploited as a resource. Most of the tourism relating to the valley involves people staying in Dublin hotels taking day trips by bus to Trim or Newgrange and then travelling back to the capital in time for dinner. We are not utilising the resource in any meaningful way. A complete Boyne Valley greenway would radically alter the nature of tourism in the region. Such an amenity would bring tens of thousands of people into the area. Such individuals would stay for five or ten days and either walk or cycle along the route. A Boyne Valley greenway would provide a boost to hotels, restaurants, bed and breakfast establishments, bars, shops and activity centres. It would also give rise to job creation, increase the amount of money in circulation and improve people's living standards.

A great deal of good work has already been done and much of the route has already been paved. For example, some four miles north of Navan, three miles adjacent to Trim and a further section at Slane have already been paved. It is just a matter of filling the gaps at this stage. Great work, funded by the Minister of State's Department, has also been done between Mornington and Oldbridge. I welcome that investment and I believe it is a sign that the Department is taking the product seriously. Much feasibility and scoping work has been carried out. All of the stakeholders I have spoken to, namely, Meath Partnership, Meath County Council, Meath Tourism, Fáilte Ireland, the National Transport Authority, NTA, the National Roads Authority, NRA, and the Department, are in favour of the development.

My only concern is that the rate of progress is far too slow. The work currently being done

to link Drogheda and the Oldbridge section of the route only involves the development of 1.8 km. A further section measuring 2 km or 3 km is due to be submitted for planning permission shortly. At this rate of development, the Boyne Valley project would take over 20 years to complete. I honestly believe that what is required is for ministerial priority to be afforded to this issue. We must ensure that the project will be completed in a much shorter period and that it will bring value to the region and give rise to employment opportunities to the people who live there.

Minister of State at the Department of Transport, Tourism and Sport (Deputy Michael Ring): I thank Deputy Tóibín for raising this issue and I can inform him that he is speaking to the converted. I will read the official reply in a moment.

I come from a county in which the Great Western Greenway was established. The latter led to the creation of badly needed jobs in a region which does not attract major infrastructure projects. In light of the small amount of money invested, it is amazing what the greenway has done in the context of promoting tourism and revitalising the towns of Newport, Mulranny, Achill and Westport. Perhaps Deputy Tóibín could bring some interested individuals from his area down to visit the Great Western Greenway. Those on the local town councils and the county council and everyone involved with the greenway would be delighted to assist them in any way. People from throughout the country and across the globe now visit the area to see what has been done. At this point, I will revert to the official reply.

I am delighted to have the opportunity to discuss the development of cycle greenways in the House, particularly as these represent a really new and exciting aspect of tourism and recreational development in Ireland. There is huge interest across the country in this area. Cycle projects are well received because that they can deliver great benefits to local communities from the perspective of recreation, health, transport and tourism. For these reasons, the Minister, Deputy Varadkar, the other Minister of State at the Department, Deputy Kelly, and I actively support such developments. The programme for Government gave a commitment to the effect that this Administration would continue to invest in Ireland's national cycle policy. This commitment is being realised, for the most part, through funding programmes administered by my Department and the NTA. In 2011 over €10 million was allocated by the Department to local authorities for cycling infrastructure, such as cycle lanes, bike parking and cycle greenways. Flagship projects completed by local authorities to date include schemes for commuter cyclists, such as the Grand Canal cycle way in Dublin, cycle ways for leisure cyclists and the Great Western Greenway which links Westport to Achill.

In February 2012 the Department of Transport, Tourism and Sport announced a five-year budget of €65 million for sustainable travel. Cycling is a key component of the sustainable travel agenda and infrastructure is being delivered under various programmes, most notably the national cycle network, NCN, programme. Under this programme, approximately €13.5 million will be allocated during the period 2012 to 2016 in order to advance routes that will provide valuable transport and recreational infrastructure, with the added potential to enhance tourism activity for the areas concerned. As part of this programme, my Department recently announced the provision of €6.5 million under a second round of funding for the years to 2014 to 2016. It is hoped that during this period two to three projects or phases of projects can be funded from the allocation. This funding will be allocated to local authorities through a competitive process and, as I explained already, interest in this area is intense and the standard of application is expected to be very high. Nonetheless, this is an ideal opportunity for a project such as the Boyne greenway and it will be a matter for Meath County Council to advance any

proposals it has and if funding is required, to submit an application to the Department by 15 November next. It is hoped that the successful projects will be announced by end of this year or early next year.

I wish to advise the House that my Department's role in respect of tourism relates primarily to the area of national policy. I do not have responsibility for the provision of funding to individual tourism investment projects. Responsibility for such matters is devolved to Fáilte Ireland under section 8(1) of the National Tourism Development Authority Act 2003. In carrying out this devolved function, Fáilte Ireland operates the tourism capital investment programme, which provides support for investment in certain categories of visitor attractions and activities and tourism infrastructure. The Great Western Greenway project to which I referred received support under this programme. It is a real success story for green, accessible, adventure tourism in Ireland and has set the standard for cycling projects in Ireland. In such circumstances, I fully recognise the potential benefits of greenways for tourism. In 2014, €16.2 million will be allocated to Fáilte Ireland to continue the implementation of the programme. A specific allocation of €8 million has also been made in Budget 2014 in respect of the development of the Wild Atlantic Way project. Unfortunately, due to the high level of existing commitments to projects already approved under the Fáilte Ireland tourism capital investment programme, virtually all of the available funding up to 2016 has already been committed. Should funding become available under the tourism capital investment programme, Fáilte Ireland may then be in a position to consider applications from the relevant local authorities in respect of greenway tourism projects.

Deputy Peadar Tóibín: I visited the west on three occasions with my family in order to visit the Great Western Greenway. It is such an attractive amenity and it is important that we should try to replicate it to the greatest degree possible throughout the State. The business case for the Boyne Valley greenway has already been made. It is just a matter of making the investment and reaping the return. I understand that finances are tight. For that reason, I am of the view that we must adopt a different strategy in respect of the development of projects of this nature. I am not suggesting that we should build a Gucci-style pathway along the route of the River Boyne. Hikers want permission to walk.

4 o'clock

They want firm ground underfoot and perhaps a bridge or two to enable them to ford streams. They also want safety from animals.

In the coming months, the community group in which I am involved, the Gleann na Bóinne Greenway Development Group, will seek permission from landowners for walkers to enter their lands. This initiative may allow the Boyne greenway to be opened within two or three years, with a low level of investment and at low risk to the Government. If we have people walking the greenway with only minimal investment, we will prove there is demand and ensure that an upgrade of the route at a later date will be viewed as a profitable proposition by the Government.

One of the reasons the Minister should prioritise this project is the proposal to have a spur to trim from the Dublin to Galway greenway which is being developed by the National Roads Authority along the Royal Canal. Such a spur could easily traverse the southern reaches of the River Boyne, thereby fulfilling the objectives set for the Boyne Valley and Dublin to Galway greenways. Clearly, therefore, joined-up thinking is needed and this will require a stamp of

priority from the Minister of State.

Next Monday, I will meet some of the key stakeholders to discuss the need to prioritise this project and engage in joined-up thinking. I ask the Minister of State to attend this meeting or, failing that, to have a senior member of his staff attend and give the meeting his *imprimatur*. This will be key if we are to reduce the timescale for the project from 20 years in order that it will benefit the current generation.

Deputy Michael Ring: I hope the group to which the Deputy refers will submit an application under the national cycle network scheme. Meath County Council has until 15 November to forward submissions under the scheme.

As the Deputy correctly noted, certain areas are not having the same success as the west in developing greenways. The most important stakeholder is the farming community. If it does not play ball with the country councils or other authorities involved, it creates a problem. Much of the greenway infrastructure in the west was established at very low cost. I thank farmers for their co-operation in this matter. While some of them will have received small benefits-in-kind, for example, having walls repaired and so forth, none of them received payment for accommodating the greenways. Notwithstanding their safety concerns arising from people using their land, they chose to play their part.

The Government is committed to greenways because we have seen the success of the greenway in County Mayo. A further 200,000 people will walk or cycle the greenway before the end of the year. The numbers are being monitored daily to produce statistics on those using the facility. The Mayo greenway has been a major success. Much of the money allocated for capital projects elsewhere in the country did not deliver a sufficient rate of return, whereas the small investment in the Mayo greenway delivered a significant return.

While I would welcome as decision by the National Roads Authority to develop a spur from the Dublin-Galway greenway into the Deputy's area, that is a matter for Meath County Council as it would need to submit an application. Any such application would receive the full support of my Department. My officials are not in a position to attend every meeting or meet every group. A professional team will assess applications and deliver its judgment. My Department is committed to funding projects of this nature in future.

Activity tourism is one of our greatest success stories. We have the necessary infrastructure in place as we do not have to buy the wind or countryside. We should utilise and sell our natural resources. Those engaged in activity tourism spend more money than any other type of tourist.

My Department will not be able to support every greenway scheme but it wants to develop as many greenways as possible. A mechanism is in place to make applications for funding.

Finance (No. 2) Bill 2013: Second Stage (Resumed)

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

Deputy Pearse Doherty: Bhí mé ag rá roimh an sos go bhfuil géarghá fá choinne stimulus san eacnamaíocht áitiúil, go háirithe ó thaobh an earnáil tógála. Ba cheart go mbeadh an earnáil sin ábalta buntáiste a fháil ón stimulus sin. Chonaic muid an éifeacht a tháinig ón bhfógra a rinne an Rialtas i rith na míosa ó thaobh an earnáil tógála agus an ráta VAT. Tháinig titim ar an éileamh fá choinne an earnáil tógála ó chustaiméirí mar go raibh siad ag fanacht ar an dáta ar a dtiocfaidh an scéim seo i bhfeidhm. Tá sé fógraithe ag an Rialtas sa Bhille seo go bhfuil an dáta sin ag bogadh chun tosaigh. Cé go gcuirim fáilte roimhe sin, sílim gur cheart níos mó poiblíochta a dhéanamh fá dtaobh de seo sa dóigh is nach mbainfidh mí-éifeacht leis. Ní cheart go mbeadh míbhuntáiste amuigh ansin mar gheall go sileann daoine go fóill go dtiocfaidh an scéim seo i bhfeidhm ag tús na bliana úire.

Sinn Féin has consistently challenged the Government on the need for a proper stimulus package for the economy, specifically the construction industry which once employed many of those who are currently long-term unemployed. While no one could justifiably argue that the sector needs to return to the level of activity in which it once engaged, we can all agree that the current level of construction activity is at an abnormally low level. The construction industry would benefit from a stimulus. I hope it will play a part in keeping young and gifted citizens in this country helping to rebuild the economy and develop badly needed infrastructure, rather than building railway lines in Perth or mining for materials in the Australian Outback.

The immediate effect of the measures the Government announced for the construction sector last month was a sharp decline in demand as potential customers of construction services chose to wait until January for the new scheme to come into operation. I welcome the provision in the Bill to bring forward the date on which the scheme will commence. The Government has, however, a job of work to do in publicising the change in the scheme's commencement date. While those involved in construction will know the scheme is applicable from today onwards, most people are not aware of this. This information needs to filter out into the public arena.

This scheme is a drop in the ocean and cannot be considered to be a real stimulus. While Sinn Féin supports the principle of the scheme, we will examine it in detail and submit amendments to improve it. As I noted in an earlier contribution when the Minister for Finance, Deputy Noonan, was present, as good as the scheme may be, it also has a number of deficiencies. For example, it does not get to the heart of the problem of black market operators. The logic for introducing the scheme was to tackle black market operators by creating a level playing field to provide a boost for the construction industry. If that is the case, the legitimate question that arises is why the threshold for access to the scheme was set at €5,675. The economy is starved of disposable income. Regular credit union surveys indicate that almost 1 million households have €50 or less at the end of each month. The threshold is excessively high because only those who have cash in hand or are able to access cash through banks will be able to avail of the scheme. While the news that two banks have engaged with the scheme is welcome, we must dig behind the figures to find out what precisely this engagement entails. Is it still only people who are cash rich or have good credit histories and are not in debt who can avail of this? A considerable number will be ruled out of the scheme as a result of the threshold.

Many people want to have minor works done on their houses such as installing new doors, replacing windows or boosting central heating systems. This type of work is done on a daily basis across the country. Subsequent to the announcement of the budget, I spoke to a number of friends and associates who worked in the construction industry. Many of them were from County Donegal but worked in Dublin. County Donegal was more dependent on the construction industry than any other county and we have suffered greatly as a result. I spoke to contrac-

tors and people who worked on sites and they told me that the majority of those who did jobs up to the value of €30,000 were already registered contractors. For €30,000, one can construct an extension with an additional bedroom and an en-suite bathroom. Registered contractors set a price for an entire project, from the roof to the foundations. Unregistered contractors are, for the most part, doing minors work such as installing decking, replacing doors or laying footpaths around a house. These unregistered contractors may or may not be able to do big jobs, but they depend on small jobs for their bread and butter. The playing field is not level in this regard. I will not set out the figure to which the threshold should be reduced because one would first need to investigate the revenue potential, but I suggest we should be considering a threshold of €1,500 in the context of the benefits of the scheme.

I am concerned that the Government is concentrating on unpredictable effects of tax measures, while failing to see the need for a proper and proportionate stimulus in the economy. The Minister for Finance has form in introducing tax measures that it is alleged will make us more competitive. I recall the fanfare when the Government introduced SARP, but two years later where are the jobs? What has SARP delivered other than a significant reduction in the amount of tax paid by a small minority of high earners? The next time somebody from the business tax lobby world comes to the Minister with a great idea for reducing the tax burden on high income individuals in profitable businesses, he should ask for proof of how the proposal would create jobs rather than blindly go along with the agenda. The Minister for Social Protection stated each person who availed of SARP had to prove he or she would bring 20 jobs to the country. That was the spin, whether right or wrong. It was a crazy idea in the first place because how could one measure the jobs created? We need more rounded and fact based taxation measures. I acknowledge that it is sometimes necessary to take a leap of faith, but it should always be done on the basis of gathering as much evidence as possible.

I am alarmed at the way in which the pensions proposal from last year has played out in this Finance Bill. Even industry experts appear confused as to what exactly the Minister plans to do with the standard fund threshold reduction. I am sure there is logic somewhere in this complicated measure, but it is difficult to find. I am especially alarmed by the Minister's indication that there is a hole amounting to €130 million in his figures. This relates to my previous point. If he is deciding to move from a position such as the one stated in the original pensions framework on reducing pension tax reliefs because the industry proposes something better, should he not have a full grasp of the numbers beforehand? The industry made a proposal to generate €250 million, but less than half of that money will appear because the Minister swallowed the proposal hook, line and sinker. The proposal was meant to generate €250 million in 2014, but it will, in fact, only raise €120 million at most. Standardising pension tax reliefs would have raised up to €400 million. This is a measure that was proposed by Sinn Féin and the previous Government and the Labour Party also advocated it. As Minister for Finance, there is a fine line between taking advice and having the policies written by outside influences.

This Bill is, unfortunately, full of clangers. In addition to the measure which will see mostly separated fathers paying up to an additional €2,490 in tax per year, DIRT has been increased by 8%. The Minister has indicated he will bring forward an amendment on Committee Stage in order that a parent who does not have a tax liability will be able to access the relief. That parent, usually a father, may only have custody of the child for three weeks in a year. However, a father who has custody for five months will not get tax relief because the mother has a tax liability, even where both are separated and one parent cares for the child more often than the other. There is blatant inequality in this measure. The reason the Minister is dancing on the

head of the pin in bringing forward this amendment which is not fair to other separated parents is it is a stingy measure that should be reversed. The children who are in the middle will be most affected.

I recommended that DIRT be increased by 3%. There is room to bring the frequent rate up to the less frequent rate of 36% but to raise it to 41% at a time when the banks rely on deposits is excessive. Simultaneously, DIRT is being levied on special term accounts on which many credit unions rely. Unfortunately, the people do not move their bank accounts, as we saw in the debacle where normal banking services closed down for almost 1 million customers at Ulster Bank. If one is not getting a service, one should switch to a different bank. If people had sense, they would be putting their money in the post office, but I do not think we are prepared for that because they would be DIRT-free products. I strongly advise the Minister to reconsider the hike in DIRT.

I welcome the decision to retain the 9% VAT rate for the tourism and hospitality sectors in 2014. I congratulate the restaurant owners and others who successfully campaigned for its retention, for which we called in our alternative budget. However, there is an element of giving with one hand and taking away with the other when it comes to the hospitality sector. The extra 10 cent on beer and spirits is an unnecessary move at this time, in addition to the 50 cent hike on wine. We are all aware of the damaging effects of alcohol abuse, but this is just a revenue raising exercise.

I welcome the provision on taxing online betting. Sinn Féin would go further by placing a tax of 3% on betting in shops and 15% of gross income of online bookies. There is a need to bring forward the betting Bill. That Bill contains measures worth €20 million. What has stalled it in the past two years? It needs to be brought forward at the earliest opportunity in order that remote bookies and betting exchanges would be brought into the tax net.

I ask the Minister why the self-assessment date has been moved to before October. I recognise that the announcement of the budget has been moved to October and that it makes sense to have the full facts on taxation available in advance of compiling the budget. However, I have already been contacted by businesses, entrepreneurs and the Irish Tax Institute, who say a move like this could have a serious impact on the cycle taxpayers in these sectors are used to. I urge caution if this is the road the Minister is going down and I advise him to consult widely before taking a decision of this magnitude. The Minister should tread carefully and should discuss the proposal beforehand.

Finance Bills are important. They provide an opportunity to stimulate the economy, to make the tax system distributive and to raise revenue where it should be raised. The Government's finance Bills do not necessarily tick those boxes and poor planning of measures is starting to become its stock in trade. Last year, the Government introduced the property tax. This week, we have seen how poorly planned it was. The property tax or family home tax is a crude revenue-raising exercise dressed up as something else. The property tax and the household charge before it were simply measures to plug the chasm in the public finances left by the continuing payments to bondholders. Not a penny from the 2013 take will go into local areas and people are already receiving demands for their 2014 payment. Labour Deputies who call for only an extension of the payment deadline have no idea of the hardship that is out there. An extension just kicks the can down the road for struggling families. Sinn Féin is committed to scrapping this property tax if elected to government. This would be a €500 million stimulus for homeowners who could, in turn, spend money in their local economies.

The most galling aspect of the local property tax is that some call it a wealth tax. A tax on the average family home is not a wealth tax. It is a dishonest and ridiculous statement to suggest it is. A wealth tax should target privileged individuals with net wealth. Sinn Féin has drafted detailed legislation on the matter but the rules of the House do not allow me to table such legislation.

The Government wants to label this as the last troika budget. Nobody wants to see the troika going home more than Sinn Féin does, but we also want to see the troika mindset gone and unfortunately, as the Bill shows, that seems a more distant prospect. There has been much speculation about whether Ireland needs a precautionary credit line when exiting the programme. The troika made it clear to us last week that we are not entering a golden age of Irish sovereignty. We are tied, whether we like it or not, to strict budgetary monitoring and supervision for the foreseeable future. This Government is not a champion of Irish economic sovereignty in the slightest.

Soon our banks will undergo stress tests. It is no coincidence that these tests are coming up at the same time that our international creditors are wary of letting the State return to the markets without a safety net. We are still weighed down by bank debt. Sixteen months ago, the Eurogroup spoke about separating banking and sovereign debt. It was a moment of hope for this small State, allowing us to think that much of our toxic banking debt latched to the State could be separated. However, that moment has passed and the Government failed to take the opportunity.

I hope some retrospective recapitalisation can happen, but the chances of that are becoming slimmer by the day. I ask the Minister to stand up for Irish interests. In the Finance Bill, I see no evidence that the Minister is so doing. It has been written for the troika rather than with the interests of the Irish people at heart.

Deputy Richard Boyd Barrett: I propose to share time with Deputy Finian McGrath. As the finance spokesperson for People Before Profit-United Left Alliance, it is a rather depressing task to have to respond to the Finance Bill, which is a classic case of the putting profit before people. It is consistent with an economic line of thinking that has continued since before the economic crash, which always put profit before people. It has had devastating consequences for the economy, the European economy and the wider global economy, for hundreds of millions of citizens across the world and most certainly for the majority of ordinary citizens in this country, including working people, young people, pensioners, the less well-off and the disabled. These are all the people who continue to be the victims of a set of policy priorities that always put the interests of bankers, corporations and the super-wealthy ahead of the needs of society as a whole and the majority of citizens. Sadly, the Bill continues in that vein.

The budget saw vicious attacks instigated against young people, pensioners, the sick and - disgracefully - the chronically ill. The other side of the coin was meted out in the so-called Social Welfare Bill, and the Finance Bill continues the policy of protecting and promoting the interests of the super-wealthy and big corporations at the expense of ordinary citizens. To cut a long story short, it is consistent with long-standing Fine Gael policy to hammer away at the social welfare state and replace it with a corporate welfare state. We will nurture, protect and insulate the wealthy and the corporations and pay for it with vicious, relentless attacks on ordinary citizens. All of this is justified by spin and claims by the Government to the effect that things are improving and that the people out there do not really understand that things are getting better, the economy is turning around, we now have growth and employment and, at the

end of the path to recovery charted by the Government, we will exit the bailout.

I put it to the Minister of State that it is a fantasy and a mirage at best, if not completely dishonest Government spin designed to cover up the reality of what the Government is doing to ordinary people. It goes without saying that for huge numbers of people, whatever facts and figures may be quoted, the situation is not improving. Six hundred and sixty-six million euro will be taken from the already battered health budget, affecting the least well-off. Has the Minister of State or the media considered the coincidence of that figure, €666 million? It is the mythical number of the beast in the Bible. I am not religious, but we know what it says in the Bible: "Let him who has understanding calculate the number of the beast, for the number is that of a man; and his number is six hundred and sixty-six." It is said that it will bring death, pestilence and apocalypse. Sadly, this Government is deploying that number against our health service and it will bring death and pestilence to our already battered health service. That is not rhetoric; it was confirmed by the heads of the hospitals today, the consultants who said that the Government's policies and attacks on the health service are threatening needless suffering and even death for health service users.

Deputy Finian McGrath: Hear, hear.

Deputy Richard Boyd Barrett: Equally, the Government's claims about growth and employment are utterly bogus. The reality of the fall in the live register figures is explained by two things, one of which is 40,000 people leaving the country every year. They are mostly young, educated people who do not need the so-called incentive of having their social welfare payments attacked. It is very clear that they have energy and dynamism. Why, if they did not have those qualities, would they be leaving the country? How much more energetic and dynamic could one be than to leave the country when there is no prospect of work? The State is failing to provide employment and education opportunities for young people and is forcing them out of the State. That is why there has been a marginal decrease in the number of people on the live register. They are being forced out of the country by the Government's policy of austerity.

The other explanation for the fall in these figures is the massaging of the unemployment figures through the creation of bogus jobs and bogus schemes, such as JobBridge, the new Gateways project or the JobsPlus project. Frankly, all of these are a scandal because they are about creating essentially a pool of cheap labour bordering on slave labour which will certainly profit the big corporation which will get employees for virtually nothing. Those employees will in many cases earn less than the minimum wage for doing what should be real properly paid jobs. In the local authorities and in the retail sector, all these so-called internships are nothing more than free labour. Of course, that is something that Fine Gael would long have wanted, but it is utterly disgraceful that the Labour Party is a party to creating a pool of cheap labour to exploit the unemployed, particularly young people, to the benefit of the big corporations which are taking advantage of these schemes.

Then, of course, there are the fantastical claims about the exit from the bailout which we all are supposed to celebrate. I met the troika last week. The troika confirmed something that I have stated time and again in the Dáil, that we are jumping out of the frying pan of the troika programme into the fire of the fiscal treaty terms. We will be subject to exactly the same financial and economic discipline - the demands for austerity on us inside the formal programme - when we move outside the formal programme because as soon as we exit the programme, we must move from a 3% deficit down to a 0.5% deficit and reduce a €200 billion debt, mostly incurred because we have bailed out the banks, by one twentieth every year until we have paid

off that massive debt. It will utterly devastate the economy trying to pay off €100 billion worth of debt that is not ours for the next 23 years, because that is the timeframe.

