



DÍOSPÓIREACHTAÍ PARLAIMINTE  
PARLIAMENTARY DEBATES

**DÁIL ÉIREANN**

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

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# DÁIL ÉIREANN

*Dé Céadaoin, 13 Samhain 2013*

*Wednesday, 13 November 2013*

Chuaigh an Ceann Comhairle i gceannas ar 9.30 a.m.

*Paidir.*

*Prayer.*

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## Ceisteanna - Questions

### Priority Questions

#### HSE National Service Plan

1. **Deputy Billy Kelleher** asked the Minister for Health when he expects to receive the 2014 Health Service Executive service plan; and if he will make a statement on the matter. [48345/13]

**Deputy Billy Kelleher:** The purpose of the question is to find out exactly not only when the service plan will be published but the detail it will contain. There is even an acceptance across the floor that the figures announced in the Budget Statement are not sustainable. A fanciful budget was again presented to the House in terms of the proposed €666 million in cuts. The Minister stated at the Oireachtas committee hearings that he felt they would be hard to achieve. We have a farcical situation where a budget was presented to the Parliament and the Minister is retrospectively verifying the figures. He refers to having the facts and figures available to him on a monthly basis while at the same time we find he has washed his hands of the budget in the context of the Estimates for 2014, which were presented to the House on 15 October. Will the Minister explain what will be in the service plan and whether the detail will be sustainable?

**Minister for Health (Deputy James Reilly):** Under the Health Act 2004, the Health Service Executive, HSE, has 21 days from the publication of the Estimates for supply services on budget day to submit its 2014 national service plan for my consideration. This would have required the HSE to finalise and submit its service plan for next year by Tuesday, 5 November. The Act, however, allows the Minister for Health to provide the HSE with any such other period that he or she may wish to allow in this regard. In view of the challenging budgetary context, which my colleague has highlighted in florid terms, within which the 2014 plan must

be prepared, I wrote to the HSE on Wednesday, 30 October to confirm that the executive would be given an additional ten days, that is, until Friday, 15 November, to adopt and submit its 2014 service plan for my consideration. This extended period also recognises that the earlier than usual presentation of the 2014 budget and the demanding Estimates ceiling for health spending in 2014 makes the task of preparing the 2014 plan particularly challenging and difficult for the executive.

Given the earliness of the budget, this gives more time to make sure hospitals and other services have their budgets in place on 1 January even if time is taken up doing so at this point. Clearly, a huge challenge must be met, to which the Deputy has alluded. It is premature to say it will be impossible before it is delivered.

**Deputy Billy Kelleher:** There is a great deal of hand washing going on. The HSE is obligated under the Act to provide a service plan but at the same time officials from the Departments of the Taoiseach and Public Expenditure and Reform are trying to verify the figures while the HSE is expected to draft a plan to provide services in 2014. The Minister stated that he feels these figures are almost unachievable and it was reported that the distaste officials had for the probity drive relating to medical cards published by the Department of Public Expenditure and Reform as a way of slashing costs was almost palpable. The Minister of State, Deputy Alex White, rowed in behind the Minister some time later when he appeared before the Oireachtas Joint Committee on Health stating, “They look like very large figures. They look big to me, I will be honest with you”. They look big to all of us. The difficulty is the HSE is trying to draft a service plan but we do not know whether the cuts that will make up the overall savings of €666 million or, for example, the €130 million saving in the probity drive for medical cards will be achievable.

**Deputy James Reilly:** I will initially respond to the Deputy’s use of the phrase “hand washing”. Nobody on these benches has washed his or her hands of anything. However, people who sit on the benches around the Deputy and particularly in the seat beside him are good at wringing and washing their hands about issues and they have a great degree of amnesia when it comes to their role in the formation of the HSE and all that went with it. It is extraordinary that at a time of unprecedented access to money that the health service went from bad to worse culminating in 569 people on trolleys in January 2011.

The Deputy quoted me as saying the figures were unachievable. I never used that word. I said I was deeply concerned about the challenge they represented and I remain concerned. A validation process is ongoing in this regard.

**Deputy Billy Kelleher:** We could talk about amnesia a lot. The Minister has experienced a fair amount of it in the context of the commitments made prior to the election and even when he took up office. We will not go down that road.

A total of €666 million was identified a number of weeks ago in the health Estimate for 2014. The HSE is charged with drawing up a service plan for 2014 but nobody can tell me the Minister will save €130 million through medical card probity. He cannot say that will certainly happen. How in the name of God is the HSE meant to draft a service plan to provide for all the commitments being made in the House on a daily basis when the amount it will have to spend is unknown? It is not credible or tenable for a Minister to ask for a service plan in that environment.

**Deputy James Reilly:** It is incredible that the Deputy is referring to the unknown. We do not have the service plan. How can he comment on what is achievable or not achievable?