People need to understand what that means. It will involve €9 billion in interest next year, a sum the same size as the education budget. When the Government states it has no money to invest in jobs and we are bankrupt, what it forgets to tell people is it has enough money to pay €9 billion in interest to the bankers, bondholders and loan sharks in the financial markets and in the European Central Bank who helped bankrupt this country. That money, which will pour out, should be going into education, infrastructure and developing jobs, enterprise and industry that could get this country back on its feet. It is a scandal.

The Government continues to wheel out nonsense claims about the improved debt situation. People do not even have an idea how bad the debt situation is. It is bad enough that it is 120% of GDP. As we all will be aware, GDP is not a good measure of this economy and GNP, which excludes the profits of the big multinationals, is. On that score, Ireland's debt-to-GNP ratio is 150%, and that does not even take into account private debt, such as all the distress of mortgage debt. We are in a cycle of debt and yet the Government remains committed to paying off the debts of others at the expense of the economy and the Irish people for decades to come. This Bill merely continues on the same line of pursuing that failed policy.

Some of the latest victims in this Bill are one-parent families. The Taoiseach, on 2 October, stated that one commitment Fine Gael would stick to - one of the few - was not to increase basic income tax rates. What have they done? One-parent families will see at least a €1,600 a year increase in what they must pay, even after the so-called tweaking of this disgraceful attack on one-parent families. Make no mistake about it; this is an attack on the whole family. It is not only about the father or single parent who is not the primary carer. It is a 50% cut in the tax relief that is given to families if those families happen to be separated. That is what it means. In fact, the State now has an incentive for marriages to break up because if a couple stays together in a marriage and has children, it will receive €3,200 a year by way of a tax break but if a couple with children separates, half of that money will go. It is a direct attack on children and on families which, for whatever reason, happen to separate. It is disgraceful.

The new ceilings, of €1,000 and €500 per child, for the tax break on medical insurance is another disgraceful attack. It was justified as a so-called attack on what the Minister called "gold-plated" health insurance but, in reality, will affect 90% of those who are forced to take out private health insurance because the public health system is in pieces. I hurt my arm playing football last week and I had to go up to St. James's Hospital.

Deputy Finian McGrath: Man of the match.

Deputy Richard Boyd Barrett: I walked into the accident and emergency department, which was like Vietnam. When I went to the desk and asked how long it would be before seeing a doctor, I was told it would be at least 12 to 14 hours. There were people in there in pain, bleeding and suffering. The 12 or 14 hour waiting time was mid-week, at a relatively quiet time. God knows what it is like at busy times at the weekend. That is the state of the health service. That is what the Government is doing. That is why people are forced to take out private health insurance, not because they want to pay exorbitant health premiums but because they are terrified of the state of the public health system which the Government will butcher further again this year when more people will be forced to depend solely on that public system. It is a scandal.

At the same time that the Minister is doing this, there is a number of sections - I do not even have time to go into the details of them but I will at Committee Stage - with more tax breaks for high earners, such as in section 16 for what are called "passive investors" in capital allowance tax breaks. There are more corporate tax breaks for the big corporations in the area of research and development.

There are more tax breaks for participating institutions - banks which happen to be in NAMA. They are going to get another bailout. Incredibly, in his speech, the Minister justifies this by saying we need to give them more tax breaks so we do not have to bail them out. This is a bailout. It is another bailout for the banks that we bailed out to the tune of €64 billion. The Minister now is going to give them tax breaks on the losses they have incurred. It is shocking.

Other breaks include capital gains tax incentives for investors in new assets and trading activities, and following last year, more tax breaks for those involved in speculation on the financial markets speculating in stocks and marketable securities. It is incredible when what we need is a financial transaction tax. The modest proposal of the European Commission is that we put 0.1% of a financial transaction tax on speculation in stocks, shares and derivatives which, the Commission estimates, would raise €500 million. The Government, worse than setting its face against doing that, gives them more tax breaks. It is extraordinary. It did so last year as well.

Just so that the public will be aware, the Minister has also further elaborated the new property tax breaks that it gave under the so-called real estate investment trust, REIT, system. When property tax breaks and incentives fuelled the bubble and encouraged the developers in a frenzy of greed that has wrecked this economy, is it not unbelievable that Fine Gael is doing it again by giving more tax breaks to these guys? Meanwhile, there are 110,000 families on the social housing waiting list. The Minister has put a full stop to the provision of affordable social housing, yet again prioritising the developers and big business and bidding be damned to the ordinary people who need an affordable roof over their head. The gross irony of this situation is that for a very few months in 2008, when the economic crash hit this country and the global economy, there was a very short window when even people on the ideological spectrum of Fine Gael acknowledged that maybe there were some problems with the market and that maybe, even if we did not go as far as Karl Marx, we might at least look at John Maynard Keynes and a little bit of regulation of the markets. Instead, how long has it taken for Fine Gael to revert to type and let the market rip, regardless of the consequences for society and the economy?

Then we have the repeated mantras that those of us who criticise this present no alternative, when the Government knows that this is absolute nonsense and that we do it repeatedly in here. What we need when the market has failed, when there has been a 70% drop in investment - which is what is needed for this economy to restart - is for the State to step in. We need public investment. Éamon de Valera was not a socialist by any means but even he understood that an economy on its knees in the 1920s and 1930s needed the State to drive investment. That is why he created ESB, Bord Gáis and all of the public enterprises which helped to bring this economy out of Third World status and develop it as a modern economy. That is what we need. How can we do that-----

(Interruptions).

Deputy Richard Boyd Barrett: The Deputies will have their chance to speak.

We can do that by putting a modest bit of tax on wealth, on the profits of the corporations

and on the very high earners and using that to finance a public investment programme in infrastructure, in public services and in strategic enterprises. Fine Gael claims there is no money for that. They say there is no pot of gold, that the rich do not have any money. I ask if those opposite have read the Central Bank quarterly statistical report. They should read it. The Central Bank is not a bastion of socialism or radical thinking. The statistics show that between 2011 and 2012, the amount of financial and other assets in this country increased by €16 billion, from €440 billion to €460 billion, which equates to a 3.6% increase in household assets-----

(Interruptions).

Deputy Richard Boyd Barrett: The Deputies will have their chance. They should read the Central Bank report which shows that the financial assets of some people in this society have grown considerably. We know that people who have lost their jobs do not have those assets; we know that public sector workers who lost 20% of their pay do not have that; we know that young people do not have it; we know it has not gone into our public services. Therefore, who has this money? It is an extra €16 billion, according to the Central Bank. The very wealthy have it. One need only see the rents going up all over the city. The developers and property owners who are still standing are buying up all the property at cheap prices and rents are going through the roof. They are making money out of other people's misery. Profits have increased virtually every year except for 2008, particularly for the big corporations, and yet the Government refuses to force them to pay a little bit of extra tax. In the questions I put to the Department of Finance prior to the budget I asked what would happen if we imposed a reasonably substantial increase in income taxes on those earning over €100,000 a year, with three new bands of €100,000, €150,000 and €200,000. The Department's reply was that it would yield €1.1 billion. Would it have been better to hit people earning over €100,000 a year with €1.1 billion of extra tax rather than to hammer the old, the sick, the young and the vulnerable? Of course it would. There are alternatives. Let us nail that lie and ask the Government why it chooses to protect the rich over the poor.

Deputy Finian McGrath: This important Bill deals specifically with income tax, corporation tax and capital gains tax, which are all essential and crucial for the economy and the future of the country. Tax will always be the engine room of any society. The key is to get the balance right so that revenue is raised in a fair and equitable manner. If the Government gets the balance wrong we will never get out of this economic mess. We have a duty in this current climate to support sensible measures that will create jobs and assist families in difficulty. We have a duty to support the local economy and small businesses to help kick-start economic activity.

Property tax bills for 2014 were sent out last week and this is a significant burden on families in the period before Christmas and a big blow to the local economy. In fact, it is economic madness. Such decisions have a dramatic and negative effect on local economies and on small businesses in particular. The Government needs to act with sensitivity with regard to these issues.

I refer to the single parent tax credit issue which is dealt with in the legislation. The 2011 census shows there are 215,000 separated families in the State and 76,800 claimants of the tax credit. The Minister for Finance in his Second Stage contribution referred to the provisions of section 7:

Since the announcement was made I have listened carefully to the views of Deputies and I will be bringing forward an amendment on Committee Stage which will allow the credit to

be used by a non-primary carer in situations in which the primary carer has no tax liability.

I hope the Minister will bring forward an amendment on Committee Stage to assist these families, because we have all been lobbied by these 76,800 families who have taken a major hit as a result of the provisions in this Bill. I refer to section 10 of the Bill, which provides for an exemption from income tax for the annual allowance intended to cover out-of-pocket expenses paid to reserve members of An Garda Síochána. This is a positive development because we need to support people who make an investment in the community.

I welcome the incentive for those wishing to start a business, which will provide an exemption from income tax up to a maximum of €40,000 a year for a period of two years to individuals who set up a qualifying unincorporated business. The individual must have been unemployed for a period of at least 15 months prior to establishing the business. The Minister has decided to reduce the qualifying period of unemployment to 12 months. This will give a leg-up to people who are unemployed.

My colleague Deputy Boyd Barrett has highlighted the negative aspects of some of the measures. We need to have an equitable taxation system. We need to stop hammering the disabled, the unemployed and those on social welfare and go after those who have the resources.

Policies are holding back the development of small business. I recently met an owner of a pub and restaurant who had to pay a commercial rates bill of €37,000, while some other business people had to pay up to €90,000 in commercial rates. At the same time these businesses have been forced to lay off five or six people from a total staff of 20 or 30 people. We need to consider how employers are prevented from taking on an extra four or five people. The Minister of State, Deputy Perry, has responsibility for small business. We have to stop screwing the small business person who wants to give employment in the local economy. Some wealthy corporations are getting around paying the 12.5% corporation tax rate through the use of schemes. There are all kinds of schemes to get around it and they are not paying the full rate, which could yield another €4 billion or €5 billion for the purpose of assisting people. It is important to mention these points in the debate.

Section 50 which deals with a non-contentious issue will give effect to the increases in the tax rates for tobacco products from budget night which are estimated to raise €15.4 million in 2014. Smokers are taking another hit. Most smokers who see the amount of €15.4 million will just take the hit and get on with their lives. However, I advise the Minister to be very careful in dealing with the illegal cigarette trade. We all hear about the drugs gangs, the heroin gangs, the cocaine gangs and the shootings and killings all over the country, particularly in recent days in the capital city. The reality is that some of these gangs are involved in the illegal cigarette trade also. That is an issue that needs to be looked at very carefully in the context of section 50.

Section 51 will give effect to the increase in excise duty on alcohol products which came into operation on budget night and will bring in €148 million in 2014. There are ideas to generate revenue and bring in tax. My colleague, Deputy Richard Boyd Barrett, mentioned the financial transaction tax, an issue from which all of the major parties represented in the House have run a mile. We need to do this at national and international level because there is a huge pool of money that is not being brought in. Instead of cutting disability services at St. Michael's House or cutting the respite care grant, revenue could be generated to fund these services.

Section 47 which I support amends section 138 of the Finance Act 2001 which provides that

persons suspected of committing an offence in dealing with unstamped tobacco must provide information for a Revenue officer or a member of the Garda Síochána. This is linked with what I mentioned earlier. When one examines the figures deeper, it is clear that tax revenues amounted to €29.24 billion at the end of October, €37 million or 0.1% above target. Net Voted expenditure amounted to €35.3 billion, €844 million or 2.3% below target. Income tax receipts were down by 3% on a monthly target of €1.36 billion. In the year to date income tax of €12.13 billion was collected compared to the expected figure of €12.25 billion.

The other elephant in the room is the issue of job creation. We need to focus both at a national and a European level on supplying, supporting and creating jobs. There are many people in the country who have resources.

Many people accept that this Finance Bill has been nicknamed the rugby players Bill. From now on Irish rugby players will have a stronger hand as the Bill will give them greater freedom to play for non-Irish clubs without a financial penalty. Under the current law, they have to spend the last years of their careers playing in Ireland to qualify for tax relief on their career earnings. The proposed new amendments will allow them to finish their careers anywhere in Europe, as well as in Iceland, Norway, Switzerland and Liechtenstein. There are breaks for professional rugby players. I do not begrudge rugby players a lump sum at the end of their playing careers, but I do regret the fact that the weak, the disabled and the unemployed are being hammered. In this Bill there are many sections that hammer them.

Acting Chairman (Deputy Charlie McConalogue): The next 20 minutes of Government time will be divided evenly among Deputies Peter Fitzpatrick, Anthony Lawlor, Patrick O'Donovan and Simon Harris.

Deputy Peter Fitzpatrick: The Government decided to bring budget day forward from the first week in December to on or before 15 October. The Bill includes the measures announced on budget day and also contains details of a number of other changes, including many of a technical or administrative nature.

The Bill provides for changes to the research and development tax credit regime announced by the Minister on budget day. The research and development outsourcing limit will be increased from 10% to 15% of qualifying expenditure, while the annual limit applied to the alternative volume basis for relief will be increased from €200,000 to €300,000. Where it is established by Revenue that a company's research and development tax credit was deliberately false or overstated and the company surrendered part or all of the credit to a key employee, the tax forgone shall be recovered from the company rather than the employee.

Some 25 pro-business and pro-jobs measures were introduced in the budget. The retention of the 9% rate of VAT for the tourism and hospitality sectors will support the increased number of jobs created and the creation of new jobs and will, therefore, continue to apply to a range of services, including restaurants and catering, hotel accommodation, newspapers, hairdressing, admission to cinemas, theatres and museums.

A scheme of tax relief for home renovation work will be available for expenditure incurred between 25 October 2013 and 31 December 2015 on the repair, renovation or improvement of an individual's principal private residence in the State. Relief will be granted at a rate of 13.5% on qualifying expenditure up to a maximum of €30,000, excluding VAT. The minimum level of expenditure must be €5,000, excluding VAT. Relief will be granted by way of tax credit

split over two years following the year in which the works are carried out. Restrictions apply where expenditure is grant-aided or met from insurance compensation. The contractor must be registered and tax compliant.

As an employment activation measure, the start-your-own business incentive will provide for an exemption from income tax up to a maximum of €40,000 per annum for a period of two years for individuals who set up a qualifying, unincorporated business, having been unemployed for a period of at least 15 months prior to establishing the business.

The range of qualifications required to become eligible for young trained farmers' relief is extended to include three additional qualifying courses. This will apply to the 100% rate of stock relief and the stamp duty relief for the purchase of agricultural properties. The Bill includes provisions to curtail the 50% rate of stock relief available to farmers in registered farm partnerships which was provided for in the Finance Act 2012. The changes are required to address the requirements for EU approval under state aid rules. Approval has been granted on the basis that the relief will be restricted, as provided for in the Bill, to an amount of €7,500 over a three year period.

The Bill includes a provision which exempts from tax the annual allowance of €1,000 paid to volunteer members of the Garda Reserve. Under the JobsPlus scheme, grants paid to employers participating in JobsPlus schemes on or after 1 July 2013, administered by the Department of Social Protection, will not be subject to tax. Also, the employment and investment incentive will be removed from the high earners restriction for a period of three years in order to stimulate investment in SMEs. The lump sum payment made by the Minister for Justice and Equality to survivors of the Magdalen laundries will be exempt from income tax, the universal social charge, capital gains tax and capital acquisitions tax.

The farmers' flat rate addition is being increased from 4.8% to 5% with effect from 1 January 2014. The flat rate scheme compensates unregistered farmers for VAT incurred on their farming inputs. The flat rate addition is reviewed annually in accordance with the EU VAT directive. The increase to 5% in 2014 continues to achieve full compensation for farmers.

Deputy Anthony Lawlor: I welcome the Bill. It is welcome that it is being dealt with in the same year as the budget. Many speakers will have contributed on specific issues and the Bill in general. However, I wish to raise a couple of key points which the Minister might take on board.

I welcome the home renovation incentive scheme. It is an issue on which I would have written to the Minister in July and I am delighted that such a measure is being taken on board. There are a few points in connection with section 5 on which I seek clarification. First, there is some concern about the scheme. I acknowledge the fact that the Minister has decided that it should take effect from the date of the budget. That is crucial for many small builders who are losing contracts. If an individual has a number of individual contractors doing the work and each is doing the work for less than the total of €5,675, will it be recovered cumulatively for the number of contractors involved or must the total for each contractor specifically be in excess of €5,675?

5 o'clock

It is important that is said because people will decide to do the renovations themselves and to get their own builder, blocklayer and plasterer. While each one of those tradesmen might not

reach the target figure individually it should be possible for the work to be accumulated and if the total is in excess of the amount stipulated then the work would be covered. I am concerned at the reference throughout the Bill to regulations. I prefer to have sight of the regulations before a Bill is enacted. In a number of cases it will be at the discretion of Revenue to decide whether a scheme is to its advantage. I plead with the Minister to ensure the regulations are as simple as possible because a scheme is more likely to be taken up if the procedures governing it are simple.

Will the Minister commit to having a review at the end of the year? The reason for the review would be to examine whether the purpose of the scheme has been achieved. The two parameters on which a scheme should be judged is, first, whether it has led to an increase in employment among small builders and, second, that we are tackling the black market. If there has been a failure to achieve success in those two areas then perhaps the Minister would consider raising the level at which the VAT return is given back. He could consider raising it as high as 25% of the overall cost. That type of incentive might discourage those in the black market from competing against the people we are trying to support.

The second issue relates to one I tabled as a parliamentary question. It concerns the fact that an individual must go to a doctor to get referred to a physiotherapist before he or she could make a claim for medical expenses for tax purposes. Physiotherapists would prefer that individuals could go directly to them and that the tax would be allowable to the individual. Currently, that is not the case. In the response to the parliamentary question it was indicated that the Minister would examine the issue in the Finance (No. 2) Bill 2013. Could the Minister take that point on board?

I welcome what the Minister said about the one-parent family tax credit where the main carer might not be in work in which case the credit would be lost. I welcome the fact that the credit will now be given to the earner if he or she is not the main carer.

My final point relates to sport. There is the potential for a sports drain as a result of what the EU legislation has forced upon us. The provision in section 15 could be tweaked. I merely make the suggestion that the relevant years could be extended to 12 rather than ten. I do not wish to force anyone to stay at home but it might discourage our sports stars from going overseas. The purpose of the section was to keep as many as possible of our sporting heroes within the country. I would welcome if the provision could be examined and tweaked as it might help the situation. I wish the Minister to take on board those points. I will write to him about them. Most speakers will refer to the Bill in general but I wished to focus on those four points which I hope the Minister will take on board.

Deputy Patrick O'Donovan: I welcome the opportunity to speak. I wish to have it noted on the record of the House that the newfound interest of the Fianna Fáil and Sinn Féin parties in Dáil reform, which was reported this morning on Newstalk at 8 a.m., was shortlived because the Chamber is yet again empty of Opposition spokespersons.

For the first time since the economic collapse into which we were led by the previous Government, there is now a primary surplus in operation. In fairness to the Government, that has been one of the key measures in trying to prove that our departure from the bailout into which they so shamelessly led us can be achieved on 15 December this year. The commitment in that regard by the Minister for Finance, together with the Minister for Public Expenditure and Reform, the Taoiseach and the Tánaiste must be acknowledged. The real test is the fact that in the

past 12 months, 36,000 jobs have been created, which is in stark contrast to the final three years of the previous Government's term of office when 250,000 jobs were lost in the same period. That speaks for itself.

In terms of my constituency, I welcome sections 41 and 56 in particular. Section 41 relates to the extension of the tax credits for people retiring from farming. Section 56 concerns the retention of the 9% VAT rate which was so vociferously opposed in this House by the parties opposite. They railed against it and said it was a gimmick yet the Restaurants Association of Ireland and the Irish Hotels Federation and everyone else associated with the tourism industry welcomed it, worked with it and used it to their advantage. They also used The Gathering to good effect. It behoves the Opposition to acknowledge that was the right thing to do and to congratulate the Ministers for Finance and Transport, Tourism and Sport on the fact that so many more people are employed in tourism now than when parties in opposition so disastrously led us into an economic collapse.

Also in the tourism area, I welcome the abolition of the Fianna Fáil travel tax which was introduced in 2009 as a disincentive for people to visit this country. The manner in which the airlines, in particular Ryanair, have reacted to the abolition of the Fianna Fáil travel tax is a good thing. I would encourage other airlines servicing this country to do likewise, in particular the flag-carrier, Aer Lingus. Shannon Airport has benefited in my part of the world not only in terms of the 300,000 extra passengers that have been promised following the abolition of the tax, but also from the independence that has been given to the airport which has been driven by the presence of the Minister for Finance in the region. Let us imagine what could have been achieved had the current Minister for Finance been at Cabinet when there was so much money in the economy and some people were more interested in doing other things than delivering to the mid-west.

The home renovation initiative is a good idea. It will encourage people who have heretofore been outside the system to come on board. The Minister for Finance is keen to include various parts of the economy on a sector-by-sector basis. We have seen initiatives in the agriculture and tourism areas. I welcome the home renovation scheme, plus section 21 which deals with research and development tax credits. Deputy Boyd Barrett believes that is a bad idea but I think it is good having worked in a foreign direct investment company.

I am pleased the Minister is examining the single-parent tax credit. He has committed to address the matter on Committee Stage. In my constituency recently there was a significant announcement about the creation of jobs in a biomass company in the Port of Foynes. The intention is to blend biomass material with coal. I would encourage the Minister to consider an extension of the relief to indigenous biomass material produced in Ireland. Perhaps it cannot be addressed in this Bill but if there is proof that this incentive has been used to create jobs then it could be further extended.

One other noteworthy issue is the fact that in section 73 the Government has exempted from tax those who will receive compensation under the Magdalen laundries redress scheme. It is good that such people have been singled out. It is another legacy the Government was left by its predecessor and it deserves credit for it.

The Government and commentators state continuously that governments do not create jobs but they create the environment in which jobs can be created. The backdrop to the Government's term was 250,000 people losing their jobs in three years and a shameless sell-out of our

country's sovereignty by the previous Government. The fact that we have created 36,000 jobs this year and that we are looking to 15 December to restore our economic and political sovereignty in this country again will for many undo the legacy of the previous Government, but we should never forget the situation into which it led this country. This Bill is part of the recovery process.

Deputy Simon Harris: I also very much welcome the opportunity to speak on the Finance (No. 2) Bill 2013 and to offer some thoughts and views on the legislation before the House. I commend the Minister for Finance and his Cabinet colleagues on the many innovative measures in the Bill aimed at harnessing economic growth and moving the country forward after years of reckless mismanagement, which my colleague Deputy O'Donovan outlined very articulately to House.

I welcome some specific elements of the Bill, one being the retention of the 9% VAT rate for the hospitality and tourism sector. That was really important in that it sent out a message that the Government is one that will reward success. The sector was in real trouble. It sought assistance from the Government and it received it. As a result, it created thousands upon thousands of jobs. In the most recent budget, the success has been rewarded with the continuation of the lower rate. This is making a huge difference in every town, village, café, restaurant and hairdresser on every main street, including in my constituency. I thank the Government for rewarding success and sending out a message that if one asks for assistance and makes it work, one's case will be looked upon positively by the Government.

Some of the measures in regard to entrepreneurs, most particularly the capital gains tax relief to encourage people to reinvest in productive training, is very welcome. Possibly the two most exciting measures in the Finance Bill are the home renovation incentive and the start your-own-business scheme. Both need to be seen together. People are now financially encouraged to carry out renovations, such as building a conservatory or patio, replacing the windows or doing up the primary residence, but there is also an incentive for those who have found themselves out of work for a significant period and who might have worked in the area of construction, including plumbers and electricians, to start their own businesses and benefit from the more favourable market. When the two schemes are put together, the outcome is really positive.

I very much welcome the abolition of the air travel tax. I welcome the fact that we are already seeing the benefit in terms of jobs and new routes into the country.

I look forward to examining more measures in the Bill on Committee Stage. I have previously raised the issue of development levies with Ministers. We need to consider a development levy holiday for a very specific type of development, such as one-off houses or houses to be built for a son or daughter. The development levy is crucifying those who propose such developments. As a result, the council is not receiving any money and the construction industry is being held back.

Deputy Richard Boyd Barrett seems to have completely missed the point. We do not want to recreate a property bubble or an economy that is completely dependent on people selling houses to one another. However, there is a role for the construction industry. We have gone from one extreme to the other, from a sector that is too large to one that is too small.

I am pleased the Minister of State responsible for small and medium enterprises is present. We must do a better job at promoting the schemes that are available to help businesses.

The Minister of State is doing an excellent job travelling the country. I had the Minister for Jobs, Enterprise and Innovation, Deputy Richard Bruton, in my constituency recently meeting business leaders. Eighty-three businesses from Bray and Greystones were represented at the meeting. Their eyes were really opened to the various supports available to them. The people in question are really busy and they operate in a very difficult economic climate so we need to make the information accessible to them. The Minister of State is working on that. We are working on a one-stop shop, a website. I would welcome and encourage this.

I wrote to the Minister for Finance, Deputy Michael Noonan, about inheritance tax on 3 September. I asked him to examine the difficulty the tax poses for people with either a mental health issue or intellectual disability who inherit a property on the passing of their parents. I recently met a number of parents of adult children with either a mental health issue or an intellectual disability and noted they are extremely concerned that if they leave a property to their son or daughter, that son or daughter will not be in a position to pay the inheritance tax due to the fact that they will not be in employment or have an income other than a social welfare payment. The Minister, Deputy Noonan, said he would examine this in the context of the Finance Bill. I would very much appreciate it if I could receive the thoughts of the Department of Finance on the issue. It is an anomaly in our system.

I am very pleased the issue of the lone parent credit will be examined. We have various parenting units in this country and we need to explore the matter compassionately. I add my voice to the comment of Deputy Lawlor on physiotherapy. As we move towards promoting a model of primary care and preventive health measures, we do not need circumstances in which we impose additional costs whereby one has to go to one's doctor to pay €50 or €60 to be referred to a physiotherapist to pay the next €50 or €60 so one can get tax back. I very much commend to the House what I believe is a pro-jobs and pro-economic growth Finance Bill. I commend the Minister on putting it together.

Deputy Sean Fleming: This Bill is to give legal effect to what was a deeply unfair budget. It is important to recognise that the budget is all about setting revenue figures for next year. A key element in the tax revenue for 2014 will be the local property tax. It would be strange, in view of the controversy over the local property tax, if it were not discussed. It is not subject to particular mention in the legislation. One hopes the mistakes the Minister included in the local property tax legislation the first place will be corrected on Committee Stage of the Finance Bill. Corrections are much needed.

The issue of payment by debit and credit card has been well documented in recent days. Let me refer to the letter I received and which 1 million others received. Paragraph 2 states one can pay in full by debit card, credit card or cash or through an approved payment service provider. The first option listed by the Revenue Commissioners in its letter is debit card and the next is credit card. People talk about neither one nor the other being pushed but this is not the case as the authorities went out of their way deliberately to encourage payment by debit card. We all know that if one registers online, as the letter indicates, the payment will come out of one's account on the day. That is against what I believe to be the spirit of the legislation, but it is in line with the letter of the legislation as drafted by the Minister some time ago. We have proposed today an amendment to the legislation whereby, although the liability date may remain in November, no amount in respect of 2004 should be collected before 2014. The same applies to 2015 and subsequent years. We ask that the legislation be amended on that basis.

There is another troubling aspect that will now begin to emerge as people consider the de-

tails of the local property tax, now that it is in full swing and after people having got used to it and to the first half-yearly payment. The Revenue Commissioners' letter refers to the phased payment options and implies one may pay one's local property tax on a phased basis with effect from January 2014 using certain listed options. There are new ramifications for people going down that road that they may not be aware of them. It is incumbent on the Minister to tell people the full implications of what is involved in light of the legislation he passed. By availing of the phased payment option, there is a possibility of deduction at source from one's wages, salary or occupational pension. Also, one can pay by cash through one of the approved service payment providers. Very worryingly, this recommends the payment by direct debit. It states direct payments will start on 15 January 2014 and will continue on the 15th day of each month in equal instalments throughout the year. That is correct but it is only correct in so far as goes. The letter does not tell the full story in that it does not state that when one signs up to a direct debit contract, one is not agreeing to a set amount going out of one's bank account each month but to the withdrawal of an unspecified amount by the person withdrawing the money. We are all familiar with that. If people pay their electricity or telephone bills by direct debit, they will note their figures vary from month to month. If one makes mortgage repayments by direct debit, the figure can vary from time to time. Therefore, the institution seeking the money has the right to vary the amount taken from the account. That is the essence of direct debit and what separates direct debit from what people would have been used to under a standing order. One twelfth of the sum owed will be taken out each month during the course of the year.

There will be implications for those who opt for direct debit. Let me quote the booklet that the Office of the Revenue Commissioners issued last year. This issue has arisen before but people have not established a link with how it will cause further complications for people paying by direct debit. Page 6 of the booklet, which everyone in the country received last year, states, "The market value of your property on 1 May 2013 will form the basis of the calculation of the tax for 2013, 2014, 2015 and 2016 and will not be affected by any repairs or improvements made to your property". Everybody understood that once one sets one's property tax valuation, the payment would be fixed until the end of 2016. People believed that was the case but we all know now, having been through this for a few months, that the rate or multiplier applied to the house valuation can be increased by the local authority next September. Currently, the rate is 0.18% of the value of the house, but local authorities have the legal authority to increase that by 15% next September just by passing a motion. If the local authority puts a notice in the local newspapers that it intends to do as I describe and it passes a motion at the September meeting that comes into effect from 1 January 2015, a year or so away, it will have specific implications for people paying by direct debit. The rate could change before the end of 2014, coming into effect on 1 January, and the amount at the new increased rate could be withdrawn from people's bank accounts by the Revenue Commissioners without their consent or knowledge. People would be happy to sign a direct debit mandate if they knew the amount was fixed until 2016, as they had expected, but the special provision that the Minister put into the legislation to allow a 15% increase to be passed by local councillors next September means that the monthly payment can be increased by 15%. The Revenue Commissioners do not have to revert to people and ask them to sign a new direct debit mandate because a direct debit means that the Revenue Commissioners decide what comes out of people's bank accounts. I am warning people who are signing up to the direct debit option to at least be aware that in 12 months' time the figure could be increased by 15% without their consent or knowledge. The Revenue Commissioners will take that money out of their accounts. That issue must be addressed.

I believe this will apply to all other deductions at source, whether those deductions are from

salaries, occupational pensions, social welfare payments, or payments from the Department of Agriculture, Food and the Marine or other Government Departments. Page 7 of the booklet issued by the Revenue Commissioners last year reads: "If you choose a deduction at source option, Revenue will advise your employer, pension provider or the relevant Government Department of the amount to be deducted." Individuals will not tell their employers, pension providers or the relevant Government Department. People might think they are telling them by giving them the value of their house and expecting that to hold until 2016, but if councillors choose to increase the rate by 15%, the Revenue Commissioners will tell employers, Government Departments or banks to deduct 15% more and people will have no say in the matter. People should be aware of this.

The Revenue Commissioners have gone out of their way to encourage people to pay the LPT on a phased basis and spread the payments over a year. However, by getting people in on a phased payment basis, they have them locked in and then they can take 15% more the following year if they choose to do so. The full implications of this have not been explained to people. I ask the Minister for Finance to make this clear to people. The Revenue Commissioners did not make up these procedures. This is not just a communications issue, as some Ministers would have it. There is a substantive issue in the legislation because the dates are specified in the legislation and the items to which I have referred are contained in the Act. The legislation was rammed through this House last December. The Bill was guillotined with no time for adequate debate and amendments were not discussed properly. This is an example of what happens when legislation is rushed through. Having said that, I actually think this is the legislation the Minister for Finance wanted. The Minister got what he wanted but he did not tell the people of Ireland what he was doing at the time. They are now beginning to see what is involved here.

I ask the Minister to state clearly whether he was aware of the exact implications of this last December. I am sure he was aware because I am sure the officials in his Department understood fully how this would work out in time and I am sure they told him. I do not believe they withheld that information from him. Was the Minister aware of this issue last May before the payments went through for 1 July 2013? I assert categorically that the Minister did know, because I, like many other Deputies, got phone calls from people last May and I am sure the Minister did too. People had to register for the LPT by 27 May and those who opted to pay by debit or credit card in May had the money, which was not due until July, taken out of their accounts in May. Everybody in the House knows that that happened. People got over it because it was only a short period between May and July and it was still the same calendar year. The same time difference applies now, between 27 November and 1 January, but the due date is in a new calendar year. People are rightly feeling aggrieved that if they choose these payment methods, they will be paying next year's tax before the end of November this year.

We were told this time last year that the property tax was being introduced for half a year and that only a half-year payment would be due for 2013, but, in effect, some people are being caught for a year and a half's payment in the first year of operation of the tax. Next year they will be caught for a year's payment in advance again, and so on. This is the greatest con-job. The Minister pulled a fast one here. I know he is a clever and astute man. I believe he knew the full implications of what he was doing, and I am asking him to reverse this.

I will make one final point on this issue. I met old age pensioners in my clinic last Saturday who have already paid their property tax for 2014. I ask Deputies to think about their parents or grandparents who are in their 70s or 80s. When people of that generation get a bill, whether from the ESB, a phone company, an insurance company or any other service provider, the first

thing many of them do is to go to the post office and pay it. Elderly people generally do not like leaving bills unpaid for days or weeks on end. That is their mentality and we will all be there some day. When they got the aforementioned letter from the Revenue Commissioners telling them that their LPT was due and how to go about paying it, many of them went out and paid it in their local post office last Thursday or Friday. The Minister has already received the money for a year and a half's local property tax from many elderly citizens. That is unfair and I believe the Minister knew that would happen. I hope, between now and Committee Stage, that the Minister will reflect on what I have said regarding the practicalities of the implementation of the legislation as drafted. I do not accept Ministers going around the place blaming the Revenue Commissioners for a communications issue. The Revenue Commissioners were given a job by this House. They do that job effectively and well and must be complimented for collecting over 90% of the property tax due. That high level of compliance was partly due to the range of payment options given to people. We all saw what happened with the household charge the previous year, with some people finding it difficult to make the payment, so limited were their options. Some of the options for paying the LPT have resulted in payments being taken far too soon so, effectively, the Minister has annulled a number of those payment options. I ask the Minister to reconsider the issue.

Turning to the Finance Bill before us today, I wish to refer to the home renovation incentive scheme as outlined in section 5. Essentially, this is a lot of fuss about nothing. There has been a big song and dance about this scheme, which runs from 25 October of this year. The scheme provides that people will get a tax credit - not tax back - in respect of the VAT paid on renovation works. If somebody spends €5,000 on home improvements, exclusive of VAT, he or she will attract a credit of €675. It must be stressed that the individual is not getting €675 back. In fact, the total amount of the credit being granted under this scheme is 13.5%, which represents getting the VAT back. Under the scheme, the person pays the full price, with the VAT to be paid up front, and then, over two years, he or she gets a tax credit for some of the VAT. It is a very small scheme which I dislike. Some method should have been used whereby all people are treated equally. As it currently stands, for a person on the 41% income tax rate the tax credit amounts to €276, but for a person on the 20% tax rate the tax credit is only worth €135, to be reclaimed over two years. It is hardly worth the bother. However, what is most unfair about this is that people on low incomes, in part-time jobs or low-paid jobs who are outside the tax net, as well as those on social welfare payments, are probably the ones whose homes are most in need of renovation or improvement, but they can get nothing back under this scheme. Only those who are paying income tax can claim the tax credit. I am sure there must be up to one third of the population of Ireland who are not in the tax net, and to exclude well over one million people from this scheme is unfair, unjust and regressive. I cannot understand why the Government would introduce a scheme that will be of most benefit to professionals and high earners who pay tax at 41%, while those on the minimum wage who are outside the tax net will not benefit from it at all. If the latter group of people want to get new windows or carry out basic improvements to their homes, they will get no benefit from this scheme. That is wrong, regressive and represents a tax credit for the rich and nothing for the poor.

To look at the figures more closely, if a person spends a larger amount of money - up to the €30,000 limit - that is worth €1,660 to a person on the 41% rate of tax over two years but only approximately €800 to a person who pays tax at the 20% rate. Again, the 1 million on social welfare, low income or the minimum wage will not get a single thing out of this scheme. The Minister should examine this measure again. He should introduce a grant scheme for those on lower incomes who would be most deserving of this.

During the spin on budget day, the Minister claimed the reduction of tax relief on private medical insurance would only affect gold-plated policies. In fact, it will affect 90% of all health insurance policies. If the Minister had taken time to check the various prices on the insurers' websites, he would have seen over 90% of families will be affected by this reduction of tax relief. Up to 1.5 million people are on private medical insurance, many of whom are receiving medical care in private hospitals while staying out of the public system. The public health system is under enough pressure as it is. If the incentive to join private medical insurance is withdrawn, the logical conclusion is that some will be forced to give up their private insurance and will be back in the public health system. We all know the difficulties with that system, so this was not a clever idea. I could understand if the relief reduction only affected higher level policies. However, 90% of all policies will be affected by this which is a poor decision.

I see the Minister's intention with the removal of the one-parent family tax credit in that it might present an unfair advantage for some. Fianna Fáil, however, is opposing this because the Minister went about it the wrong way. It will discriminate against fathers particularly as the new single tax credit will only be available for child benefit which is typically claimed by the mother. This is unfair. In many cases of divorce or separation with parents living apart, there are extra costs trying to maintain two houses. In 94% of such cases, the father has the higher income and the credit helps pay for the children's maintenance. This measure could lead to a reduction in maintenance payments. We are not opposed to the withdrawal of a tax credit where one parent is not contributing financially. It should only be available where there is a real and demonstrative case that the father is contributing to the support of his children. The Minister has not thought this through properly and he should reconsider it.

It is bizarre the Minister introduced the 0.6% pension levy in 2011, claiming it would lapse in three years. In fact, he has now increased it by 0.15% for the coming year. The levy will apply into 2015 as well. He gave all sorts of excuses why this is necessary. It is important people recognise many defined contribution schemes are in difficult financial positions. The State taking money out of those funds makes no sense when many of them are having severe problems continuing.

The Minister seems to be speaking from both sides of his mouth when it comes to the banks. On the one hand, he is loosening the rules on trading losses for banks. There was a 50% restriction on the amount of prior year trading losses of NAMA-participating institutions which could be offset against future profits. By loosening that, he is allowing them offset more of their previous losses against future profits so they pay less tax in the future. While this is an effort to help the banks financially, at the same time he has imposed a bank levy. That is a mutually inconsistent approach. Will the Minister agree to a White Paper on banking to ensure a consistent approach to this topic?

Acting Chairman (Deputy Seán Kenny): I call on Deputy McLoughlin who is sharing time with Deputies Kyne and Neville.

Deputy Tony McLoughlin: Despite the overwhelming constraints imposed on the Government, the Minister for Finance, Deputy Noonan, has thankfully been able to include several incentives and welcome initiatives that I hope will help stimulate our economy in this Finance Bill.

As part of the budget 2014 measures, the Government has announced 25 pro-business and pro-jobs initiatives which are set to cost more than €500 million. Under the Bill, the 9% VAT

rate will be retained for the tourism industry. I warmly welcome this decision which is a measure that the industry had lobbied hard for in the run-up to the budget. I live near the village of Strandhill, County Sligo, a place most people would agree is one of the most beautiful parts of this island. This area has seen significant investment from local business people who provide magnificent food, entertainment and facilities for our visitors. I am glad we recognise this investment and will play our part in reducing the levels of taxation. This measure coupled with the reduction in the airport tax will bring more visitors and, hopefully, realise repeat business because the tourist visiting the north west will get value for money and not be ripped off.

The result of the reduction in the airport tax last week saw the opening by Ryanair of three new routes in and out of Ireland at Knock Airport, great news for the region I represent. Well done to the airline company's chief executive officer, Mr. Michael O'Leary, for stepping up to the plate when asked. In particular, I thank the Minister for Transport, Tourism and Sport, Deputy Varadkar, and the Minister of State at the Department of Transport, Tourism and Sport, Deputy Ring, for their work and lobbying on behalf of this industry.

During the debate on Second Stage of the Local Government Bill 2013, my colleague Deputy Deasy made some important points on the issue of rates. The rates system was originally introduced during a different time. As Deputy Deasy stated, €3.7 billion is the estimated annual spend by people purchasing online goods. Of course, the majority of those same companies make no contribution to our local authority rates. I have received representations from a young business man, a publican based in a small town in County Leitrim, who has a rate demand more than three times those of his competitor publicans in his village because he has a petrol-diesel pump outside his door. We all know the profit margin on liquid fuel sales, yet the rates bill to provide this service is overwhelming him.

In times of economic turmoil, it is difficult to consider change but the rates collection and revenue accounts of both counties Sligo and Leitrim have shown a significant and consistent drop since 2009. Will the Ministers for Finance and the Environment, Community and Local Government commission a study by a competent organisation or Government agency to look again at the rates system? Should we, for example, consider a sales tax in each county similar to that in the United States where individual states have a sales tax and a local property tax set individually by the local council? I would welcome a genuine discussion and the formulation of a report that could be considered by the environment and finance committees in this House. It should examine all options and the systems employed in other countries. It could then make recommendations, debated by the Oireachtas committees, which would eventually evolve into legislation that would fundamentally change the rates system to provide a fair, equitable and effective revenue stream to help fund our local government sector.

In my previous career, I worked for the construction industry which every Member knows has suffered since our economic collapse in 2008. The Minister for Finance has also recognised this. Within his limited financial resources, he has set out several measures which will assist our domestic economy. He has brought forward the commencement date for the home renovation incentive to include works that commence from 25 October, providing relief at a rate of 13.5% on qualifying expenditure of a minimum of €5,000 before VAT and a maximum of €30,000. Those availing of the scheme will see the credit awarded in 2015 and 2016.

The Bill also puts in place the structure for the start-your-own-business incentive scheme, which coupled with the home renovation scheme, will give the opportunity for a young carpenter, plumber or electrician who has been unemployed to get back into the workforce with a real

chance of a market for their trades. This scheme will grant a two-year exemption from income tax to people who set up their own businesses after receiving social welfare for 15 months or more, up to a limit of €40,000.

I encourage and challenge people formerly employed in construction to talk to their local partnership and social protection offices to get set up as there are real opportunities for these skilled people.

I welcome the decision not to increase the cost of diesel or petrol, which will keep the cost of running businesses down. I also welcome the decision not to increase motor tax, assisting the industry somewhat. I would have liked the Government to consider the swappage scheme proposed by SIMI, as this industry is still down by 8%, despite some positivity. The new system has brought some balance to the 12 month market. I encourage the Minister to consider SIMI's proposal on a swappage scheme for inclusion in next year's Finance Bill.

Deputy Seán Kyne: In a little over one month the country will take the momentous step of regaining its economic sovereignty. Exiting the bailout arrangement is possible because of the contribution made by every citizen in the past few years to restore the nation's finances. However, we must not lose sight of the fact that State expenditure continues to exceed income. Regaining our economic sovereignty is not an excuse to go back to the old ways of irresponsible and reckless spending. The Opposition has attacked the budget for being unfair and not targeting those most able to contribute. However, the provisions contained in the Finance Bill expose the hollowness of this accusation. The increases in DIRT, exit taxes on payouts from investment funds and life assurance policies and the earlier changes to capital gains tax are among the measures that ensure those most able to contribute will do so.

There are a number of very positive provisions in the Bill. For example, the provision to consolidate the tax implications of the JobsPlus scheme is very welcome. JobsPlus is an enormously important programme which exemplifies how the Government and business can work together to tackle long-term unemployment. Another major positive is the home renovation incentive which is providing assistance for a sector under significant pressure as a result of the downturn.

Regarding sections 13 and 21, I wholeheartedly appreciate the amendment to ensure tax relief for expenditure on research and development is available only once a person or an organisation is fully tax compliant. However, we should examine the introduction of a more targeted relief for employees who register a patent. We are all aware of how vital innovation is for Irish companies and companies based here. New and better processes, components, products or services have a direct, positive impact on expansion and job creation. We should reward employees for being innovative by, for example, exempting from income tax the first €2,000 of any reward payment provided for that employee by the company. Any cost would be offset by the great likelihood of the company expanding when implementing the innovation. With such a measure the Government would be encouraging creativity in the business sector and helping in facilitating job creation.

One issue on which there has been a good deal of correspondence is the provision in section 7 concerning the one parent family tax credit. The move to replace it with a single person child carer credit arises from a recommendation made by the independent Commission on Taxation. Given the extraordinarily positive announcement in recent days on the plans to extend civil marriage and provide for legal recognition of Irish families in all their shapes and sizes, section

7 appears out of step. I appreciate that this measure is intended to inject equality into the tax treatment of cohabiting and non-cohabiting parents. However, in a genuine attempt to prevent exploitation of a tax relief by a small number of people, I fear this measure will cause hardship for responsible parents, particularly fathers. While I accept the need to reduce exemptions and other tax relief measures on account of the State's financial position, it would be more equitable to continue with a shared, albeit reduced, tax credit for both responsible parents. Such an amendment would be in keeping with the Government's desire, shared by most people, to give equal recognition and rights to all family types.

Another measure which I ask the Minister to reflect on and consider implementing is the reform of the Triple E accelerated capital allowance, ACA, tax incentive scheme. This is vital for indigenous companies such as Galway based C&F Tooling to increase their overseas business and thereby expand and create new jobs. The Triple E ACA tax incentive scheme is, however, dependent on an accreditation process which is time-consuming to the extent that it is a disincentive to customers placing orders for, in this case, new renewable energy products. The situation could easily be remedied if the Department of Finance were to introduce a new pre-accreditation certificate or letter which would outline that the tax relief would become available were the product in question to meet the assessment at the accreditation stage. The UK Government provided such a letter of confirmation regarding the available tax reliefs two years ago.

I ask the Minister to give strong consideration to these three measures, in particular, that I have raised, namely, the tax relief for employees receiving a monetary reward for being innovative and registering a patent, the retention of a reduced tax credit where both persons share parenting responsibilities and the creation of a pre-accreditation certificate or letter which would confirm the tax relief available to customers of Irish companies should their products achieve certain minimum standards.

Deputy Dan Neville: I welcome the opportunity to contribute to the debate. I specifically want to mention the funding of mental health services, an issue which has been neglected for decades. While €20 million was allocated for the development of mental health services, there is concern that the promised €35 million did not accrue in the budget. In the last two budgets the Government contributed €35 million each year for the development of the services and the programme for Government guaranteed that the Government would ring-fence €35 million annually from the health budget to develop community mental health teams and services as outlined in *A Vision for Change* to ensure early access to more appropriate services for adults and children and improved integration with primary care services. While the €20 million is welcome, there is disappointment that the expected €35 million did not accrue in the budget.

The College of Psychiatry in Ireland points out that just over 5% of the overall health budget was spent on mental health services in 2013, down from 13% in the 1980s. Meanwhile, funding for mental health services overall has fallen from €937 million in 2006 to €733 million in 2013. The College of Psychiatry in Ireland notes that just over 5.2% of the overall health budget is spent on mental health services, a far lower figure than is recommended for a developed country. In 2006 the Government published a blueprint for mental health services, *A Vision for Change*. It recommended gradually building up the mental health budget to 8.24% of the entire health budget, but this has not happened. It is interesting to note that in the United Kingdom the mental health budget is 12% of the total health budget. The College of Psychiatry in Ireland has called on the Department of Health and the HSE to ensure mental health services receive the percentage of the health budget envisaged in *A Vision for Change* over a period of time, as promised. The president of the college, Dr. Anthony McCarthy, said:

How we treat the most vulnerable in our society is a measure of what kind of society we are, and when people are unwell they may not be in a position to advocate for their needs, and those entrusted with responsibility have a duty of care to ensure their voice is heard.

The mental health association Grow also expressed concern about the funding allocated for mental health services in the budget. While there was some welcome for the Government's providing €20 million to support these vital services, Grow's CEO, Ms Michelle Kerrigan, criticised the fact that almost half of the funding promised in each of the last two budgets had not been allocated this year. She said:

This will have significant effects on community mental health developments and the services people could have and should have on their doorstep. Now more than ever there is a huge demand on community mental health services and [the budget] will see even more people being forced onto ever-lengthening waiting lists. It will result in more people turning to thoughts of suicide and self-harm, and will place greater pressure on voluntary organisations like Grow to step in and bridge the gap. It is going to put a huge strain on mental health services in this country.