**Deputy Billy Kelleher:** The Minister said the figure was not achievable.

**Deputy James Reilly:** I told the Deputy I did not use the word “unachievable” but he likes to twist things to suit his own end. The bottom line is he is arguing about something neither he nor I have seen. The Deputy is telling me what is not possible before he has seen the plan to deal with it. I humbly suggest to him that he would be better waiting until the service plan comes out before he makes any further comments on it.

## **Hospital Services**

2. **Deputy Caoimhghín Ó Caoláin** asked the Minister for Health his views on the letter from the CEOs of the Mater, St. James’s, Tallaght and Crumlin children’s hospitals, Dublin, stating that the health cuts are unsustainable and a threat to the safety and quality of patient services; and if he will make a statement on the matter. [48146/13]

**Deputy Caoimhghín Ó Caoláin:** Does the Minister agree it is a seriously worrying development when the chief executive officers of four of the largest hospitals in the country write to the HSE to warn that the quality and safety of patient services in their hospitals is seriously threatened by the cuts imposed by his Government? These four large hospitals - the Mater hospital, St. James’s Hospital, Tallaght hospital and Crumlin children’s hospital - provide national services. As the responsible Minister, he has chosen not to respond, although the correspondence went to the HSE. I have not noted any response from the Minister in this regard. Why is that?

**Deputy James Reilly:** The issues raised by the hospitals in the letter referred to by the Deputy will be considered in the context of the HSE plan for 2014. I wrote to the HSE last Thursday, 31 October, to confirm that the executive has until 15 November to submit its service plan. In that letter, I also conveyed to the executive that my overriding priority is patient safety, with the next priority being to treat patients in as timely a fashion as possible.

Clearly, 2014 will be a very challenging year for the health services. In meeting this challenge, the goal, wherever possible, is to cut the cost of services rather than the level or quality of the services delivered, and to accelerate the pace of reform. The reform programme for hospitals, as set out in *Future Health*, aims to deliver more responsive and equitable access to services for all patients, to organise public hospitals into more efficient and accountable hospital groups, which can deliver better patient care for less cost, and to ensure that smaller hospitals continue to play a key role.

It can be difficult to achieve the necessary reform while hospitals exist in isolation from one another. The formation of hospital groups, which I announced last May, will allow each group to manage its own affairs and operate with maximum autonomy. It will also ensure that the treatment required by patients is received at the most appropriate level in the most appropriate and safest setting.

I have now appointed chairs to all seven hospital groups, the process of recruitment of CEOs has commenced and the process of establishing a strategic advisory group to guide the reor-

ganisation of services by hospital groups is under way. The overall aim is to provide efficient and effective care, as close to the patient's home as possible, with a view to improved health outcomes and satisfaction for patients.

**Deputy Caoimhghín Ó Caoláin:** The Minister stated that his overriding priority is patient safety and yet from my reading of the correspondence from the four CEOs, that is also their overriding priority but there seems to be such a gulf between the Minister's and their position. The Minister falls back on the unpublished national service plan 2014 and yet the CEOs are clearly indicating that the situation, which they seek to have addressed, is current and is a consequence of the collective impact of a succession of five budgets that have seen €206 million removed from their spending capacity. They stated that this short-sighted and random application of budgetary reductions is clearly likely to seriously damage the foundation of the system. That has to be of concern to each and every one of us.

The CEOs are saying the cuts imposed by the Minister and the Government, coupled with demands for fewer staff while at the same time insisting on shorter waiting lists, are totally unsustainable. The Minister must have a better answer than what he just gave. It is not a pig in a poke situation. We cannot wait for the next national service plan and whatever further cuts it might outline for these hospitals.

**Deputy James Reilly:** With respect, there is nothing remotely random about the manner in which the budget was allocated for 2013. Hospitals were actually given an increase. The hospital budget got an increase. Two of the hospitals mentioned in that letter received increases of 5.5% and 2.8%, respectively, and two of the hospitals received a small reduction. That is what the rebalancing of the budget is about. I have no issue with CEOs writing to the head of the HSE seeking to protect their budgets. All groups do that. Patient safety is my main priority and patients being seen as quickly as possible, allowing for the constraints under which we operate, is my second priority.

**Deputy Caoimhghín Ó Caoláin:** The four CEOs make it very clear that the situation is as a result of the composite impact of a succession of five budgets, and there is no getting away from that fact. Their language shows they are at breaking point and if there are further cuts in the national service plan for 2014, the consequences will be dire. Patient safety will suffer. That is why they have taken the very bold, brave and welcome step of outlining the factual situation for all to note and not just the HSE, the Department of Health and the Minister and his colleagues.

Will the Minister recognise that any further cuts across the hospital network will have serious consequences for citizens? I appeal to him to take heed of the CEOs' appeal, which is what it is. They are saying to him that they cannot sustain any further cuts. It is reasonable that the Minister should respond because although he has lauded the advances made in cancer care provision on many occasions, make no mistake about it, even cancer patients are now experiencing unacceptable delays in access to treatment. The situation has become that grave.