While we recognise that €35 million was allocated in the past two years, the low level of implementation of the programmes that were to be implemented was very frustrating. In 2012 the €35 million was primarily to be used to further strengthen the community mental health teams in adult and child mental health services, advance activities in suicide prevention and initiate the provision of psychological and counselling services for service users in institutional and community-based care.

Some 414 positions were approved for the community mental health services under that plan, but we are told that budgetary pressures within the HSE delayed the full utilisation of this funding in 2012. However, it was made available subsequently in an additional budget in 2013. Of the 414 posts approved in 2012, some 397 have been filled or are awaiting clearance. This is reasonably close to the target, but it is two years since the allocation of the moneys by the Minister for Finance. Some 477 posts were approved for last year's budget for mental health services, but by August this year, just 220 of these posts had been accepted, with a further 24 offered to candidates. This implies that nobody had been appointed up to August. I understand filling posts takes time, but I cannot understand why it takes so long.

In 2012, the first recruitment took place as late as October, despite the moneys having been allocated in the budget for that year. We all understand there is a procedure to be followed for recruitment and that some posts are difficult to fill. I know from discussions on the issues that it is difficult to recruit some professionals. These positions are to fill vacancies in the community based mental health services, so we are talking about psychiatrists, psychotherapists, occupational psychologists, family psychologists and a range of professionals. Of the 233 posts remaining to be filled for last year, 162 are at various stages in the recruitment process. Therefore, while funding was allocated in 2013, there are still a considerable number of posts where recruitment has not even started.

The national recruitment service creates national panels in anticipation of vacancies. It points out however that on occasion it is difficult to fill posts for various reasons, including availability of qualified candidates and geographical location. That is understandable, but my concern is the time lag that exists in regard to implementing recruitment provided for by the moneys allocated by the Minister. In addition, specific specialist staff are required to fill 91

of these posts. The national recruitment service and the mental health service tell us they are working to improve the process. On the issue of child and adolescent mental health services, there are currently 61 teams in place. The recommendation in *A Vision for Change* was 100 teams.

In 2012, some 150 of the 414 additional posts for mental health were allocated to community mental health services. The budget for the National Office for Suicide Prevention was increased from €4 million to €7.9 million in the past two years. Now, from a budget of €20 million, just €4 million has been allocated to the National Office for Suicide Prevention. I ask the HSE to look at improving funding to that office. In each of the old health board areas there are suicide liaison officers who deal with communities in difficult situations. These officers should be brought under the auspices of the National Office for Suicide Prevention to ensure co-ordination between all suicide prevention initiatives from the HSE. Gerry Raleigh has been director of the National Office for Suicide for the past 12 months and with him as director there is an excellent opportunity to co-ordinate all the activity of the HSE on suicide prevention and research.

Acting Chairman (Deputy Seán Kenny): The next speaker is Deputy Mary Lou McDonald and she is sharing time with Deputy Sandra McLellan. Is that agreed? Agreed.

Deputy Mary Lou McDonald: There is only one word to describe the Finance Bill and the budget from which it stems, and that word is “insidious”. The Minister tried to pull off some stunt on budget day, with efforts to spin and distract people from the worst of the Government’s latest bout of brutal cuts. We said at the time that the devil would be in the detail. In the Social Welfare Bill and now in this Finance Bill, we see that detail.

On the night of the budget a tweet I saw really struck me. It was from a man who described himself as middle aged and well off. He said he was an architect and his wife was a solicitor, with a good income between them, and that they had not been hit by the budget. He said: “There is something wrong with that.” In the budget, the Government, to protect higher incomes, did what it has done every year. It went after those on the periphery. It strikes me that the Minister purposely went after parents, at a particularly vulnerable time in their lives, be they separated fathers or pregnant women.

I wonder whether, between the taxing of maternity benefit last year, the successive cuts to child benefit, the under-funding of our maternity hospitals and now this cut to maternity benefit, the Government is committed to some kind of one child policy. I wonder if it is trying to turn the baby boom on its head, because it is making it incredibly expensive for people to have children. For those who think I am overstating the case, I would like to share with Members that only yesterday, my colleague, Deputy Pearse Doherty, received a reply to a parliamentary question from the Minister for Social Protection. She said in her response that maternity benefit on average in 2013 was paid to almost 22,000 women per week, but that in 2014 she expects it to be claimed by only 16,500 women per week. I am not joking. Either we must assume 5,500 fewer women will have babies next year because they cannot afford to have them under Government policies, or we are back to relying on emigration. Which is it Minister?

The Minister presented this Bill to us as though it is the answer to the jobs crisis. While I hope some measures will contribute to job creation, I cannot help but be sceptical. What we know is that when the Government has made a big song and dance about tax measures to create jobs in the past, for example SARP, it has not followed through and told us how many jobs it

created.

I want to talk now about the substance of some of the measures in the Bill. The briefing note on the Department's website on the one-parent family tax credit points out that there was a flaw in this credit, in that it could be claimed by anyone even if he or she did not have a familial relationship with the child, provided the child stayed with them one night a year to be looked after. There is no doubt this was a flaw, but it should have been fixed by narrowing the definition. However, what the Minister did was abolish the credit. As a result, now mainly separated fathers - because the primary carer will be considered to be the parent in receipt of child benefit - have been hit with an extra tax of €2,490 a year. Even if the Minister moves to keep the extended tax band for these parents, they will still pay an additional €1,650 a year.

6 o'clock

It might make sense to the Minister in his twisted logic that only the primary carer of the child has any expenses for that child, but I can tell him he is wrong on that score. Separated parents operate two households with two sets of expenses. This is a shocking tax hike on fathers. The Minister did not come into the Chamber on budget day and state every separated father in the State will pay an additional €2,500 in tax next year; he dressed it up as a name change for the tax credit. It is now apparent what he are doing, which I believe is shameful.

It is really astounding that after almost a year of consideration on how the standard fund threshold would be reduced, the Minister managed to include it in the Bill in such a way as to confuse even the experts in the field. Finance Bills are by definition difficult pieces of legislation, but when even the pension lobbyists are scratching their heads as they try to make head or tail of what the Minister is doing it must be a record. It is of concern that after promising the measure would raise €250 million in 2014 we are now told there is a €130 million hole in the budget and the standard fund threshold reduction will bring in only €120 million. I can only assume the pension levy which the Minister has hiked up and decided to keep going in some form will not be used for either job creation or pension crises but instead to fill this deficit in his figures. There are easier ways of approaching the tax treatment of pensions. They were contained in the national framework with which he agreed and which included a reduction in tax reliefs and pensions. He might consider revisiting this matter next year.

In recent years following budgets the Minister announced he was undertaking a review of various sectoral tax treatments. This year it is agricultural reliefs and last year it was research and development. When my party brought forward a Bill earlier this year calling for the equality proofing of budgets, he and his colleagues in the Labour Party voted it down. Equality proofing catches measures such as the one introduced for separated fathers. It ensures groups on the margin are not picked off or pitted against each other one by one. Anyone reading the Finance Bill or the Social Welfare Bill can see why the two Government parties are so set against equality proofing of budgets, but I continue to urge the Minister to make 2014 the year he commits to examining budgets and the Bills which follow them from an equality perspective, because it is badly needed.

I have heard a number of Government Deputies laud the fact that payments for the Magdalen laundry survivors will not attract any tax. All of us would have assumed this would be the case. I am very shocked to hear them highlight this as the big strength of the Finance Bill because as we speak not a single survivor has seen a single shilling by way of redress. In the time since the Taoiseach made the apology to the survivors and the redress scheme, such as it is,

was agreed, two further survivors we know of have died and will never receive a single shilling, taxed or otherwise, by way of redress. I find it hard to listen to the compliments on the Finance Bill of Government Deputies commending the Minister on not taxing payments to women who, let us remember, were held against their will providing forced slave labour and who lived with stigma and trauma for decades afterwards. On the occasion of the reading of the Finance Bill I urge the Government to get the finger out, straighten out whatever difficulties there are between the various Departments, ensure the services these women deserve and ensure they get the very modest compensation envisaged by the State tax free and promptly. I hope in the course of the debate we will not hear another crowing Deputy from Fine Gael or the Labour Party on anything, but above all on the issue of compensation for the Magdalen women.

Deputy Sandra McLellan: The word “austerity” has been used so much by the media, in this House, and by figures in financial and banking institutions that to many people it seems to have lost all meaning. Many ordinary people in the street hear about austerity, and to a large degree, lose interest in what is being said, as if it is something that does not apply to them but a mere political phrase and something technical about which they should not have to worry when, in reality, it affects them very deeply. What austerity means to ordinary Irish people in the street is doing without. For many it is more than that; it is poverty, which is often quite severe. It is the inability of a family to pay a bill in a given month, having to do without presents for a birthday or going months and months into arrears on a mortgage simply to be able to put food on the table or turn on the heating. It is about being unable to access key services one had relied on, whether local community services, the bus into town or being able to get in to contact with local gardaí. It means hardship and suffering and people looking at what is coming in and what is going out and deciding that maybe they would be better off making a life for themselves somewhere else. Specifically, austerity is the decision made in Government that this suffering is necessary, that there is no other way, that the burden cannot be picked up except by those at the bottom, and that those well-off bankers and speculators, who laughed at us to each other, cannot afford to take a hit. Austerity may have become a sanitised and technical term, but for what it truly means it ought to be an obscenity.

This is a deeply flawed Bill which not only fails to tackle the massive disparity between the wealthy and the not so wealthy in the State, but which furthermore punishes the least well off yet again. The most obvious example is the hit the single parent tax credit has taken, which will be very hard on separated parents. Many parents in this category have been in contact with me on foot of this. They are angry and feel they have been targeted in a very cynical way. There seems to be a sense that in these situations the cost is borne by one parent, and that the other parent has nothing to do with the life of the child, and that they may never incur any cost due to having a child. Perhaps this is true in the occasional case, but in the vast majority of cases it is certainly not the reality. Children will spend weekends with the parent, who will contribute to their children’s life financially, whether in terms of educational needs or sports, or, as Deputy Doherty mentioned, Christmas presents. This is a blunt approach which is regressive and entirely lacking in fairness.

The other big injustice to my mind, though it comes as no great surprise to me I am afraid, is that the Government has not abolished the family home tax. The recent controversy caused by the letters circulated by the Revenue Commissioners illustrate very clearly that people are very worried about their ability to pay the tax. Last year it was half a year’s tax which had to be paid and next year it will be for a full year. Many families simply do not have the money to pay this tax - it simply is not there - and to find the money for it they will have to do without

essentials. Even aside from the hardship, it has been demonstrated quite clearly, here in Ireland and across Europe, the more that is taken out of the real economy, the more local economies, retail and services suffer. The property tax is unnecessary. It is likely to cause severe hardship and will continue to prove a drag on the economic recovery of our high streets.

I will touch briefly on the aspects of the Bill, and of the budget generally, which affect my portfolio. There are some positive aspects to the Bill. I was happy to see the Minister bow to reason on the issue of the 9% VAT rate for the hospitality sector. I was vocal on the need for this, and worked with the campaigners who organised such an effective lobby. I pay tribute to them in this regard. However, while this is positive, I have criticised the Government for what is a very short-sighted approach to tourism spending, in particular in terms of promotional budgets. Let us not be fooled. This was no tourism budget. To attract tourists to Ireland and heighten awareness of Ireland as a destination, marketing and promotion are essential. It is a competitive market, so we need to invest. We have very low market penetration in emerging markets such as China, India and Brazil, which should be central to the future industry. Tourism Ireland's target is to increase the number of Chinese visitors from 17,000 in 2012 to 50,000 per year in the next five years. How can that be achieved without investment in promotion?

The position is similar with sport. We were all delighted with the great performance of Jason Quigley and all the rest of our boxers in Almaty. However, Paddy Barnes, our two-time Olympic medalist has said that without more money, Irish boxing is going nowhere. He said:

It's the Sports Council's fault because they need to put money into the IABA in order for them to put boxing out there. It's the best sport in Ireland but with the budget we get, we can't even afford to send the girls away to the World Championships... We're training in a 1970s gym more or less and everything has to be modernised. The Sports Council promise this and that but we put in a proposal for €1.2 million and they only gave us €800,000... We need the money. Without the money, boxing is going to stay the same it as it is.

The cutbacks to spending on sport will hit across all sports, such is the scale of the cutback to the Sports Council. They are not getting the support needed, which will result in less success, no doubt about it.

I have long been an advocate of protecting our heritage, and I have seen the value of protecting our built heritage in my own home town of Youghal. I am not sure if the Minister for Finance is familiar with that particular example, but the Minister for Arts, Heritage and the Gaeltacht will be, and it is an initiative I have been keen to support. I also recognise the considerable value of the Georgian heritage of Dublin and of our other main cities. It was truly an act of cultural vandalism that so many of our great Georgian terraces and mews in Dublin were demolished. However, we are not particularly clear yet as to how the Living Cities initiative will work in practice. More detail is needed. Indeed, as my colleague, Deputy Pearse Doherty, noted last night, it is peculiar that before the pilot which was announced last year is even begun, the initiative is being rolled out across other cities.

We have a very bad track record on property reliefs in this country and, while this relief is dressed up in the context of preservation and of heritage, I am yet to be convinced. It appears to be very broad. The document which accompanies the scheme states: "There will be a broad definition of 'refurbishment' and the types of activity that will be covered." We need to hear more about the type of work covered and the rationale for it, and I am open to hearing these arguments.

As well as mistaken approaches, there are many missed opportunities in this Bill. The most significant among them is the failure to introduce a wealth tax. The same public I spoke about earlier, which is exhausted and fatigued from hearing the word “austerity”, should be asked what they think about a tax on wealth. They will not be long in telling the Government what they think about it. It registers with them because it just makes sense. It fits with their sense that those at the top, the wealthy, do not contribute their fair share. It is a widely held view. The need for a wealth tax is unanswerable.

It is not just us. It is SIPTU, many in the wider trade union movement and many economists. However, the Minister dismisses it and says it is unworkable and will raise nothing substantial. He has no evidential basis for this; he is simply worried about taking on the real vested interests in this country. That is the case for this Bill as a whole, and that is a case for the budget as a whole - more austerity and more hardship.

Deputy Gerald Nash: I wish to share time with Deputies Heather Humphreys and Dara Murphy.

Acting Chairman (Deputy Seán Kenny): Is that agreed? Agreed.

Deputy Gerald Nash: There is much to be positive about in this Bill. It is a Bill which, in my opinion, has job creation at its centre. I want to take this opportunity to identify some aspects of the Bill where improvements may be made to the efficacy of certain provisions contained therein. I would be hopeful the Minister for Finance will be positively disposed to accepting some of these propositions, many of which I argue are logical, cost-free and make sense.

The Living Cities initiative, to which Deputy McLellan referred, is an excellent and potentially very progressive scheme. I note the Bill covers Cork, Dublin, Galway and Kilkenny in terms of this element of the pilot phase. Originally, as I understand it, it also covered Limerick and Waterford. I am assuming the take-up was quite positive.

The Chair will forgive me for being shamelessly parochial for a moment but, given the Minister has included Kilkenny in the extended scheme, I do not believe there is any good reason that he cannot also include two even larger urban areas, namely, Drogheda, my own home town, and Dundalk. I do not believe any town in Ireland can claim to have been bypassed by the ravages of the recent economic collapse but no town in central Ireland can boast the equivalent historic and, arguably, the architectural merit of Drogheda, an ancient medieval city. I have been a long-standing advocate of the regeneration of the historic and commercial heart of Drogheda. Opportunities were missed in the good times to provide the kind of incentives we are now offering to encourage living urban spaces, living over the shop and so on. As the Minister acknowledges through this initiative, we need vibrant and sustainable town centres that do not close at 6 p.m. or 7 p.m. but remain dynamic, vibrant and family-friendly, 24 hours a day, seven days a week. I urge the Minister to make provision in the Bill for the inclusion of towns such as Drogheda and Dundalk, the two largest towns in the State.

There has been much debate in regard to the provision in the Bill in respect of the change to the single parent tax credit. I must admit to having some concerns in terms of how this will be applied and some of the damage that may be done. I note the Minister announced this morning that he will be making some changes on Committee Stage to elements of the provision, which will be helpful to some but, I would argue, will not be helpful to quite a large cohort of individu-

als who will be affected.

As a case in point, a situation which has been drawn to my own attention by a constituent, and which I have reflected on at some length, involves the following. The man is a separated father of a teenage child, with joint custody and guardianship rights, where the caring duties are shared evenly by both the mother and the father. His former wife is considered formally by the State to be the child's primary carer and she receives the child benefit payment, which is understandable. Under the current system they both enjoy a tax credit as parents whose relationship has ended and they both have the legal responsibilities that I outlined. Under the provision contained in the Bill, he will lose the tax credit while his ex-partner, who earns a multiple of his salary, will continue to receive a credit, even though the costs of parenting and rearing the child are in many ways shared equally by both parents.

This is a difficult situation for anybody to accept. It is my firm opinion that a better way should be found through the tax code to provide equal supports, in so far as is practicable, to both parents who have legally binding caring duties for their child or children. The House may be familiar with a proposal by One Family, a long-standing organisation working with those who are parenting alone. It has argued for the introduction of what it terms a shared child support credit. This could be considered with an associated adjustment to the tax band to reflect the equal cost and the parity of parenting under circumstances where the family and parents are subject to written child support agreements. This would be a much more sustainable and fairer way of reforming the system as it currently stands.

I am pleased, on foot of the Minister's statement this morning in his Second Stage speech, that he has accepted the logic of aligning the relief of the long-term unemployed with the 12-month eligibility period for the back to work enterprise allowance. This is a logical step. I am glad he will address this anomaly because I was wondering aloud as to why there was a three-month disparity in terms of those who could take up this relief for the long-term unemployed, so this is a very positive step.

As the House knows, some 20% of our long-term unemployed were formerly employed in the building sector. The argument has been made that until such time as significant numbers of construction workers return to sustainable employment, we will continue to have a stark and distressing unemployment problem. We are, however, making serious inroads into addressing that matter.

The provision to allow for a VAT rebate in respect of home improvements is both eye-catching and practical and will ensure that construction workers return to employment. It will also incentivise people to spend moneys which they may have on deposit with their banks. This will assist in getting the economy to move further in the right direction. A key component of the Government's energy strategy and its jobs strategy is to promote and incentivise the retrofitting of homes and other properties. This will have the effect of getting people back to work and of ensuring that buildings are much more energy efficient. It would be short-sighted and would betray the notion of joined-up government if we failed to integrate energy efficiency measures into this package. We are all happy to provide some assistance to the construction industry and to ensure that those previously employed in that industry return to work. However, we must also be mindful of the need to incorporate requirements relating to energy efficiency into the Bill. To that end, the tax rebate should also involve a requirement to improve all-round energy efficiency in homes which benefit from the rebate. In this regard, I refer to projects involving the spending of €10,000 or more.

There should be an onus on homeowners to prove that work has been undertaken in order to improve the BER ratings of their properties. This is a matter on which the Bill is currently silent. We must ensure that the good work of the Minister for Communications, Energy and Natural Resources and his colleagues in government in respect of promoting energy efficiency is aligned with the intentions and actions of the Minister for Finance and his Department. While I accept that the Minister for Finance may be reluctant to be overly restrictive in terms of the application of the relief in the context of who may or may not qualify, there is a strong case for the inclusion of an obligation in this regard in the Bill for those who wish to take advantage of this very eye-catching and positive incentive.

Deputy Heather Humphreys: I commend the Minister for Finance, Deputy Noonan, on the competent way in which he has negotiated on our behalf in Europe and I compliment him on his huge achievements in the context of regaining our credibility on the European stage. He and the Minister for Public Expenditure and Reform, Deputy Howlin, have skilfully crafted difficult budgets in order to reduce expenditure and meet troika targets, while simultaneously stimulating the economy through incentives designed to support businesses and create jobs. The introduction of the 9% VAT rate in the hospitality sector was a major success. I welcome the fact that this reduced rate of VAT has been retained. I commend the Irish Hotel Federation and the Restaurant Association of Ireland on their excellent lobbying campaign in the lead-up to the budget. This very effective campaign was similar to that engaged in by the IFA.

The home renovation incentive is very welcome for self-employed builders whose businesses were decimated in recent years. I am glad that work done from 25 October last onward will qualify for tax relief in 2015 and 2016. I know this measure is going to prove effective, particularly as a number of individuals have already made inquiries with my office regarding the works that will be covered under the scheme. This incentive will encourage people to spend and will ensure others return to work. It is in this way that our domestic economy will recover.

Earlier today the Minister for Finance reiterated the Government's commitment to our 12.5% corporation tax rate. While the latter is obviously a major incentive in the context of inward investment, reputation is also vital. The job the Government has done to restore our international reputation as a country in which it is safe to do business is paying huge dividends in the context of the number of international businesses that are locating here. How matters have changed in the past two years. Instead of listening to a constant stream of announcements relating to job losses on morning radio programmes, we now listen to good news regarding job creation. Proof of this lies in the fact that we are creating 3,000 jobs per month and that the numbers on the live register have fallen for 16 consecutive months. I want that trend to continue and I want to hear more good news about job creation, particularly in respect of the Cavan-Monaghan constituency I represent. I am committed to working hard with my colleagues in order to ensure this is achieved. There is a concern among those in rural areas that they could be forgotten, particularly as the majority of job announcements relate to our cities.

Under section 23, the exemption from deposit interest retention tax, DIRT, relating to credit union share accounts will be abolished from 1 January 2014. This means that the exemption applied to members of credit unions who opted not to pay DIRT will be removed. Credit unions currently maintain two types of share accounts, namely, special share accounts and regular share accounts. DIRT is deducted from dividends relating to the first of these but it is not deducted from the second. The categories of those who hold regular share accounts include members who hold DE1 tax exemptions, namely, those who are over 65 and whose total incomes are less than the relevant limit and those who are permanently incapacitated, those who are otherwise

exempt from paying tax on foot of their income levels and those who are liable for tax and who declare their dividends by means of annual tax returns. A regular share account is, therefore, a good workable choice for credit union members who are not liable to pay income tax.

The proposed changes will mean that apart from DE1 tax exemptions, all regular share accounts will be liable for DIRT and this will be deducted at source. Credit union members who are going to be adversely affected by these changes will be those whose accounts are not liable for tax, particularly those of children. We are striving to instil in our children the value of saving regularly. Not only will what is proposed act as a disincentive for them, it will also impose - for a negligible return in terms of revenue - a huge administrative burden on the Exchequer and credit unions. Perhaps the Minister will consider extending the tax exemption system to take into account children up to the age of 18 or 21, if they are not in employment. He might also consider inserting a monetary limit after which DIRT would become payable on dividends paid by credit unions. In that context, I suggest that only those credit union members who earn dividends in excess of €50 per annum in respect of their regular share accounts should be liable for DIRT.

On the subject of credit unions, we are trying to stimulate spending in the economy. In that context, the Central Bank needs to re-examine its approach towards credit unions that have demonstrated their improved financial circumstances. Now would be a good time to review some of the restrictions that have been put in place. Many credit unions have made great progress in developing their business models. They have also made good progress in building up their reserves and provisions. Surely the Central Bank should revisit this matter and show some latitude by easing restrictions on credit unions and allowing them to lend reasonable amounts again. Many credit unions reach their lending limits for a particular month within the first week. I ask that the Minister raise this matter with the Central Bank.

I reiterate that I welcome the many positive measures included in the Finance Bill. I ask the Minister to examine the points I have made in respect of credit unions.

Deputy Dara Murphy: I welcome the opportunity to contribute to the debate on the Bill. Last week I led a delegation of backbenchers which met representatives of the troika. In that context, I was struck by the fact that there are two areas in which we still have significant room for improvement, namely, those which relate to competitiveness and labour activation. The Bill contains a number of labour activation measures. In the context of the start-your-own-business scheme, I welcome the fact that the Minister intends to reduce the qualifying period relating to jobseeker's benefit from 15 months to 12. However, I would like an exact definition to be provided in respect of what constitutes qualifying for jobseeker's benefit or allowance. The Bill contains reference to serial entrepreneurs in this regard. We must allow those who were previously self-employed to become self-employed again. The self-employed encounter difficulties in having themselves defined, for the purposes of claiming social welfare, as being unemployed when they are out of work. I accept that there is a difficulty in respect of people closing businesses and opening others but I am of the view that - in the context of the relevant exemption from income tax - we should make it as easy as possible for those who have been self-employed to prove that their businesses have closed. One of the great failures of society in Ireland and across Europe is that it is not sufficiently forgiving in respect of those whose businesses have gone to the wall.

I wish to refer to a matter which is quite dear to my heart. Last year, the Fine Gael Party held a meeting to hear proposals from Members on job creation schemes. The home renovation

scheme is similar to a scheme I proposed at the meeting, while others have also proposed similar schemes. While I will not claim my proposal was better than the scheme before the House, there are some differences between them.

The home renovation scheme has two objectives, namely, to create employment and reduce activity in the black economy. I have two suggestions in respect of the scheme, which I also propose to discuss formally at the Select Sub-Committee on Finance. The provisions of the Bill are not especially strong in cases where a contractor does not submit invoices. For example, if the contractor closes down or the company goes bust, the scheme offers a significant incentive for him or her to submit the invoices for the work covered by the scheme. This issue should be addressed. If the aim of the scheme is to reduce activity in the black economy, it would be preferable if customers were to provide the invoices for the works done. If a contractor did not want to pay VAT and was supplying invoices and dealing directly with the Revenue Commissioners, he or she would be able to ascertain the cases for which invoices would have to be shown and declared. If, however, the homeowner was able to collect a number of qualifying invoices over several years, before submitting a claim to Revenue for a VAT rebate as a tax credit, the contractor would not know which of the invoices being generated by his or her company would be used for the purposes of the scheme. One assumes, therefore, that a much great proportion of the invoices generated through the business would go through the books, as it were. I appreciate this approach could present difficulties in terms of paperwork. At any rate, invoices will have to be submitted by the contractor, homeowner or other person having the works done. The incentive to ensure paperwork is in order would be much greater in the case of the person who is benefiting from the scheme. Such a model would also lend itself to efforts to tackle the black economy. As I stated, the select sub-committee will have an opportunity to tease out the issue in greater detail.

Another issue is the number of contractors that may be included in an application. The text refers to “contractor”. While I am aware that multiple invoices can be used, is it also possible to use multiple contractors? This returns me to my earlier question on what would be the position if one of a number of contractors being used as part of the scheme were to cease business.

All of us welcome the stateless company provision in section 38. I am a member of the Select Sub-Committee on Finance, which is examining the corporate tax rate and how it interacts internationally. This provision further enhances our reputation and does not present a threat to any of the companies located in this country. Contrary to an allegation made by a Sinn Féin Deputy, the Fine Gael Party has been advocating this type of approach. I welcome the measure as it copperfastens our corporate tax rate at its current highly competitive level. I look forward to discussing the legislation in greater detail at the Select Sub-committee on Finance.

Deputy Thomas Pringle: I welcome the opportunity to contribute to the debate on this Bill to implement changes announced in the budget. The Minister’s statement that growth is expected to be 2% in 2014 is unrealistic. Already this year, growth projections have been downgraded on a number of occasions, as they have been in every year in the lifetime of this Government. The projected growth rate of approximately 0.2% this year is effectively zero growth and the budget will not contribute to any improvement in the figure for next year.

I question the need to make the adjustments outlined by the Minister in his budget, including the expenditure cuts he announced. The Department of Finance estimated that a completely neutral budget, in other words, one without expenditure cutbacks, would reduce the deficit to 5.8% next year, based on a growth rate of 0.5%. This indicates that, with only a little work, we

could have achieved the troika targets. Citizens would have been confident in the knowledge that they would not experience cuts, which would have achieved a bounce in consumer sentiment in 2014. It was possible, therefore, to meet our targets without the painful adjustments that have been introduced.

I propose to concentrate on two aspects of the Bill. Sections 5 and 6 provide for a home renovation incentive. While the scheme has been widely welcomed, it does not go far enough. After the budget, one commentator argued that the scheme would only benefit people who were in any case prepared to pay VAT and had budgeted for that purpose. I concur with the assessment that it will not have the desired impact on the black economy. Compliant contractors who include VAT in their invoices have many more compliance costs than contractors who are operating in the black economy. Health and safety, insurance and other compliance issues further increase their estimate costs as against those of non-compliant contractors.

Achieving the desired effect in terms of tackling the black economy would require the tax rebate to be set at 20%. I ask the Minister to consider making such a change at a later stage. The effect of such an increase in the rebate would far outweigh the measure's impact in terms of revenue foregone by the State, particularly when one considers that the tax credit is spread over two years after the expenditure is incurred.

On the single parent child carer credit, the Minister indicated that he intends to table an amendment on Committee Stage to allow the non-resident parent or parent who is not the primary carer to avail of the tax credit if the primary carer does not have a tax liability. This is a worthwhile proposal and I commend the Minister on his decision in this regard. I look forward to its implementation on Committee Stage. I have received a number of representations from couples where the primary carer lives in the Six Counties and the father lives in the South. This means the primary carer does not have a tax liability in the State. I presume the proposed change will apply to families in such circumstances and that the father resident in this jurisdiction would be able to retain the tax credit. The proposed amendment will go some way towards alleviating the concerns of many people about the measure provided for in the budget.

Persons who avail of the carer's tax credit are subject to a specific tax band. I understand the standard rate tax band for a person in receipt of the child carer credit is up to €36,800 but the upper limit would fall to €32,800 if the taxpayer were to lose the carer's tax credit. Will the Minister consider providing that parents who lose this tax credit will not have their tax band reduced? This would soften the blow to non-resident parents. I am not sure if such a change would require an amendment to the legislation or could be introduced by means of a direction issued by the Minister to the Revenue Commissioners. That would soften the blow for many people because it would mean approximately €850 per year for those affected. That would allow them to continue paying maintenance for children who are with the primary carer.

In regard to the start your own business incentive scheme, the budget estimated that it would €1 million in tax expenditure over the next couple of years. I wonder how effective the scheme will be in encouraging people to start their own businesses, particularly in respect of allowing self-employed people to get to the point where they incur a tax liability.

The increase in DIRT is regressive because it targets both small and large savers. The Labour Party lauded this measure as part of the wealth taxes it introduced in the budget but this is not a wealth tax because it affects all savers. It should be possible to introduce a targeted DIRT increase for those who benefit significantly from savings.

Deputy Clare Daly: I am still in shock at the contributions from certain Government backbenchers who claim this is a great budget and that the Minister grappled creatively with the issues in these difficult times. Supposedly we are all making sacrifices and are about to turn a corner. The reality is that the times have not been hard for all of us and the times will not be hard for those who again escaped the measures in this budget. I want to speak not only about what is contained in the budget but also the decisions that were not made. It is clear that the taxation elements of the budget reflect a strategic decision to ensure those who are wealthy remain wealthy and that the State does not play a role in income distribution. The budget has in fact been a mechanism for perpetuating inequality.

The Government could have considered several different measures that would have altered the situation for the better. It is conservatively estimated that a tiny tax of 1% on wealth over €1 million would generate between €300 million and €700 million, compared to the €400 million taken through the hated home tax. An increase of 1.5% in income tax for the top 10% would yield €400 million. The Government makes great virtue of the fact that corporation tax has remained untouched. I do not celebrate that. If we implemented the effective rate of corporate taxation, which is already among the lowest in Europe, we could generate an extra €2.3 billion per annum. If we raised it to the European average we could generate €7 billion. Cutting tax relief on pensions to the standard rate of 20%, as was recommended by Social Justice Ireland, could yield €500 million. The majority of beneficiaries of that tax relief are in the top 20% of earners. Implementing any or all of these measures would have allowed the Government to reverse some of the cuts of previous years and stimulate economic activity.

The only way this society and economy will recover is through job creation. The idea that job creation will come from this budget is laughable. We know the €500 million tax relief package is not going to work because we had the same thing last year. The targets proposed are always greater than what is delivered at the end of the day because of the need to rely on the private sector. We do not know how much activity would have taken place anyway. The home renovation scheme is a good example of that. The Government had to move the date forward because a considerable number of people cancelled orders with builders to reschedule the work for the new year. If we are to stimulate economic growth we need a State-led investment programme of public works. Instead of this, however, the budget introduces one law for ordinary people and another for everyone else. That was exposed in the property tax debacle of the past several weeks, in which respect the Government has lost the hearts and minds of the nation. It may have introduced legislation allowing it to take money from people's pay packets and pensions without their permission but it does not have the same enthusiasm for dealing with white collar crime.

The Minister made some changes to the section 851A of the Taxes Consolidation Act but I do not think he altered the provision inserted into section 77 of the Finance Act 2011, which I have raised in parliamentary questions and the Office of the Director of Corporate Enforcement has repeatedly highlighted in its annual reports. The office has made it clear that the aforementioned section the office prevents it from properly pursuing white collar criminals because they are not allowed to access the information they need from Revenue. The office has asked the Minister to introduce legislative changes to allow it to deal with white collar crime. From my reading of the measures proposed in this Bill, such amendments have not yet been prepared. That goes against open and transparency in taxation matters.

One of the most controversial aspects of this Finance Bill is the assault on separated families and, because of the way these issues work out, separated fathers in particular. A number

of Deputies have raised this issue. I note that the Minister has rowed back a bit but it is not enough. He is still discriminating against separated people. When couples separate the costs are immense and they have to deal with emotional and financial difficulties in negotiating maintenance agreements and engaging in responsible parenting. The Minister is attacking them for that. There are many unanswered questions even with his concession. If the principal carer is not working and the allowance is claimed by the other parent, what happens if the principal carer returns to work? What happens where parents share child care on a 50:50 basis? What about families in dispute? There is no doubt that the provision will lead to an avalanche of court cases as people renegotiate or renege on maintenance orders because they cannot afford to undertake their responsibilities. It is socially regressive and I urge the Minister to abandon the proposal and stop discriminating against separated people.

Deputy Mattie McGrath: I welcome the opportunity to comment on the measures announced in the budget which have left many people throughout our country in a far worse financial position. While there was welcome relief for some sectors of our society many other sectors, including the elderly and the young unemployed, will face a very difficult year in 2014.

Some of the measures contained in the Finance Bill have only recently emerged because they were hidden in the fine print. This in itself tells us that the real agenda of this Government has nothing to do with public accountability. It does not even have the courage to be upfront with those very people the measures will target. I was almost amused, if it was not so serious, to hear the Minister for Finance say there is room for optimism for the remainder of the year. I wonder what planet Ministers are living on when they can come into this house and utter such patent nonsense given the context of the near total collapse of the health service even as we speak and the plans to proceed with savage and life threatening cuts to the capital budget of the HSE which are being urged on by the Minister for Public Expenditure and Reform. It is equally telling that the Minister told us that the fact of 2014 being the first year in which we will seek to overachieve a general Government deficit of 4.8% of GDP means this will somehow cushion us from any possible external shocks. I wish the Minister was right. This is not just absurd wishful thinking but reminds me of the constantly repeated mantra we heard from those in the Department of Finance before the meltdown that Ireland was sufficiently well capitalised to withstand any crisis that may afflict us. There is certainly a worrying parallel here.

I would like to raise some concerns about the home renovation incentive scheme. I and many others lobbied for it and initially welcomed it but further analysis has shown it is insufficient in that it excludes families or homeowners without taxable incomes. It is a good start and it will be built on but that element is disappointing.

Despite the utterances of the Minister before the budget to the contrary, I welcome the continuation of the 9% VAT rate for the hospitality sector. That has proven to be a success and it is great that the Minister understands and accepts that. Compliments all round. There is also the question of why it will take two years to recover the complete tax gain in respect of the home renovation incentive scheme.

Like many other Deputies, I have been inundated with e-mails and calls from distressed parents, fathers in the main, who will suffer enormously because of the changes being introduced to the one-parent family tax credit as dealt with in section 7 of the Bill. It has rightly been pointed out that there is no such thing as a one-parent family, only a one-parent household. It is important not to lose sight of the point. The new single parent child carer payment replacing it is deeply punitive and targets separated and divorced fathers in a cruel and mean-spirited

ed way. The Minister's speech this morning suggested he will re-examine this mean-spirited point. While I am glad that an amendment will be introduced on Committee Stage, this does not go far enough. I urgently call on the Minister to abandon this measure altogether because it is cruel and punitive.

Once again, the Minister did not tax wealth. It is incredible that the Labour Party in government instituted a budget that is regressive and hits the poorest the hardest. I understand it from the perspective of the Minister for Finance but not the Labour Party. Small businesses are also facing more pressure as a result of budget 2014. The Government is doubling the employers' liability for staff sick pay from three to six days. This amounts to a €22 million hit for small businesses. I run one of them and I am sure others are discussing the matter with the Minister. Meanwhile, there is only a token mention of the credit crunch affecting small businesses, with no targeted measures that will finally see viable SMEs getting the credit they need to stay in business and create jobs into the future. If all businesses were allowed to create one job, we would halve our unemployment situation. Millions of euro were promised by the banks to Brian Lenihan - God rest him - and the current Minister but the banks are not lending. On top of this, the Minister's well publicised build your business initiative, aimed at promoting initiatives at the Department of Jobs, Enterprise and Innovation, comes on the back of a 19% cut in the Department's promotional budget. There is also a significant reduction in support for the State job agencies. The IDA and Enterprise Ireland took a €15 million cut in the capital budget at the Department of Jobs, Enterprise and Innovation. Is this really what we mean we speak of the need for a dedicated focus on job creation? I think not.

The Professional Agricultural Contractors of Ireland lobbied the Minister last year for a rebate on carbon tax but he says he did not know in time. The Minister gave it to the road hauliers and extended it to the bus owners. I am very disappointed he did not examine this section of society, which is vital to agriculture and Food Harvest 2020. I do not know why the Department did not accept the following proposal. I know that the IFA lobbied against it. Every contractor who received a cheque should receive an invoice. It is not rocket science, it is quite simple and I hope the Minister will include it at some stage in the Bill. It is badly needed.

The cuts to farm schemes contained in successive budgets have contributed to a fall and the fodder and consequent financial crisis experienced in 2013 should alert the Minister to the requirement to fund fully the farm schemes on which so many families depend. We should know that as we only came out of the fodder crisis in June. Spending of €1.2 billion has been allocated for 2014, which is substantially down on the figure for last year. I refer to the closure of the REP, early retirement and the suckler cow schemes, although the Minister is doing something - very little - in the case of the latter. The same applies to the disadvantaged area scheme, which is a pity.

The meanest measure of all is to hit the telephone allowance, the pendant alarm and the bereavement grant of €850. Last year the Minister taxed the hearse and I foresaw that he would tax the shroud. This year, the Minister has taxed the corpses. Will they be left overground? It is the meanest measure. The Taoiseach and other Ministers said they do not know how many people have died for whom pensions are still being claimed. That is absurd because the HSE knows who is finished when a death certificate is signed. This is the meanest of all and I am very disappointed.

Deputy Olivia Mitchell: I propose to share time with Deputy John O'Mahony. I welcome the opportunity to speak on the Finance Bill. We can all celebrate that it is at least possible that

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this budget, tough as it is, may be the last tough budget. We also have to acknowledge that it is at least partly because of the tough budgets we have endured since 2008 that there are now signs of a pick-up in the economy and definite jobs growth. At the outset I acknowledge what has been achieved on the broad economic front because, inevitably, I will focus on aspects of the budget about which I have concerns.

The first issue is the single parent tax credit and I welcome the fact that the Minister has responded to concerns. It was an unintended consequence of change and I am glad there was a response. There would be no winners if the change was not made.

I refer to the change in the pension levy. There is a lack of appreciation of how onerous it is, in particular for those approaching retirement who suddenly find their income has taken a hit because of the collapse in the market. Their income is now depleted and their income in retirement will be so much less than they hoped, planned and saved for over 40 years. It also represents consumption forgone over that time. We cannot blame people for being concerned, stressed, annoyed and resentful of it. I am not speaking for the pensions industry but for those savers who could never hope to amass pensions like ours in the public service but who made major sacrifices over their lifetimes to save what they could. Increasing the levy and extending it is breaking faith with savers having given a firm commitment that it was to be a finite four-year levy when it was introduced. The Minister referred to issues with the industry but that has nothing to do with the savers, who have no control over what pension fund managers discussed and who have no leverage. They should not be punished for whatever happened between the Minister and the industry. I ask the Minister to reconsider this tax extension.

It is also being suggested that the levy on defined contribution pensions should be used to compensate defined benefit pension funds in deficit. I hope that is not being considered as it would be an absolute travesty of justice and fairness if those who make the personal sacrifice to save for their pensions should have to take the hit for others. As a country, we went to extraordinary lengths to protect savings people had with the banks and it seems to me savings for old age held in pension funds should be at least as worthy of protection.

A related issue is the penal tax on pension funds in excess of €2 million. I have no problem with the limit on tax relief because there is a limit to what taxpayers can do to encourage pension savers. I have had a number of irate pension savers contact me querying the exclusion from this tax of public sector pensions. There is no fund in the public sector but the point is being made that the same tax yield could be achieved if there was equity across all pensioners. Private pension defined contribution savers see themselves as an easy target and under attack. I ask the Minister to exempt the people who are in the heartbreaking situation where they are nearing retirement and the pension fund is being wound up. They get last dibs on whatever is left and it is usually precious little. Applying a levy to them is rubbing salt in their wounds and perhaps the Minister can examine that particular group.

I refer to the property tax, which will be a considerable aspect of and contribution to Government budgets from 2014.

7 o'clock

I have to say how disappointed and even annoyed I was to hear that the promise of 80% retention of the tax collected by each local authority is to be postponed. I have always supported the principal of property tax, but it is no secret that I opposed the method of calculation which

is based on the national spread of property values, not on the local cost of delivering services. This results in Dublin households paying not only more than anywhere else, but also more than necessary for their local services. Of all the countries at which I have looked, I cannot find any country where a similar method of calculating a local tax is used.

When the tax was introduced, to mollify the Dublin citizens the promise was made that 80% of taxes collected could be kept and spent locally, and that from 2015 local authorities could vary their charge, up or down, by 15% so that the overpayment could be returned to householders. We find now that the local authorities will not keep the 80% in 2014. This raises real concerns about what will happen in 2015 and whether the power to vary charges will ever really exist as no local authority can vary, up or down, what it does not get in the first place.

It has been suggested that the postponement of the 80% retention promise is due to setting up the water authority and the introduction of water charges which, I accept, will change the overall costs of local authorities, but I honestly do not see how it will impact on the relative disadvantage to Dublin of the local property tax. It is vital that the promise of 80% retention is kept, if not this year, certainly next year. We cannot break faith on an issue like this at a time like this when certainty is so important to householders. This tax gained some acceptability in Dublin by virtue of the promise that local authorities could return to householders some of the unnecessarily high tax they would pay.

In my local authority of Dún Laoghaire-Rathdown, in a full year householders will pay an estimated €52 million in local property tax, and yet they will receive back from local government a scant €27 million in services, if they receive what they got last year. If that is to be the case, the local authority can only vary the charge by reducing services. To reduce services will not sit well with householders who are paying over €52 million in property tax, particularly when they are put to the pin of their collar to do so and when we know already that properties in Dublin are rising in value and the householders, when properties are re-valued in 2016, if current trends continue, will pay between 30% and 40% more in property tax anyway.

I plead with the Minister to ensure, if not this year then next year, that the 80% retention promise is kept. The ability to reduce or increase the rate does not matter in local authorities where property values are low because 80% of the tax take will be such a small percentage of the local authority's budget and a 15% change will not impact on the local authority's budget. Also, if, where households are paying the lowest band rate of tax of €90, one changes that tax by 15%, it is only a difference of €13.50 per year which is not of any consequence. By golly, there would be a considerable consequence if one changed the rate by 15% in Dublin, where people are paying not only hundreds of euro but, in some cases, thousands of euro, and it will matter.

There are 34 local authorities and we are asking four of them to pay 40% of all the tax. It behoves us to be honest with them, to keep faith with them and to keep promises that we made. I stress the point, not only because of the inequality *vis-à-vis* Dublin householders but because our aspirations for meaningful and accountable local government cannot be realised if there is no connection between those who pay the tax and those who deliver the services. There will be no drive for efficiency or responsiveness from local authorities to citizens, for example, in Leitrim, Roscommon or Sligo, if it is Dublin householders who are to pay for their services.

If this tax is to endure, there must be a real advantage to householders who are paying the big money. I say real advantage because the potential to play with figures is enormous. The funding of local government is so arcane that it is important in keeping the promise to retain the

80% that there will not be giving with one hand and taking back with the other. I ask the Minister to ensure there is some possibility of returning some of the overpayment of tax to Dublin householders.

In the few seconds I have left, I will mention the current debate about the collection of the property tax. I am amazed at this because it was raised at the time, in fact, by myself by way of parliamentary question. It was clear as a pikestaff that the payment had to be made before or on 1 January. The reason given was that it was to facilitate deductions, but it was known in July last that 53% of householders did not opt to pay by deductions. That should have set alarm bells ringing about the need to get information out there to avoid pre-Christmas lump-sum payments. I welcome the fact the Revenue Commissioners are making it known how stage payments can be made, but the upset that it has caused highlights once again the importance of real and absolute clarity and honesty with the public when dealing with a tax of this magnitude.

I have not time to raise many of the issues, but I fully appreciate the difficulties facing the Minister for Finance in bringing the deficit to 4.8% of GDP and that doing so must hurt. Even with the hurt, there are welcome job-focused reliefs for the business community in the Bill. It is, in the end, only with jobs that we will see an end to high unemployment and that we can hope to see a return to better living standards and, I hope, lower taxes.

Deputy John O'Mahony: I welcome the opportunity to contribute on the Bill which implements the roll-out of the changes as a result of budget 2014.

I welcome the measures in the Bill that are pro-business, promote growth and are supportive of job creation, for example, the abolition of the air travel tax which had an immediate positive effect that saw one of the air carriers, Ryanair, rolling out a series of new flights at various airports around the country. Last week I attended the launch at Ireland West Airport Knock of the numbers of new flights which will bring 80,000 passengers into the region. Even if each of them only spends €100 while in the region, it will generate €8 million which would have a knock-on effect on tourism and jobs. The challenge is for other air carriers to respond as well. No doubt the abolition of the travel tax, together with the 9% VAT rate on the tourism sector, will generate further growth in tourism numbers where there were solid foundations laid down by the multitude of Gathering events this past year. The growth of tourism is something that spreads right throughout the country. The large cities, such as Dublin, get a significant amount of it, but the most scenic and tourist-orientated areas are rural areas. In that regard, there is an equal playing field.

One unwanted and negative result of a recession is the increase in the black economy. As well as losing millions of euro for the economy, it undermines and seriously impacts those business which fully comply with tax regulations and other charges. For that reason, I very much welcome the VAT rebate for homeowners who carry out renovations on their residence. This measure not only will act as an incentive to carry out renovations at a lower cost but will generate activity in the construction sector and re-employ workers in that area who lost their jobs when the crash came in 2008. It was important that this measure came into effect immediately and I welcome the Minister's immediate response when there was a problem or there was cancellation of some works until 1 January. As regards the shadow economy, this measure illustrates what can be done.

I welcome the extra powers that have been given to Revenue to combat the illicit trade in fuel and cigarettes and the unlicensed trade in alcohol products. I raised this issue on many oc-

casions. I welcome ongoing measures, not as a penalty but because they will bring millions of euro into the economy, they will allow less severe budgets and they will also reward those who are living legitimately and paying all their taxes.

All of these measures to which I referred - the abolition of travel tax, retention of 9% VAT, the home renovation scheme and measures to combat the black economy - will have a beneficial effect. While I welcome all those measures, I have concerns about one issue in the budget relating to the tax relief on private health insurance, and I ask the Minister to look again at it. This tax relief was always used to encourage people to take out private health insurance. More people taking out private health insurance means less pressure on the public health system, which is stretched to the limit. The Minister in his budget speech referred to gold-plated health insurance policies. However, with the tax relief restricted to first €1,000 per adult and €500 per child, the vast majority of policies will be affected.

I recently met a single person in his mid-30s who is paying €1,128 per year for a policy but who had to pay an excess because a procedure was not covered by the policy, and that excess of €128 was not covered in the tax rebate. This is not a gold-plated policy, yet it is affected by this measure. Another case is that of a 69-year-old woman whose Plan B policy with VHI costs €1,489. This is a basic, no-frills policy but she will lose some of her tax relief. I accept that the provision is aimed at those well-off people who can afford expensive policies, but some people are on the fringe and I ask that the Minister reconsider the provisions.

I very much welcome and endorse the many measures that are pro-business and will provide additional jobs in many sectors of the economy, such as tourism, agri-food and construction. I welcome the positive news about the recommencement of Garda recruitment. The ending of Garda recruitment by the previous Government a number of years ago signalled the crash of our economy. This announcement signals the recovery of that economy. I know a bit about the education sector as I worked in that area for many years. The preservation of the pupil-teacher ratio will be possible with the recruitment of 1,400 new teachers in 2014.

This country has travelled a long and difficult journey over recent years. Certain groups in society have endured much sacrifice and pain since 2008. The troika arrived in 2010 and under its oversight many difficult decisions and choices were necessary. I wish to compliment the inch-by-inch progress achieved by the Minister, his officials and the Government in bringing the country to a point, on 15 December, at which we will be able to exit the bailout programme. While there are still many challenges ahead, at least we will have more control over our own destiny. It is acknowledged in Europe and internationally that this country has stabilised and controlled its economy. In the two years remaining in its term of office, the Government will continue to focus on job creation and the measures necessary for growth and for getting people back to work. This will be the ultimate payback for the people who have had to suffer pain over recent years.

An Ceann Comhairle: Deputy Denis Naughten is sharing his time with Deputies Lucinda Creighton, Róisín Shortall and Thomas P. Broughan. As there are only 15 minutes remaining, the final speaker will be the first to speak when the debate is resumed.

Deputy Denis Naughten: The issue on which the House should focus is not the Budget Statement of 15 October but rather the event that took place on 21 July in McHale Park in Castlebar. I do not think anyone could have envisaged a team of emigrants from the four corners of Ireland competing in the Connacht final. Successive governments have used emigration as

the safety valve for recession. This is a fatally flawed policy because emigration is costing our economy €20,000 every minute in education alone. The emigration of almost 90,000 people in the last 12 months is a huge brain drain from our economy. It is costing the taxpayer €9.6 billion to educate those people so that they can leave this country. This is unsustainable. A figure of €9.6 billion is €800 million a year more than the total expenditure on the education system. Unless we start to bring hope back to the country and to the economy, more people will be leaving the country. The current economic strategy is all about cutting and taxing. We need to give people the opportunity to stand up against the burden of austerity. The vast majority want a hand up rather than a hand-out. They want to be able to ensure that their children can achieve their goals in life and they do not see that happening as a result of the current strategies. Over the years we have exported our skills across the world, particularly in the areas of health care and education. These skills are becoming more of a privilege than a right. It is imperative to establish a climate of hope.

I note the report of the chief inspector at the Department of Education and Skills, which should act as a warning about what is going wrong in the country. That template needs to be used across the public sector and in all Departments. We need to examine where we are doing things wrong and how improvements can be made. Each Department has its key output and impact indicators, but I ask what is being measured. What are our objectives? The difficulty is that everything is focused on short-term measures. Speakers have talked about 15 December, the date that will solve everything. At that stage we will lose the mudguard. We will be out in the economy and borrowing in the markets, which will impose significant restrictions on our economy.

The country needs a clear plan for where we want to be in ten years' time. We have 64,000 eight year olds in the country. In ten years' time they will be doing their leaving certificate. Will they have the opportunity to live and work in this country? Will they be able to afford to go to college in this country? These are key policy decisions that need to be made now. Each Department needs to set out its objectives in order to achieve what we want in ten years' time. Departments need to adopt a whole-of-government approach rather than dealing with issues in isolation. The example I like to use is the issue of school attendance. By connecting the Department of Education and Skills and the Department of Social Protection we could not only save €100 million but provide a real incentive for families from disadvantaged communities to ensure that those children attend school. The resources of the State would be focused on ensuring that those children attend school. We do not want the crazy situation we have at the moment, where last September 1,500 children failed to turn up in secondary school having left primary school the previous June, to continue.

Deputy Lucinda Creighton: I echo and support the comments of Deputy Denis Naughten on the need for much more medium and long-term planning in terms of economic and financial planning. I also made this point on budget day. The idea that we come in here every single year to debate measures that have been already determined and decided by the economic management council, agreed by our partners in the European Union, without any debate in the parliament is not acceptable. I know the Minister is committed to a much more transparent and representative process for formulating budgets and I hope he will honour that commitment before the end of the lifetime of the Government.

An issue I wish to focus on in the Finance Bill is the removal of tax relief for more than 500,000 health insurance policyholders. That is the Department of Finance estimate but the industry estimate is much greater. While this provision was introduced via resolution on budget

night it will be made permanent by section 8 of the Finance Bill. While it is recognised that savings have to be made in every Department - nobody disputes that - this decision makes no sense either from an economic point of view or from a social policy point of view. When we formulate a budget its purpose is to set out social policy and economic policy priorities. It is not simply to wield the axe and introduce a series of blunt instrument measures.

After the budget announcement took place I joined the Joint Committee on Health and Children. Of course I am not a member of that committee because I am not allowed to join any committees nor are any of my colleagues on the benches beside me. I participated in that committee and I took the opportunity to ask the Minister for Health whether there had been any consultation between himself and the Minister for Finance on the tax relief change. He said it was a matter for the Minister for Finance and not for him as Minister for Health. That is not credible for a number of reasons. It is not credible, first, that the Minister for Finance would introduce such a measure without consulting the Minister for Health - I do not believe the Minister for Finance, Deputy Noonan, would have done that - and, second, that the Minister for Health is not concerned that the measure will directly damage the programme for Government policy of rolling out universal health insurance.

The reality is that 45% of the people have health insurance and 47% have medical cards or general practitioner cards. There are just 360,000 people, that is the official figure, who have neither health insurance nor a medical or a free general practitioner card. This pool of people is growing rapidly and is suffering most. Through separate measures the Government is seeking the removal of medical cards to make savings of €160 million and at the same time indirectly causing an increase in people's health insurance premiums through the change in tax relief which further pushes people off both insurance and medical cards. We are increasing the cohort in the middle. One would have to question the logic or the vision behind this measure at a time when we are supposed to be moving towards a universal health insurance. It is a contradiction in terms. Once people realise how expensive their premiums will be as a result of this change, many will simply dump their policies and join the back of the queue in the over-burdened public health system. Since 2008, approximately 240,000 have opted out of private health insurance. That figure is growing. That means those additional people are obliged to further burden their public health system and the measure contained in the Bill will simply add to an overwhelming burden on the public health system at a time when resources are limited and are being cut back which, quite frankly, is madness.

In the US, which is currently implementing a very controversial universal health insurance plan, the law provided for tax credits for 17 million people to encourage them to take up private health insurance at a time when we are actively discouraging people and forcing them out of the private health insurance market. It simply does not make sense. As far as I am aware, there has not been an impact assessment of this decision and I urge the Minister to reconsider it and, perhaps, discuss it with the Minister for Health.

Deputy Róisín Shortall: In last year's budget speech, when speaking about pensions, the Minister for Finance, Deputy Noonan, stated, "I want to clarify Government policy. Firstly, tax relief on pension contributions will only serve to subsidise pension schemes that deliver income up to €60,000 per annum. This will take effect from 1 January 2014. Secondly, the pension levy will not be renewed after 2014." Let us look at what is actually happening. Pension changes are being introduced but they fail to deliver on the €60,000 limit that was promised. In fact, tax relief will continue to be granted to allow funding of pensions significantly in excess of €60,000, in some cases up to €100,000. Among the people who will benefit from this largesse

are the very Ministers and senior officials who drafted this change of legislation.

It would be bad enough if that was where it ended, but it is not. The Minister, in a written response to a recent parliamentary question from me, revealed that as a result of not fully implementing the €60,000 limit the tax savings would be €130 million short of his earlier projections. He had projected last year that €250 million would be saved by reducing tax relief on pensions. That projection has been changed to €120 million, a shortfall of €130 million. The Minister went on to say that because the assessed tax savings would have a considerably lower yield it necessitated the imposition of the additional 0.15% pension fund levy. This levy is expected to yield €135 million per annum. There is no doubt these two figures are directly linked. A taxation shortfall arose from not implementing the €60,000 pension tax limit and it is being directly plugged by introducing a new pension levy that will be indiscriminate in affecting all members of funded pension schemes and not just the better off.

We now have the obscene situation where some on pensions of up to €100,000 per annum will not be affected by the budget while those pensioners on, for example, €100 per week will be affected. They will lose income every year the pension levy remains. How on earth can that be fair?

The final insult is that the Ministers and senior officials who drafted the legislation will not only benefit by being allowed to accumulate extra pension arrangements but will not lose out as a result of the levy as they are in unfunded pension arrangements and, hence, will be unaffected by the levy. The idea of justice or the concept that we are all in this together disappears so far down into the distance that at this stage it is out of sight.

The other completely unfair measure is the treatment of separated parents. It is proposed to abolish the one parent family tax credit. This is paid to separated parents in place of a new tax credit as provided for in section 7 of the Bill. This new credit will be paid to only one parent. This has serious consequences for working parents and, in particular, fathers. The impact of this will mean that 4,000 people, including some on the minimum wage, will be brought into the tax net. An extra 5,500 parents will pay tax at the higher rate and, in total, 15,500 parents stand to pay extra income tax next year as a result of these changes. Could one imagine the uproar if the Minister for Social Protection, Deputy Joan Burton, had announced a cut of €200 per month in child benefit? This measure will have the exact same impact. The current system is not perfect, but in scrapping the tax credit altogether we are throwing the baby out with the bathwater. It is entirely unfair. Despite all of the hot air last year about €500 million in wealth taxes and the big talk this year about ending gold-plated entitlements, what we have ended up with is another win for the golden circle of the Government at the expense of those who do not have a voice.

An Ceann Comhairle: I am sorry, but the Deputy is over time.

Deputy Róisín Shortall: It seems that no matter how bad things get in Ireland some people just never lose.

An Ceann Comhairle: When the debate resumes, Deputy Broughan will be the first speaker.

Debate adjourned.

Cannabis Regulation: Motion (Resumed) [Private Members]

The following motion was moved by Deputy Luke ‘Ming’ Flanagan on Tuesday, 5 November 2013:

That Dáil Éireann calls on the Government to introduce legislation to regulate the cultivation, sale and possession of cannabis and cannabis products in Ireland.

Debate resumed on amendment No. 1:

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

“acknowledges that the cultivation, sale and possession of cannabis and cannabis products in Ireland is regulated under the Misuse of Drugs Acts 1977 and 1984;

recognises the body of clinical evidence which demonstrates that cannabis misuse is detrimental to health;

notes the significant physical and mental health risks associated with long-term or heavy use of cannabis and usage in young people;

recognises that legalisation of cannabis, which is known to be a “gateway drug”, would potentially lead to increased levels of experimentation with drugs by young people;

notes that cannabis is subject to international controls in the 1961 United Nations Single Convention on Narcotic Drugs and the 1971 United Nations Convention on Psychotropic Substances and Ireland is a party to these international conventions;

recognises that leniency in cannabis control could endanger the overall international effort against drugs; and

supports the Government in its determination to maintain strict legal controls on cannabis and cannabis products in Ireland.”

-(Minister of State at the Department of Health, Deputy Alex White).

Deputy Aengus Ó Snodaigh: I welcome the debate on drugs, whether legal or illegal, because society has never fully got to grips with drug abuse and the availability of drugs. I understand the motivation of Deputy Luke ‘Ming’ Flanagan in tabling the motion and the Bill, but I will not support the motion. I encourage an open and informed debate on drugs. I have encouraged my party to continuously have such a debate; to look again to see whether there is an alternative way to tackle the scourge that is drugs. I do not refer to illegal drugs only because one of the biggest drug scourges in the country is alcohol. People must bear this in mind.

One of the ways I have always measured the debate is by asking why we would legalise another drug in this country when we cannot cope with the legal drugs, namely, alcohol, tobacco and prescription drugs. We have seen the consequences of the use of the legal drugs and also their consequences for society. We cannot cope with the situation and until such time as society gets to grips with drugs – legal and illegal - we should not seek to legalise further drugs.

The constituency I represent is one of the hardest hit in Europe by the illegal drugs scourge

but also by legal drugs. It has one of the biggest producers of a legal drug - Guinness. The factory is regulated and operates within the law. Alcohol has been regulated in society for decades and centuries, yet we still see the consequences of its abuse every day in accident and emergency units in hospitals. The abuse of alcohol is also evident in prisons, schools and everywhere in society but, in particular, in those areas which are poorest and most disadvantaged. Drugs do not respect class boundaries and affect people across the spectrum.

I have heard the argument that cannabis, weed or hash, whichever description one uses, is not that bad. It is said it does not affect people that much. Hundreds of thousands of people in society use it or abuse it every day. However, because something is common practice does not make it legal, nor does it make it right. I have some sympathy for the argument in favour of decriminalising cannabis. I understand the consequences for young people who are caught with a few spliffs, which can affect the rest of their lives. However, if we were to use the same argument, one could suggest we should decriminalise joyriding or other activities in which young people engage. The way to tackle those who have been caught on the wrong side of the law for what some would term minor offences is through the introduction of legislation on spent convictions. For someone who at the age of 15, 16 or 20 years got caught up in illegal drug use, there should be a way out for them in the future in order that they are not condemned to suffer the consequences of their mistake forever and a day.

There is another side to illegal drug activities in society. It is for that reason that I caution against any change. People have benefited from a lack of seriousness in tackling drugs in society. There has been the lack of a proper planned approach to drugs in terms of the criminal aspect of it and mental health issues such as self-awareness in schools. The ones who have benefited are the drug dealers. The legalisation of one drug will not prevent them from plying their trade. I have no truck with the argument that the hash-head down the road is okay, that he is only selling hash and does not sell anything else. In my constituency and right across this city those who sell hash are the same people who are bringing guns, heroin and cocaine into the country. Everybody has seen the consequences of that trade for young people who get caught up in violence and intimidation, who are in prison or will end up dead as a consequence of drugs wars or being in debt to a local drug dealer for money owed for weed or cocaine. These are the facts of what happens in communities. We have seen entire communities destroyed as a result.

People say the war on drugs has failed. I do not believe it was ever fully declared by the State. This is an island nation and we could have done a lot more to prevent the importation of cocaine, heroin and hash. We could also have done much more in catching young people at an early age to ensure they did not become dependent on any drug, whether legal or illegal. We could have done a lot more to ensure education was properly focused. Currently, no drugs unit is attached to Kevin Street Garda station, yet it is an area that is one of the hardest hit by the drugs scourge in this city. The problem relates to promotions and a lack of replacement, but there is no drugs unit in the area. During the years there has not been sufficient concentration within the Garda Síochána on drugs units. Neither has there been sufficient concentration by the State on the funding of drugs task forces. For example, once again in the budget, the Government has introduced a 7% cut in the budget for those who are specifically tasked with addressing the problem of illegal and legal drug use. Only a few years ago under a Fianna Fáil Government it was decided that drugs task forces should also deal with the alcohol problem. I do not have a problem with this, but the budget was not increased accordingly and ever since funding for drugs task forces has been cut. One could ask what kind of message that sends to those involved in trying to highlight the dangers of drugs when the Government continuously

cuts the funding allocated I urge the Minister at the very least to rethink the 7% cut announced in the budget.

I am concerned about the systematic increase in the potency of cannabis in recent years and, accordingly, the consequences for abusers. For instance, the proportion of THC, the psychoactive ingredient that gives an individual a high or euphoric feeling, has increased. With hash, it has increased from 3% to nearly 15% in some cases. With weed, it can range from 15% to 40%, which is absolutely scary because there is a consequence to an increase in potency and a decrease in the antipsychotic element, which is the counterbalance. At present, the drugs being sold in Ireland are increasing in potency, with consequent aggression, paranoia, irritability, disturbed sleep, psychological dependency, mental illness, self-harm, suicidal tendencies and, because of dependency, involvement in criminal gangs and the like. I urge Members to continue to debate this subject but also to consider the alternatives to ensure we ramp up the war on drugs, both legal and illegal, in this country.

Deputy Robert Dowds: In my remarks on this subject, I really want to dwell on the wider issue rather than just cannabis. In that sense, I welcome the fact there is a motion on drugs being discussed, even if that motion is only on one drug that is deemed relatively minor in terms of the harm it does. I call on the Government to set up a high-powered committee to report within a year on how best to tackle illegal drugs and drug-related crime. I do so because I see every day in many parts of my constituency the considerably negative effects of both legal and illegal drugs. These effects manifest themselves in a number of ways, including antisocial behaviour, intimidation, violence and even death. In one area of my constituency, which overlaps with the neighbouring constituency, there have been 16 murders in the past four years. Many of these deaths, if not most, bear a relationship with drugs, either legal or illegal. Almost as bad is the fact that there have been attempted murders, sometimes with really grim results. For example, in a case made known to me personally, a totally innocent man was shot and left unable to speak or walk. That is why I call for immediate action to examine how best to deal with the wider issue of tackling illegal drugs. They are very much linked to criminality. We are not getting on top of the problem. In conversations I have had with local gardaí, I heard them say that, at most, they seize 10% of drugs that come in illegally. We must recognise that our current approach is not working. The issue of cannabis is a minor aspect of this.

Considering that Ireland is a small country, I am very conscious of the fact that, irrespective of what we do regarding cannabis or other drugs, it would probably be better if we could work out a across-Border agreement on how to deal with drugs. In the meantime, we could learn something from the experience of Portugal. From what I could find out, Portugal seems to tackle not so much those handling small amounts of drugs for personal use but those who engage in supply. In Portugal, drug abuse among those between 13 and 15 since 2001 has fallen from 14.1% to 10%. HIV infection has dropped by 17% and drug trafficking has decreased. The number of drug-related deaths has decreased by approximately one third.

We have a great deal of work to do to tackle the issue generally. I understand that cannabis is very minor matter in this regard. The Government really needs to set up a high-powered committee to report within a year on how best to tackle illegal drugs and drug-related crime. It is the most vulnerable communities with the weakest voice in this Chamber who would benefit most from that. For that reason, I feel it is my duty to speak for them so they will stop suffering in the way they have had to suffer for so long.

Deputy Michelle Mulherin: The push to legalise cannabis, thanks to social media and the

current proponents of legalisation, seems new but it is not. This is, in fact, a tired old story rehashing a case already lost some decades ago. Past generations, particularly during the free-wheeling decade of the 1960s in both Europe and the United States, seriously experimented openly with all sorts of so-called mind-expanding drugs, including cannabis. They included people from all walks of society and professionals from all disciplines who, at the time, heralded that drug-embracing era as an advancement for civilization and mankind and as a gateway to enlightenment. However, that lifestyle was ultimately left behind by most and ultimately rejected because youth's urge to rebel is tempered by life experience and reveals the sobering truth about taking drugs. The people to whom I refer are the grandparents of today and they have, in effect, heard it all before. They could tell us things and impart wisdom if only we would listen. Cannabis and the many other drugs remain banned substances in many western countries for very good reason: they are drugs.

In addition to requiring food, drink and clean air, human health requires a healthy mind. Everything else can be considered secondary. Drugs, in particular, are an antidote to ill-health and are prescribed by qualified doctors to aid recovery or ease discomfort for the incurable. The significant compelling body of medical evidence and research shows the misuse of cannabis, especially long-term use, poses a significant risk of heart and lung problems, cancer and serious mental health problems, including paranoia, schizophrenia and depression. Frighteningly, its use from a young age can impair brain development. Therefore, the push to legalise banned substances by proponents outside the medical profession is nothing more than self-indulgence disguised as concern for the ill or the economy. It is this duplicity that makes the case for the drug seem like a product of its influence rather than that of sound judgment.

Mind-bending drugs are just that: mind bending. They impair judgment and, therefore, render the user unfit to make judgments for the reasonable citizens of any serious nation and its governing bodies. However, there is no admission to this by proponents. We do not wish to have our police, doctors, judges or policy-makers under any influence other than that of a sound mind. Who can say precisely what those under the influence are thinking or channelling such that they might be held accountable to the rest of society? We do not want to ride buses, trains or planes driven by drivers or pilots under the influence of anything other than their training and the experience that featured in their job description when they were interviewed for their jobs. Those who wish to see a banned substance legalised on no ground other than its being deemed harmless or the ground that law enforcement has failed to curb the problem are under an influence that the serious sober-minded individual could never possibly understand or subscribe to. It would seem that in the mind-altered state anything is possible.

The main reason the substance in question remains banned is control. I refer to control over how we govern its use, as we do with alcohol and, to a lesser extent, tobacco, and to control by the user. One cannot prescribe the minimum amount for safe use nor control its abuse. Those who take it are under an influence hard or impossible to detect. What that influence becomes when combined with alcohol and other prescribed drugs is unknown.

Older societies, such as that of the Native Americans, restricted drug use to the initiated and its social use was always within prescribed rituals with very specific goals. Its indiscriminate use by individuals was taboo and would have incurred penalties because it was deemed antisocial. Today, the fragmentation of society would make the lifting of the ban on the use of cannabis, which would doubtlessly increase its use, a dangerous social experiment with no means of controlling its abuse by a minority of people who are susceptible to influences that lead them to antisocial behaviour. As it is, gardai have their work cut out for them policing the

parameters of the legal use of alcohol. Adding drugs to that mix would be irresponsible of any Government, if not down right reckless endangerment of our citizens. I completely oppose the motion before us.

Deputy Paul J. Connaughton: I am grateful for the opportunity to speak on this issue and very much welcome this debate. One thing that I find frustrating about Private Member's business is that some people use it as an opportunity to just come into the House and knock proposals, declare an inability to do things and ask whether there is any point in even having a debate.

We must start with the reality of the situation. This drug is available the length and breadth of this country, in every town and village. Not starting with that context would be misleading from the outset. This drug exists, people have access to it and what we want to do about that is the next issue. I have my own concerns regarding this particular proposal and would not support the full legalisation of cannabis. However, to suggest that it is not accessible to people at the moment would be totally wrong. I have no issue whatsoever with legalising cannabis for medical reasons. We have all met people in our clinics who have been told by their GPs that this drug, for medical reasons, could give them much comfort and support. That must be examined further and I believe the Minister of State, Deputy White, mentioned last night that Sativex will eventually come on the market here, which would be very welcome.

We cannot compare cannabis to other illegal drugs like heroin or cocaine. We can lump them in together if we want but that would not reflect the reality of the situation. We must take the proposal at face value, dealing solely with cannabis. There are people in this Chamber who will vote against this motion tonight, a small number of whom are hypocrites. Those same people have no issue with people having two or three pints at night and then driving home. They do not have concerns with alcohol but when it comes to cannabis, they will slap this proposal down straight away and say "No". I am not agreeing with legalising cannabis because of the alcohol situation but we cannot have it both ways. Alcohol is as much a drug as cannabis. There are more families the length and breadth of this country which have been destroyed by the misuse and abuse of alcohol than by illegal drugs. Again, I am not saying we should legalise cannabis for that reason but we cannot be so hypocritical as to suggest that they are not linked in any way.

In two and a half minutes, or even in three hours, it is not possible to discuss this issue in as much detail as it deserves. Tonight should not mark the end of this debate but should be the beginning of it. I am not saying that we should legalise cannabis completely but we must examine all of the options. We cannot keep coming into this House, saying one thing and then going outside and saying something else. We have an issue in this country with alcohol as much as with drugs. Unless we face up to that we cannot have an honest debate about this issue.

Deputy Bernard J. Durkan: I must say that I am totally opposed to the proposal. The availability of a particular drug and the fact that it is freely available is not the issue. The question is whether it is good for the person who takes it and whether access should be uncontrolled. Obviously, cannabis has properties which are beneficial to people in pain and so forth, which is recognised. The way to deal with that is by way of prescription and not the way advocated by this motion. It is important to remember that cannabis is habit forming.

I became involved a number of years ago in an examination of the Amsterdam project and the Zurich experiment. I, along with the late Tony Gregory and a number of other Deputies, visited those cities to find out how the liberalisation of certain drugs had worked and quite simply, it did not work. It led to increased abuse. It was uncontrolled abuse and it is intrinsically bad

to suggest that such a situation would be better than the one that pertains here at present. Reference was made to Portugal but drug abuse in that country has dropped because the Portuguese police have taken out the drug barons and disrupted the supply chain. That was proven beyond any shadow of doubt.

The gateway aspect of this drug is very dangerous. I do not know whether we realise what we are talking about in this context. If Members are suggesting that young people in the community will be better served by the greater availability of a drug which is a gateway drug, they are wrong and are giving a very bad example. We should not go down that particular road. There is no scientific evidence to support that suggestion. There are only opinions to support it, expressed strongly by some but others have equally strongly-held opinions which differ.

Finally, when prohibition ended in the United States, the use of alcohol increased by 4,000%.

Deputy Eamonn Maloney: It must be said that we enjoy our drugs in Ireland, be it the national drug - alcohol - or the other drugs mentioned in this debate. Cannabis is probably second on the chart in terms of popularity during this recession. However, back in the days of the Celtic tiger, when the yuppies had lots of money, cocaine replaced other drugs and for a period became the second most popular drug consumed here.

I agree with some of the points that have been made during this debate but we must be careful, as legislators, when dealing with this issue because we must look at it in its totality. I will not be supporting the motion. Recently I attended the launch of a report by the Rape Crisis Centre and also the launch of a report on domestic violence. The point was made at those launches about the effect on children and families of rape and domestic violence. We must change the attitude that suggests that the use of cannabis or cocaine is a very privileged, individual choice and a right worth dying for. I challenge anyone to read either of the aforementioned reports and not have his or her stomach turn over at the effects of alcohol and weed. It is not just a simple matter of saying we can legislate for another drug and then it is up to the individual to make his or her choice. That is a load of rubbish. There are thousands of kids in care tonight because of the national drug and because of cannabis.

In fairness to Members of the current Dáil, attitudes are changing. I have not been here very long but I have heard comments which I find encouraging. I never thought I would hear it here, but I have heard the phrase “alcohol and other drugs” used in this House. Let us grow up about this and say it out straight. I do not know about other Members but I am a user. I enjoy my porter but I do not make a profession of drinking it. As legislators, we must be brave about this issue. We should focus on doing something about the national drug before we bring another monster on board. It is that simple.

While the Minister of State, Deputy White did his best, to our shame, we have done very little to deal with the alcohol problem. A report was published recently on the issue of below-cost selling of alcohol but I will not get into that right now. The other issue of concern is the sponsorship of sporting events and festivals by the alcohol industry. Do we not get it? Why do alcohol companies sponsor sporting events and festivals? They do not do it primarily to promote drink. The principal reason is to give themselves an edge in terms of their image and their brand. They promote the old paddy-whackery notions like ‘what did a few drinks ever do?’ and ‘he has only had a few pints’ and so forth. However, if one reads the recent report on domestic violence, one will see what a few pints do to some guys. Some people can control their alcohol consumption. There are men and women who have never been drunk in their

lives and who have no ambition to be but we must be honest about this. There are many people who cannot handle alcohol and if Members have any doubts about that, they should look at the reports on rape. As an Irish man, it makes me feel ashamed.

8 o'clock

Without going into the details, child abuse in this country is primarily, if not exclusively, related to the national drug, but we cannot deal with it. It is disappointing and, as the Minister of State, Deputy White knows, I disapprove of any alcohol company sponsoring any sporting body. When a child goes to the Aviva or Croke Park stadium, the last thing we want him or her to see is advertising of the national drug.

Deputy Mary Mitchell O'Connor: As a member of the Oireachtas Joint Committee on Health and Children, I am opposed to this ill-thought-out motion. It is unreasonable and, frankly, reckless, as well as dangerous. Cannabis can have a devastating effect on an individual's mental and physical health. I strongly oppose this motion for several reasons. First, the argument that a substance is not addictive is frankly laughable and dopey. Addiction is described as an insatiable craving for a substance that produces a desired result. The use of cannabis produces an effect that is highly addictive.

Second, the health effects of cannabis cannot be ignored. The resulting impacts of recreational use negate the pro arguments for legalising cannabis. Studies have shown that an individual's mental health is particularly vulnerable to cannabis use and its negative effects. For example, research has shown that the number of those suffering from depression doubled and anxiety was five times higher in users than in non-users. In the short term, users may also experience paranoia or hallucinations. Cannabis has been shown to increase the risk of lung cancer, increasing the likelihood by 8% for every year of use. It can increase an individual's heart rate and the likelihood of a stroke. I question the introduction of a motion that would propagate the use of a substance that could only have a negative effect on the health of our society.

As a parent, the negative effects cannabis has on young people cause me great concern. I would never recommend its use to my sons or to any other young person. Cannabis use is highest among people aged 15 to 24 years, which has worrying implications. This is the period when the brain is developing. Young people using cannabis during this vital stage are at risk of cognitive impairment, decreasing academic performance or depression. It would be reckless to give our young people a message that cannabis is harmless. The legislation referred to in the motion would undoubtedly result in an increase in the availability of cannabis in our society. Despite Deputy Luke 'Ming' Flanagan's inclusion of age restrictions, I believe young people would find it easier to access this substance than ever before. Unfortunately, we need only look at the figures for under-age drinking to know that age restrictions are not always effective. I believe provision No. 17, regarding home-cultivated cannabis, is an inadequate measure to prevent young people from accessing cannabis in their homes. The idea that a lockable space will thwart a teenager's curiosity is idealistic and, at best, ludicrous. Children always know where the sweets are kept. Teenagers have all discovered their parent's drinks cabinets.

Deputy Luke 'Ming' Flanagan: Not in my gaff.

Deputy Mary Mitchell O'Connor: Legalising cannabis simply comes with far too many significant risk factors. Beyond the blatant health ramifications, any attempt to legalise cannabis may set a dangerous precedent in regard to other restricted substances. I fundamentally

oppose making cannabis more readily available in our society. It has no benefits that justify the costs that will accrue.

Deputy Derek Keating: I am grateful for the opportunity to address this proposal by Deputy Luke ‘Ming’ Flanagan for a cannabis regulation Bill. The opening line of the proposed Bill reveals the true reckless and insidious nature of his proposal. It states that the purpose of the Bill is “to provide for the regulation of cannabis for ... recreational use”. I have publicly gone on record with my objection to this reckless motion. Last year I stated in this House that if it were adopted, Ireland would become an even bigger gateway for the importation of illegal drugs, as has been seen over the past two years, during which massive amounts of cannabis, heroin, cocaine and other illicit substances, including tobacco, have been made available by the gangster underworld in every street, community, village, parish, town and city.

The light-touch policy being proposed should be rejected. I am calling on those who proposed this Private Members’ motion, as well as those who support it, to think again, to look at the evidence and to consider the points most recently made by Professor Jim Lucey of Trinity College Dublin. He gave unquestionable evidence that cannabis harms the brain. It is one of the most toxic substances available. It rests in the body for up to 90 days, damaging the brain and impairing the capacity of the user. It is evident to me that it is a gateway drug.

As the elected Member for a community blighted by drug barons, including those in the IRA and other such organisations who hide behind their political agenda, I am only too familiar with the facts that have been presented to us in the media. I have seen at first hand many hundreds of individuals with zombie-like personalities walking around in some areas of my constituency. I am sure most if not all other Members have had similar experiences. Colloquial expressions heard in the series “Love/Hate” come to mind, such as “goofing off”, or “strung out” individuals waiting for their next fix, contemplating their next crime and considering their next opportunistic attack on society to feed their habit. Deputy Luke ‘Ming’ Flanagan is proposing to make this drug available to beat the drug barons and address the serious crime that goes with illicit drugs. The Deputy is looking too much at his close friend Nidge of “Love/Hate” fame.

Deputy Luke ‘Ming’ Flanagan: I am going to put him out of business.

Deputy Derek Keating: Is the Deputy serious or is he smoking cannabis himself?

This Bill must be rejected out of hand by every Member of this House. It should be replaced with a commitment to support those professional and community leaders working at the coal-face with drug addicts as young as 12 years of age to educate them against the effects of this substance, as outlined by Professor Lucey of Trinity College Dublin.

What message will this motion send to the ten and 12 year olds whose lives may not have been damaged by drugs? I believe it sends them the message that Ireland today is becoming more tolerant of illegal and dangerous drugs. The Bill also proposes that the Government support the production and retailing of cannabis and cannabis products. I can see it now: “Come to ‘Ming’ Flanagan’s farmers’ market - buy one, get one free.”

Deputy Mick Wallace: Like the local newspaper in the Deputy’s constituency?

Deputy Derek Keating: On a more serious note, this Private Members’ motion is a dangerous proposal when we consider the research carried out by the National University of Ireland showing that up to 8% of children aged ten have used cannabis in the past 12 months. Is Deputy

Flanagan serious in his proposals? Who gave him the mandate to represent his constituents with the sole purpose of legalising illicit drugs, adding to the tragedy that already exists throughout every town in this country?

I reject this Private Members' motion. I also reject the hidden agenda of Deputy Luke 'Ming' Flanagan. I call on those opposite of all political persuasions who may be considering supporting this Bill to withdraw their support for it.

An Leas-Cheann Comhairle: The next speaking slot is shared by Deputies Clare Daly, Joe Higgins, Catherine Murphy, Joan Collins and John Halligan.

Deputy Clare Daly: If I was not sure about supporting this legislation, any doubts I might have had have been quashed by listening to the last speaker. I very much welcome this discussion. I fully accept that it is inevitable that cannabis will be legalised in Ireland. That will not happen here tonight because the political establishment lags behind the attitudes of ordinary people on this issue, as on every other one. However it is an important strategic milestone in moving Irish society forward in discussing such issues.

On Monday morning I was stopped by a man on the streets of Dublin who asked what my attitude to Deputy Luke 'Ming' Flanagan's legislation was. When I told him I was supporting it he thanked me and told me how his friend was dying of cancer and he and three of his friends take turns to break the law and secure cannabis for that person. He said, "Imagine, we are risking a prison sentence for showing decent humanity, but it is worth it and I would do it again." It is something anybody here would do. This discussion will highlight the fact to many Irish citizens that there are very important beneficial uses of cannabis in pain relief for arthritis, MS, some cancers etc. Surely we should promote anything medical that can make life easier for people who are suffering. How can that be a bad thing? As the man who stopped me on the street said, "At 63 years of age I should be allowed to make such decisions myself in terms of my life and, in particular, my death and how it is handled."

Let us be clear about this discussion. This Bill is not about introducing cannabis into Ireland. Cannabis is already here. At the last estimate there were more than 250,000 regular users of cannabis, over 7% of the population. They are not just radical young people as outlined by Deputy Mulherin. They are young, old, farmers, housewives, workers etc. Anybody who wants to get cannabis can get it. This Bill is about regulating that situation for two very simple reasons: first, so that cannabis users are not criminalised; second, so that criminals do not profit from it. It is that simple and for those reasons society would be the beneficiary of this legislation being passed.

Over the last few days we have received many e-mails from people who nearly claim that cannabis is the solution to everything, almost with magical powers. I do not believe in magic and I do not believe that. I accept that cannabis is not harmless, that it can cause problems which vary from user to user, as do alcohol, prescription drugs and all other drugs. Criminalising that activity is not a way of dealing with it. This is a health matter and can be dealt with only through the health service. There are no recorded deaths from the use of cannabis alone. Maybe it is a contributing factor. We can make that argument about anything.

I could put forward a very rational argument why sugar, fast foods and soft drinks which contribute to obesity contribute to deaths. Of course they do. The fact that I may personally not be particularly interested in smoking cannabis - or in drinking gin or vodka - does not nec-

essarily mean the activity should be outlawed. The great socialist, Jim Larkin, used to crusade against alcoholism on the basis that it made workers passive and it suited the establishment, and that argument could be put forward about cannabis and other drugs. However, the proper use of drugs can be beneficial to people for both recreational and medical reasons.

Humankind has always operated and worked with drugs. Back to Homer's *Odyssey* we have always had it. To deny that is a sick joke. Prohibition does not work. The points have been very well highlighted. It creates a black market which is unpoliceable and diverts resources from the rehabilitation and education that could tackle these issues. Points have been well articulated about other jurisdictions moving in the direction of legalisation. The main reason cannabis was decriminalised in Portugal was that incarceration was more expensive than treatment. Deputy Durkan argued that the reason drug abuse dropped in Portugal was that the drug barons were taken out of circulation. Maybe it was possible for the Portuguese police to take the barons out of circulation because they had some time on their hands to deal with them because they did not have to run around arresting young people for using cannabis.

That is one of the essential points put forward by this motion and Bill. Criminalising cannabis is a shocking waste of resources. This could be a source of revenue if it were taxed properly, probably yielding hundreds of millions of euro. It would reduce criminal activity, stigma and the marginalisation of drug users. It would create a safer environment for those who use and purchase recreational drugs and control the quality of the product, which is a difficulty.

Communities have no doubt been devastated by drug use. However, for Government backbenchers who have stood over austerity to blame the poverty and hopelessness that has destroyed these communities on cannabis use is an utter disgrace. This is an opportunity to divert resources into revitalising communities, supporting people in education and rehabilitation, and it would be a very positive step forward.

Deputy Joe Higgins: The motion before the Dáil calls for the Government to introduce legislation to regulate the cultivation, sale and possession of cannabis and cannabis products in Ireland. I support that. I welcome Deputy Luke 'Ming' Flanagan's motion and the discussion it is giving rise to. It is not a question of being for cannabis use as a recreational outlet any more than one is for the use of ethyl alcohol or nicotine. It is a matter of realising that drugs have been used by humanity for thousands of years and will continue to be used. Just about every drug can have harmful side effects and consequences especially if over indulged in.

The question for me is what is the most effective means of achieving harm reduction with regard to any drug available in society, legally or illegally, and how best to have a situation where people can appreciate whatever enjoyment or relaxation they get from drugs but minimise the ill effects on people and society. The best way to do this for cannabis is to decriminalise and regulate its production, supply and use.

It is beyond doubt that people suffering from some very difficult diseases can ease their suffering by taking cannabis and it is cruel beyond belief to deny them the right to do that. Cannabis derives from a natural herb. Why, in medicine, should it be banned while multinational pharmaceutical companies make a fortune creating synthetic drugs at huge cost to achieve what a natural product could do?

In a situation where cannabis use was decriminalised totally I would be opposed to its production or supply becoming a source of enrichment by private corporations in particular.

There should be a State monopoly on any new drug that would be legalised and regulated in our society. There should be no advertising, simply factual information on the quality and quantity etc. where it would be available, and nothing more. Cannabis should not be an opportunity for profiteering by private corporations.

The biggest drug pushers in this State are pillars of the Irish establishment and carry on their business legally. They push nicotine and, in particular, ethyl alcohol, and the drug pushing companies that do this are feted in society. Ministers regularly rub shoulders with them at sporting events and other events that the alcohol industry sponsors. I have no doubt that some of the politicians who were in here denouncing the motion also rubbed shoulders with sponsors and went to events sponsored by them. Perhaps they even looked for sponsorship for some of their local clubs. There is a massive hypocrisy in this country with regard to the fact that these drugs, while legal, are extremely dangerous drugs. Yet, people want to come in and criminalise a substantial section of the population that wants to use a different drug of choice that arguably and realistically does or has the potential to do far less damage.

I believe also that the regulation called for would remove these cutthroat gangsters from the scene, their enrichment and the damage they do to society, because they do not discriminate between the likes of cannabis and far more lethal drugs that bring havoc in inner city societies and other parts of the country. These gangsters would be seriously weakened if cannabis was taken from the shadows and reality recognised.

Capitalism and its manifestation of austerity creates huge problems and harm for society. For example, the current crisis all over Europe creates massive suffering, mental, physical and social. Many people seek relief from that suffering in drugs, mostly legal drugs. They over-indulge and do themselves huge damage. I believe in this motion and in building a society where there is enough and plenty for every human being, where the pressures brought about by austerity and the financial market system are reduced and eliminated so that people can have decent and free lives. Then, with less pressure on them, they will be in a much better frame of mind to choose what drugs they will or will not use. This would lessen significantly the damage that is being done by all kinds of legal drugs in society at this time.

Deputy Catherine Murphy: I would like to thank Deputy Luke ‘Ming’ Flanagan for providing the opportunity for this debate. I also thank him for choosing to do it by way of a motion and for specifying the situation from his point of view and how he sees it rolling out. It takes political courage to do this. Obviously, he has put together a detailed Bill that will be debated in the future.

Despite the fact that the production, transportation and sale of cannabis remain illegal in most countries around the world, many of those countries and some US states are either changing their laws or considering changing their laws on the issue. I believe it is healthy to have a debate on the issue rather than to bury our heads in the sand and pretend we do not have an issue or problem with which we need to deal. A substantial portion of our population, in the region of 150,000 people, are regular or occasional cannabis users for whom there are serious consequences if they end up with a conviction. This can give rise to issues such as not being able to travel to particular countries or gaining particular types of employment. This is a serious and life-changing issue for some. It is worth considering those who have been adversely affected by cannabis. Often it is not open to them to reveal that they have had adverse reactions, because it is an illegal substance. Therefore, the motion offers the potential to confront an issue they cannot confront currently.

There is no doubt that the war on drugs has been lost. Only a fraction of the drugs available are seized, somewhere in the region of 10%. There is a serious problem of organised crime in this country. Initially, this centred around the drugs industry and Dublin city, but because the problem was not tackled sufficiently aggressively, it is now an issue for every town and city in the country. It is worth asking ourselves and exploring what the result would be if the financial benefit was removed. In recent years we have seen routine seizures of commercial quantities of cannabis produced in grow houses. Usually it is somebody who is poverty stricken who is involved in these grow houses and these are the people who end up being prosecuted, while others end up with the financial gains from this type of activity. These others are the beneficiaries of this illegal trade.

Prohibition in the United States in the 1920s was mentioned both last night and tonight. It did not work. Illegal alcohol that was often dangerous was produced then. Prohibition also allowed the Mafia to gain a stranglehold, one it retains today. It is great to look back with 20:20 vision, but it is difficult to see any positive outcome from prohibition. What we can do is learn from a failed policy that left a dangerous legacy.

Deputy Flanagan has surprised nobody by bringing forward this Private Members' motion and by producing legislation in regard to it. He has put considerable work into producing a Bill that outlines how he believes we should proceed. By putting his motion forward in the manner he has, he has ensured that we open and start the debate. I would welcome an opportunity to explore fully the implications of the Bill, but would like to do so in a calm and considered way over a period of time. His views on the legalisation of cannabis may be more mainstream today than they were some years ago when he first began to raise the subject.

Deputy Flanagan's approach is shared today by people like the chief constable of Durham, Mike Barton, who went considerably further in calling for the decriminalisation of class A drugs. He said prohibition had put billions of pounds into the hands of criminals. He did not deny that drugs do harm, but argued that prohibition does not work. He called for an open debate on the problems caused by drugs. I would like us to have that open debate and for it to be a calm and measured debate. The Home Office responded in the same way to the chief constable's call as the Government has done with the amendment it has tabled on this motion.

I will not encroach on the time of my colleagues, so will finish up now. I would like to acknowledge the contributions made by some of the Members on the other side of the House, by Deputies Dowds, McNamara and Kyne. It is time we allowed an open debate on this issue. The suggestion to provide a period of 12 months to examine and consider the issue would be a better way to approach the debate.

Deputy Joan Collins: I welcome the opportunity to debate this complex issue. Although this motion will be voted down, there is a need for ongoing informed debate on the issues. I commend Deputy Flanagan on introducing the motion in the Chamber. The drug problem in society is not just a question of cannabis use. It concerns the estimated 20,000 heroin addicts in the country and the 10,000 people on so-called methadone treatment and the fact there are only 38 detox beds in the country. It concerns the existence of criminal gangs that are terrorising families in working class communities, with threatening demands for payment of so-called debts. We have seen this only too well in my community. Recently I dealt with a woman who, with her husband, had sold a house in 2007 and had some money. The drug gangs knew about it, pinpointed her and extorted €64,000 from her. That is what is going on in our communities and it must stop. There was the horror story of a dismembered body found on waste ground

in west Dublin. That is what this issue is about. A recent statement by Kofi Annan and others from the Global Commission on Drugs Policy which called for new thinking and declared the war on drugs a failure is to be welcomed. In its report of June 2011 it specifically called for experimentation with the legal regulation of drugs, particularly cannabis, to undermine organised crime. Every year billions are spent by state agencies throughout the world in an attempt to contain the supply and use of illegal drugs.

The reality is that the target of eradication and the idea of a drug-free world as espoused by the United Nations in 1961 is now recognised as an impossibility. The global commission argues, correctly, that the bulk of the money should be switched to spending on treatment and education and supporting farmers in countries such as Peru, Colombia and Afghanistan to cultivate food for the world economy rather than the production of drugs. Hundreds of millions are in prison at enormous cost. These are small fry such as addicts, small-time dealers and mules. They are the victims. The big drug lords, protected by huge wealth and their ability to threaten and corrupt, do not worry about prison; they worry about being knocked off by their rivals. We need to reorient policy to treat addicts using those who support their habit by involvement as small-time players in the drug business. This does not mean a liberal or a softly softly approach to organised crime. We need a targeted and sophisticated approach to breaking up the gangs and putting the big players behind bars.

I will give another example from Dublin South-Central. Approximately a year and a half ago the issue was raised in the community, particularly among the community organisations dealing with families and young people involved in drugs. There had been an increase in crime and the manner in which the people concerned were strutting around the area. The community called for a response and the Garda replied. It established Operation Trident which was very successful. Gardaí became involved in the community and infiltrated the gangs. They managed to target at least 20 of those involved in the area. This was made public and was in the newspapers afterwards. It was a very good action which should be repeated throughout the country. We know the people on our streets and in our communities who are using drugs to impoverish others and make money for themselves. The motion raises some of these issues.

I have an open mind on the legalisation of cannabis and other drugs. I have made contact with Dublin CityWide and Addiction Response Crumlin, organisations which provide key services and supports for drug users and their families. While supporting decriminalisation, they do not support legalising it and we must ask why. They do not have the confidence that the drug gangs will be tackled or that the treatment centres and the support needed will be provided. They do not have confidence that enough support will be provided in mental health services or that legalisation would be introduced properly. What they see as key is decriminalisation. Users found with small amounts of drugs should not be criminalised or jailed. They should not have convictions and it should not be on their records. They should be linked with community programmes to assist them, if they wish, to get away from their drug habit and criminal activity.

I support the legalisation of cannabis. As has been pointed out, the reality is 7% of the population use it and this will continue to be the case. This should be seen as part of an overall policy which emphasises treatment, education and a targeted well resourced crackdown on organised crime. The problem cannot be solved in a single country and requires a new international policy to deal with the issue. I welcome the idea of a serious debate on decriminalisation and allowing medical use for those who need it, as it has been proved to be effective. In this regard, I am extremely disappointed with the Government's extremely conservative and lazy response in its amendment which does not even try to address or develop some of the issues raised in the

Dáil in the past two days.

International capitalism dictates the price of food, sugar and what poor countries can sell their produce on the markets for to other countries. If this continues, people in these countries will be forced to start producing drugs such as cannabis because they will have no other choice. It will be the only way they can raise money. That is why I am a socialist. There needs to be a planned economy and a planned way of producing goods and food and linking them throughout the world. It jars me when I hear people speak about mental health issues and the effects of drugs. I agree this could be the case, but austerity is causing more grief and mental health issues in our communities than anything related to cannabis use.

Deputy John Halligan: Some criticism has been levelled at the Technical Group for facilitating Deputy Luke ‘Ming’ Flanagan in bringing forward this motion. It is not a Bill but a Private Members’ motion. There is democracy within the Technical Group which allows every individual to speak his or her mind on any issue in the Dáil. This is not the case in some parties. I refer to the abortion legislation when, because of their conscientious views, some people were forced to leave their parties. I want to make it clear that despite the fact some in the group may not support the motion, Deputy Luke ‘Ming’ Flanagan has every right to bring it forward.

I welcome this debate which is valuable and worthwhile on the basis that the illegal drugs trade is a massive global industry, with a highly sophisticated international supply chain. According to the United Nations, the illegal drugs trade makes up a staggering 8% of world trade. It is worth more than the combined global market of textiles, clothing, iron and steel. The United Nations Office on Drugs and Crime estimates that the value of the global illicit drug market runs into hundreds of billions. Almost 300 million people worldwide use drugs, including cannabis, marijuana, hashish and THC. This is something we cannot avoid.

I was interested in the contribution made by Deputy Paul Connaughton which was very constructive. The most serious criminal activities in the past decade in Ireland have been terrorism and drugs. While a small tiny minority are now involved in terrorism, drug dealing and drug taking have extended beyond every city in Ireland into every small town and village. This cannot be denied. When this issue came up for debate, I received almost 800 messages on my Facebook page and web page which were running 60% to 40% opposing legalisation. A healthy 40% were in favour of decriminalising and legalisation.

Deputy James Reilly: Is the Deputy saying the 40% are healthier than the 60%?

Deputy John Halligan: I do not know about that. We could do with more time to debate this issue and perhaps when the Bill is brought before the House, we will have. I refer to a letter I have received which reads as follows:

Dear John,

I am at the end of my tether. I am only fit to throw myself in the river. I honestly need your compassion and co-operation when you read this letter. Please let me explain my position to your good self. My son is a helpless addict who over the past few months has been trying to kick the despicable habit but in the interim myself and my family are at our wits end and are really suffering because of the terrible affliction.

Today I have received a telephone call from a mother whose 25 year old son has been missing since Saturday. Approximately one year ago he took some bad cocaine and suffers from

schizophrenia. She is panicking. I hope to meet the family on Friday. These are two ordinary people who have serious problems and it can be replicated throughout the country. They have not commented on whether it should be legalised or decriminalised. They just want something to be done.

I have made a point of speaking to as many people as I can, particularly in the south east, and the vast majority have told me they would be against legalisation. I am not against decriminalising cannabis. Approximately 150,000 people have a criminal record for smoking a joint which prohibits them from leaving the country and this criminal record stays with them. We should, therefore, consider decriminalising it. My problem is that we tend to do things to excess in Ireland. We must consider the situation with excessive alcohol abuse, particularly among young children, and when I say young, I mean those well below 18 years of age, as well as those over that age who can get it legally. My worry is that if we were to legalise cannabis and make it available, the associated and combined problems of dealing with issues of excess in this country would be catastrophic. For that reason, I cannot support the legalisation aspect of this motion. I would most certainly be prepared to listen to a number of people over the next couple of months, which I plan to do. I have agreed to meet a chief superintendent from the British police, who may actually be in the Visitors Gallery at present. I will telephone him later and I hope to meet him tomorrow to get his view on what happens in Britain. I know the UK is currently considering a big re-think of its drugs policy, which may lead to cannabis and other drugs being legalised in the UK, although I do not know that.

I want to conclude by saying this is a very worthwhile debate and motion. It is something we cannot avoid, given the excessive use of illegal and legal drugs in Ireland. I hope that, at some stage, if Deputy Flanagan introduces his Bill, the Government will allow a lot more time to debate this because it is a worthwhile debate which will be watched by families all over this country.

Minister for Health (Deputy James Reilly): I am very pleased to have the opportunity to speak on this motion. I accept fully it is a motion, not a Bill, but there is a Bill in the offing as well. As was quite rightly said, Deputy Flanagan, like every other Member of this House, has every right to raise issues that concern him, and I have absolutely no issue with that.

I do, however, have an issue with his attempt to have the cultivation, sale and possession of cannabis legalised and regulated because there are serious health risks with cannabis, notwithstanding what some people would try to have us believe. There are studies from Sweden and New Zealand showing acute schiziform illness being precipitated by the use of cannabis. There is a contention on behalf of Deputy Flanagan that there is no demonstrable rise in the incidence of schizophrenia even though there was a rise in the use of cannabis, but the rise in schizophrenia one might expect to be attributed would be only 0.8%, which would be very difficult to demonstrate in an epidemiological study.

Most people who use cannabis smoke it, and I am vehemently opposed to smoking. I know, as does everyone in this House, the damage smoking does, including causing cancer. People inhale this substance quite deeply, usually mixed with tobacco, although that is not to say it is the only mode of use.

Of course, there is a medicinal use for cannabis and proprietary preparations are available. I and the Minister of State, Deputy White, are looking at that with a view to making it available to those who need it from a medicinal point of view. However, the idea of legalising cannabis

is not, I am afraid, something we agree with, given there are serious concerns around its impact on health. As Deputy Halligan has just stated, it is also well accepted as a gateway drug to the use of other more seriously damaging drugs.

It has been said cannabis has not been responsible for a single death. While deaths due to cannabis alone are rare, data from the national drugs related death index show that in 2010, the most recent year available, there were 72 deaths where the individual had a positive post-mortem toxicology for cannabis. I am not suggesting that in all of these instances cannabis was the cause of death, not by a long shot, but, clearly, there are question marks. Furthermore, Professor Joseph Harbison recently told the Dublin Coroners Court that doctors at St. James's Hospital had seen cases of young people having strokes following the use of herbal cannabis in the past three years. This phenomenon was linked to the use of high potency cannabis.

With regard to attitudes among the Irish population to cannabis use, we have not recorded any significant public support for changing our current approach to cannabis. For example, the 2010-11 drug prevalence survey found that while most respondents agreed with cannabis use being permitted for medical reasons, which, as the Minister of State, Deputy White, mentioned last night, is the policy direction being pursued at my Department, almost 70% of the respondents disagreed with cannabis use being permitted for recreational purposes. Equally, in the development of our national drug strategy 2009-16, which involved a very comprehensive public consultation process, no evidence of any significant public support for changing cannabis laws was identified.

Any suggestion that the legalisation of cannabis will result in there no longer being an illegal market in cannabis, or that organised crime will simply withdraw from the cannabis market, is to ignore the experience gleaned in the regulation of other legal markets. We need only look at the tobacco industry and the amount of illegal smuggling that goes on, and terrorism and those associated with terrorism in the past have been found to be associated with this particular area of illegal activity. I have a very firm view. I want to see more enforcement. It is an enforcement issue and we need more enforcement-----

Deputy Richard Boyd Barrett: Dream on.

Deputy James Reilly: -----with a clear view, not clouded by cannabis, I can tell the House.

Deputy Richard Boyd Barrett: Clouded by neoliberal ideology.

Deputy James Reilly: With regard to concerns raised regarding the recording of convictions, the question of expunging criminal records is a matter that has already been examined by the House in the context of the Criminal Justice (Spent Convictions) Bill 2012. My colleague, the Minister for Justice and Equality, Deputy Alan Shatter, updated the House on these matters yesterday during parliamentary questions.

I would like to re-emphasise the Government's commitment to the continued implementation of the national drugs strategy to tackle the drugs issue in a comprehensive way. The Government is very focused on ensuring there is an increased emphasis on moving people from drugs treatment to an addiction-free life, where this is achievable. In short, we must present people with opportunities to achieve a life without addiction. I share Deputy Collins' concern about the use and duration of use of methadone in this country. We are examining how to encourage and incentivise people to come off methadone.

An Leas-Cheann Comhairle: The last speaking slot will be shared by Deputies Mick Wallace and Luke ‘Ming’ Flanagan. I call Deputy Wallace.

Deputy Mick Wallace: The argument has changed on cannabis regulation. Ecuador has decriminalised the drug and Uruguay has recently become the first country to introduce a legal, regulated market for cannabis, with a focus on putting drug traffickers out of business. In the US, Colorado and Washington State have voted to legalise recreational cannabis use. In August, the New York City Comptroller’s office recommended cannabis legislation upon finding that taxing and regulating the substance would generate revenue of \$400 million annually and would have even more significant social justice benefits. To quote the comptroller:

Regulating marijuana will keep thousands of New Yorkers out of the criminal justice system, offer relief to those suffering from a wide range of painful medical conditions, and make our streets safer by sapping the dangerous underground market that targets our children. As if that weren’t enough, it would also boost our bottom line.

On the basis of this movement, one would be impelled to ask why the change of approach, especially in the case of the US, which has invested more money, time and resources than anyone else on the so-called war on drugs. The reasons for this shift are manifold and obvious to those with the capacity to look objectively at the issue. The first and most influential reason that a government would legalise and regulate cannabis use is that the war on drugs does not work but is, in fact, an ongoing public demonstration of how to clog up the legal system and prisons, wreck the lives of individuals, families and communities and waste taxpayers’ money and police energies that would be better spent working with and for society, rather than against it.

In light of recent scientific research, the current classification of cannabis as a class B drug makes no sense, that is, if we take for granted the common definition for illegal drugs, namely, that they have no accepted medical use and a high potential for abuse. A 2007 paper published in the prestigious peer-reviewed medical journal, *The Lancet*, with the collaboration of the UK Cabinet Office Strategic Unit, produced a systematic ranking system for 20 substances. The findings are interesting. Alcohol ranked as the fifth most dangerous and damaging drug, tobacco was the ninth and cannabis ranked 11th - to think that alcohol abuse in Ireland is costing the State over €3.5 billion a year. In light of these findings, the classification of cannabis as a class B drug, while the much more damaging alcohol and tobacco are legally available to the public, is contradictory at the least and one more reason for the serious disconnect between politicians and the people who put them in power.

For centuries it has been known that cannabis has medicinal properties. Hundreds of journal articles were written between the 1840s and 1930s extolling the benefits of cannabis use on nervous and convulsive disorder, for example. Since the drug was made illegal in the US in the 1930s, the research has been skewed towards investigating the negative effects of the substance rather than its benefits.

Recently, there has been much media coverage of a particular argument surrounding the use of cannabis to the effect that there is a direct link between cannabis psychosis and schizophrenia. The truth is that there is no consensus on this matter. A report on the emerging evidence surrounding cannabis research, co-authored by representatives of KCA UK, the National Drug Research Institute of Australia and the National Addiction Centre in London, indicates that “The best available evidence from the existing range of prospective epidemiological studies indicates that cannabis can precipitate schizophrenia in people who are already vulnerable for

individual or family reasons”, and that “the relationship between cannabis and anxiety is likely to be the result of other mediating factors such as childhood and family factors.” Any claim that there is a causal link between cannabis use and the creation of mental health conditions does not take account of the available evidence. That evidence indicates that increased rates of cannabis use in the past 30 years have not been accompanied by a corresponding increase in rates of psychosis in the population.

If the Government were seriously concerned about mental health, it would bring its austerity programme to an end. That programme is contributing to and exacerbating the problem of inequality in Ireland. According to a recent Oxfam report, the rate of inequality in Ireland is currently four times the OECD average. Mind, the National Association for Mental Health in the UK, has highlighted the idea that good mental health is not something you have but something you do, and that in order to be mentally healthy, you must value and accept yourself. This is obviously difficult to accomplish in our current unequal society. Recent World Health Organization surveys conducted in 12 OECD countries show that in rich countries there is a direct association between income inequality and the proportion of adults who have been mentally ill. In light of these findings, it can be difficult to listen to those on the Government benches who claim that they really care about those who are experiencing mental illness.

Legislation would replace a criminal market with a system in which supply would be controlled, products regulated and profits taxed. This would be safer for children, because parents would have greater control than they do at present; safer for users, because drugs could be tested; and safer for society, because funding for the criminal gangs that cause untold damage would be cut off. A great deal of money is spent every year enforcing the prohibition on marijuana and arresting people for possessing small amounts of the substance. Against this background, we are obliged to debate further cuts to social services for the disabled, single parents and the most vulnerable in society. The drugs war has been an abysmal failure. We need a drug policy that is patient-centred and fiscally responsible. The Government must engage in an honest examination of the facts. It must put people first and should stop misleading the public.

Deputy Luke ‘Ming’ Flanagan: I am disappointed that the line Minister with direct responsibility for this issue could not be present. He criticised me for not dealing with the health effects of cannabis use. I am sure he is aware that my speech on this motion is broken into two parts and that I will be delivering the second part - in which I will discuss the issue to which he referred - now. Sadly, the line Minister cannot be bothered to be here. I will, however, send him a YouTube clip.

Deputy James Reilly: He was present for the first hour.

Deputy Luke ‘Ming’ Flanagan: Yes, but he criticised me for not dealing with the health effects of using cannabis and now he is not present to hear what I have to say. Those are the facts.

The first thing I want to do is to thank Deputy Dowds and, in particular, Deputy Paul Connaughton, for making what was the bravest statement I have yet heard in respect of this issue. I am in a position to put the motion before the House because I am not in government and will not, therefore, face as much criticism. However, Deputy Connaughton may be obliged to face much criticism. I congratulate him on what he said and I think his voters will thank him for it. I also thank Deputy Keating for showing himself up for what he is. Perhaps the contribution he made will be covered in his local newspaper. If it is, perhaps the Deputy might deliver copies of the newspaper to his constituents in order that they will know he is tough on drugs. There

are loads of votes in that.

When commencing the debate on the motion before the House, I indicated my belief that it is no longer radical to talk about legalising cannabis. I also referred to the practical steps that must be taken in order to regulate its use. I now intend to discuss the myths associated with the negative health effects of using cannabis and also the amount of money we could obtain for the State through legalisation.

The first myth I wish to explode is that cannabis produces adult amotivational syndrome. A World Health Organization report produced in 1998 addresses this issue and states that it is doubtful that cannabis use produces a well-defined amotivational syndrome. In addition, a survey on drug prevalence - to which the Minister, Deputy Reilly, referred - conducted by the National Advisory Committee on Drugs and Alcohol in 2010 and 2011 found that lifetime and previous-year rates for cannabis use on the island of Ireland are highest among professionals, senior management and top civil servants. Some people would probably offer the latter as an argument to ban cannabis. The study also revealed that lifetime prevalence rates for usage were highest among those with third level educations. It does not sound as if it is demotivating people.

The claim that cannabis causes cancer has to be the biggest joke of all time. The largest study of its kind unexpectedly concluded that smoking cannabis, even regularly and heavily, does not lead to the development of lung cancer. I have previously quoted studies conducted by Dr. Donald Tashkin which suggested that smoking cannabis is more harmful than smoking tobacco. Dr. Tashkin has changed his mind and, unfortunately, the US Food and Drug Administration, FDA, does not appear to want him to work for it now that he has discovered cannabis is not that harmful. Dr. Tashkin indicated that the findings from the study to which I refer were against expectations. Dr. Tashkin works at the University of California, Los Angeles. This should be good news for the Minister because Dr. Tashkin is a pulmonologist who has studied cannabis for 30 years. He is on record as stating:

We hypothesized that there would be a positive association between marijuana use and lung cancer [logical enough], and that the association would be more positive with heavier use. [...] What we found instead was no association at all, and even a suggestion of some protective effect.

I was also surprised by the findings because I would have argued that smoking cannabis might not be the ideal method of ingestion. As it turns out, however, Dr. Tashkin has changed his mind. I suggest that we invite him to come before the Joint Committee on Health and Children in order that we can debunk the myth that cannabis causes lung cancer for ever. I challenge the Minister to issue such an invitation.

Deputy James Reilly: We could also invite some other experts to appear.

Deputy Luke ‘Ming’ Flanagan: Another issue that arises is that, apparently, cannabis blocks up the lungs. If the latter is the case and if smoking cannabis causes lung problems, then perhaps people should use another method of ingestion. Calling for a ban on it on that basis is similar to requesting a ban on spuds. If one chops potatoes up into chips and cooks them, they become unhealthy. The problem is not the substance; rather, it is how it is ingested that might give rise to difficulty.

I wish to debunk another myth, namely, that cannabis supposedly causes brain damage.

Deputy Eric Byrne: Absolutely.

Deputy Luke ‘Ming’ Flanagan: The brain damage argument is based on what is termed the Dr. Heath/Tulane study. As part of this study, rhesus monkeys were strapped into chairs, had gas masks placed over their faces and were given the equivalent of 63 Colombian-strength joints in five minutes, losing no smoke. That one always gets a laugh. After smoking this cannabis, the monkeys ended up with brain damage. What the study remarkably ignores is that the monkeys’ brains were in fact damaged by oxygen deprivation and not by cannabis.

Deputy James Reilly: Did the monkeys get high after all that?

Deputy Eric Byrne: Ignore the monkeys and-----

Deputy Luke ‘Ming’ Flanagan: Deputy Eric Byrne has changed his tune since he begged me for a vote in the Seanad.

Deputy Eric Byrne: Get away out of that.

(Interruptions).

Deputy Luke ‘Ming’ Flanagan: Might I have a bit of order, please? In a subsequent study of 1,318 people carried out over a 15-year period at the highly reputable Johns Hopkins University - the Minister will be familiar with it - in Baltimore, researchers reported no significant differences in cognitive decline between heavy users, light users and non-users of cannabis. This was Johns Hopkins University and not the “Let’s-all-have-a-party” university. It is quite reputable, as I am sure the Minister will agree.

Deputy Eric Byrne: What is in the water the Deputy is drinking?

Deputy Luke ‘Ming’ Flanagan: The myth that cannabis is a gateway drug is the one that never seems to go away. We will work on that now.

Deputy James Reilly: Is the Deputy finished discussing the impact of cannabis on people’s health?

Deputy Luke ‘Ming’ Flanagan: The Institute of Medicine in Washington DC issued a report on various aspects of cannabis, including the so-called gateway theory, in which it stated that there is no conclusive evidence that the drug effects of cannabis are causally linked to the subsequent abuse of other illicit drugs. The Netherlands Institute of Mental Health has stated “As for a possible switch from cannabis to hard drugs, it is clear that the pharmacological properties of cannabis are irrelevant in this respect.”

9 o’clock

It is also worth noting that in the Netherlands where one can openly purchase cannabis the lifetime usage rate for cocaine is 1.9%, whereas the figure for the United States which until two years ago had some of the most penal sanctions in the world for cannabis use is 16.2%. It seems the Dutch system makes it seven to eight times less likely that one will go on to use an exceptionally destructive drug, namely, cocaine. One would imagine that this was good news.

Deputy James Reilly: The Deputy is being highly selective.

Deputy Luke ‘Ming’ Flanagan: We are told cannabis causes psychosis and schizophrenia.

This new argument was produced when all other arguments had been beaten. It is the latest version of what could be described as the “reefer madness” argument. In 2009 a study led by Dr. Martin Frischer of Keele University - perhaps he might be invited before the committee - examined the records of 600,000 patients aged between 16 and 44 years and failed to find any link between cannabis use and these conditions. According to the study, between 1972 and 2002 cannabis use in the United Kingdom increased fourfold among the general population and eighteenfold among those aged under 18 years. Based on the literature supporting a link which is repeatedly cited by opponents of legalisation, one would have to argue that this increase in usage should have been followed by an increase of 29% in the incidence of schizophrenia between 1990 and 2010.

Deputy James Reilly: That is rubbish.

Deputy Luke ‘Ming’ Flanagan: What happened during the period in question? Researchers found no increase in the diagnosis of schizophrenia or other psychotic disorders and some of the data even suggested the incidence of these conditions had decreased during the period. In the past two weeks the director of Schizophrenia Ireland, Mr. John Saunders, stated cannabis use did not cause schizophrenia but that he would advise people with schizophrenia to stay away from the substance. I would do likewise, although I would also advise them to stay away from alcohol, Red Bull and a variety of other products. What I would not do is turn them into criminals for using these products. Dr. Frischer’s study does not support a scientific causal link between cannabis use and the incidence of psychotic disorders. Its findings are in line with those of other reports which indicate that increases in population cannabis use have not been followed by increases in the incidence of psychotic disorders.

I propose to outline the argument for legalising cannabis for financial reasons. Professor David Nutt who today won the 2013 John Maddox Prize for Standing Up for Science estimates that alcohol use in this country would drop by 25% if cannabis was legalised. As the Minister is aware, the damage caused by alcohol has been estimated to cost the country €3.4 billion every year. Reducing alcohol use would inevitably save money. In addition, legalisation would free 100,000 people with a criminal record to increase their economic activity because they are currently prohibited from working in a decent job. Even if the average increase in the value of economic activity among this group were only €1,000 per annum, it would be worth €100 million to the economy.

It is estimated that 150,000 people in Ireland use cannabis. If users paid 33% tax on their cannabis purchases and average expenditure was €100 per month, it would be worth €60 million to the economy. Moreover, the State would no longer incur the cost to the judicial system and the Garda Síochána of arresting 8,000 people per annum for cannabis possession. A study in Israel estimates that legalising cannabis would be worth \$450 million to the Israeli economy. It would not be an exaggeration to argue that legalisation would have a similar benefit here.

I propose that Deputies vote for the motion because the legalisation of cannabis would be a wonderful step for the country.

Amendment put:

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| The Dáil divided: Tá, 112; Níl, 8. | |
| Tá | Níl |
| Bannon, James. | Boyd Barrett, Richard. |

6 November 2013

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| Barry, Tom. | Collins, Joan. |
| Breen, Pat. | Daly, Clare. |
| Broughan, Thomas P. | Flanagan, Luke 'Ming'. |
| Browne, John. | Higgins, Joe. |
| Bruton, Richard. | Murphy, Catherine. |
| Butler, Ray. | Pringle, Thomas. |
| Buttimer, Jerry. | Wallace, Mick. |
| Byrne, Catherine. | |
| Byrne, Eric. | |
| Cannon, Ciarán. | |
| Carey, Joe. | |
| Coffey, Paudie. | |
| Colreavy, Michael. | |
| Conaghan, Michael. | |
| Conlan, Seán. | |
| Connaughton, Paul J. | |
| Conway, Ciara. | |
| Coonan, Noel. | |
| Corcoran Kennedy, Marcella. | |
| Costello, Joe. | |
| Cowen, Barry. | |
| Creed, Michael. | |
| Crowe, Seán. | |
| Daly, Jim. | |
| Deasy, John. | |
| Deenihan, Jimmy. | |
| Deering, Pat. | |
| Doherty, Pearse. | |
| Doherty, Regina. | |
| Donnelly, Stephen S. | |
| Donohoe, Paschal. | |
| Dooley, Timmy. | |
| Dowds, Robert. | |
| Durkan, Bernard J. | |
| Ellis, Dessie. | |
| English, Damien. | |
| Farrell, Alan. | |
| Feighan, Frank. | |
| Fitzpatrick, Peter. | |
| Flanagan, Charles. | |
| Fleming, Sean. | |
| Fleming, Tom. | |

Dáil Éireann

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| Gilmore, Eamon. | |
| Griffin, Brendan. | |
| Halligan, John. | |
| Harrington, Noel. | |
| Harris, Simon. | |
| Hayes, Brian. | |
| Hayes, Tom. | |
| Healy-Rae, Michael. | |
| Hogan, Phil. | |
| Humphreys, Heather. | |
| Humphreys, Kevin. | |
| Keating, Derek. | |
| Keaveney, Colm. | |
| Kehoe, Paul. | |
| Kelleher, Billy. | |
| Kenny, Seán. | |
| Kirk, Seamus. | |
| Kyne, Seán. | |
| Lawlor, Anthony. | |
| Lynch, Ciarán. | |
| Lyons, John. | |
| McConalogue, Charlie. | |
| McDonald, Mary Lou. | |
| McEntee, Helen. | |
| McGinley, Dinny. | |
| McGrath, Mattie. | |
| McGrath, Michael. | |
| McHugh, Joe. | |
| McLellan, Sandra. | |
| McLoughlin, Tony. | |
| Maloney, Eamonn. | |
| Mitchell, Olivia. | |
| Mitchell O'Connor, Mary. | |
| Moynihan, Michael. | |
| Mulherin, Michelle. | |
| Murphy, Dara. | |
| Murphy, Eoghan. | |
| Nash, Gerald. | |
| Neville, Dan. | |
| Nolan, Derek. | |
| Ó Fearghaíl, Seán. | |
| Ó Snodaigh, Aengus. | |

6 November 2013

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| O'Brien, Jonathan. | |
| O'Donnell, Kieran. | |
| O'Donovan, Patrick. | |
| O'Dowd, Fergus. | |
| O'Mahony, John. | |
| O'Sullivan, Jan. | |
| O'Sullivan, Maureen. | |
| Perry, John. | |
| Phelan, Ann. | |
| Phelan, John Paul. | |
| Reilly, James. | |
| Ring, Michael. | |
| Ryan, Brendan. | |
| Shortall, Róisín. | |
| Smith, Brendan. | |
| Spring, Arthur. | |
| Stagg, Emmet. | |
| Stanley, Brian. | |
| Stanton, David. | |
| Timmins, Billy. | |
| Tóibín, Peadar. | |
| Troy, Robert. | |
| Tuffy, Joanna. | |
| Varadkar, Leo. | |
| Wall, Jack. | |
| Walsh, Brian. | |
| White, Alex. | |

Tellers: Tá, Deputies Paul Kehoe and Emmet Stagg; Níl, Deputies Luke 'Ming' Flanagan and Mick Wallace.

Amendment declared carried.

Motion, as amended, put and declared carried.

The Dáil adjourned at 9.20 p.m. until 9.30 a.m. on Thursday, 7 November 2013.