**Deputy James Reilly:** On that very point, I am not aware of any untoward delays in the treatment of cancer patients in any of our adult hospitals. I am concerned to hear about a situation in Our Lady's hospital in Crumlin and I have asked for an investigation into it. The budget should allow for priority to be given to those who are most acutely ill, in particular children with cancer. The management of those budgets is a responsibility for the CEOs. I have also made it very clear that patient safety is a core responsibility of a CEO because there seems to be a mind abroad that thinks this is only an issue for doctors and nurses but it is not. It is a core

issue for management. I expect the CEOs to do their jobs, as all CEOs do, in meeting their budgets and meeting their patients' requirement for which they are responsible.

The budget this year is more than €13 billion. We have an increasing population, about which there is no question. We have a demographic challenge in that every year we have 20,000 more people over the age of 65, which is a growth rate of 3.5% whereas the average rate of growth in the population is only 0.5%. It is great news we are all living longer but it presents challenges to us and it is why we must continue the reforms in our health service. As to whether money could have solved this, as the Deputies opposite know, there were halcyon years here when money was abegging and the money spent on health was more than quadrupled over a ten year period and yet the health service did not seem to improve.

### **Hospital Services**

3. **Deputy John Halligan** asked the Minister for Health his views on whether the current moratorium on recruitment within the Health Service Executive is negatively impacting on the provision of services across the spectrum and it is only a matter of time before the entire service is irreparably damaged; if the Health Information and Quality Authority has given its recommendations for minimum requirements regarding staffing levels; if he will make them available; his views on whether it is unacceptable that in a centre of excellence such as Waterford Regional Hospital the orthopaedic department has at times been running at less than 50% capacity with at least three of the surgical posts being unfilled which is exacerbating an already overstretched service and is resulting in waiting times escalating to years rather than months; if he will acknowledge that the orthopaedic department in Waterford Regional Hospital is now forced to set aside what are considered to be elective surgeries, although they are essential, as it does not have the capacity to maintain a full schedule for both inpatient and outpatient procedures; if he will make a firm commitment to review the moratorium and the effects it is having with a view to lifting the restrictions; and if he will make a statement on the matter. [48347/13]

**Deputy John Halligan:** Last week, an appeal went out to the people of Waterford not to use the accident and emergency department in Waterford Regional Hospital because of overcrowding. I have been told that trolleys containing very sick people were double parked in the corridors of the accident and emergency department. Will the Minister offer an explanation as to why two Indian doctors posted to the accident and emergency department in Waterford resigned last week? I have been told the HSE and the Department of Health are aware of the situation. What are the Minister's views on why Indian doctors brought into the country since 2011 to bridge the serious gap in services are not being permitted to join the Medical Council's training register and hence they are not afforded the same rights as their colleagues from elsewhere in the world to progress their training?

**Deputy James Reilly:** The first I have heard of this is today, as the Deputy will know. I have to confirm that, as of yesterday, Waterford Regional Hospital had its full complement of eight approved orthopaedic posts in place, including two on temporary contracts. If the two doctors to whom the Deputy alluded are the two on temporary contracts, then that is an issue I can take up with him. I will have to talk to the Department. It is primarily a matter for the Medical Council which is a statutory body independent of the Minister, and rightly so. It has its standards to meet and match. We will have to look into the situation to see what the problem is.

On the broader issue, the reduction in the size of the public service has been an essential

component of the approach to addressing the State's fiscal difficulties. This has been combined with a firm focus on improving public service efficiency and effectiveness. The Croke Park agreement and the current Haddington Road agreement have enabled health services to be sustained and improved despite a staffing reduction of 11,000 whole-time equivalents, or 10% of all staff, since the end of 2007. I acknowledge the major contribution staff have made to meeting the unprecedented challenges of recent years and putting the State's finances on a sustainable footing for the future. It is an incredible tribute to their dedication and commitment that we have not only maintained a safe service, but improved it in terms of the number of people who have to endure long trolley waits and long waiting times for inpatient treatment.

The Haddington Road agreement provides for some 5 million additional working hours each year. It also provides for the appointment of 1,000 nurses and midwives and 1,000 intern support staff under targeted employment initiatives. These measures will enable the health service to reduce substantially levels of agency working and overtime and continue to reduce overall numbers while maintaining services and service levels to the greatest possible extent. The HIQA national standards for safer and better health care identify the need for service providers to plan, organise and manage their workforce to achieve the service objectives for high quality, safe and reliable health care. HIQA does not set minimum requirements for staffing levels on a national basis. The Deputy will be aware that public hospitals are being reorganised into more accountable hospital groups. I am confident that the group structure will allow for more efficient deployment of human resources, facilitating effective and flexible use of staff, thus allowing for a better response to service needs.

**Deputy John Halligan:** The potential exists for a very serious crisis in accident and emergency departments. I spoke last night to some consultants who work in Waterford Regional Hospital. They told me that the HSE and the Department of Health are sending a clear message to Indian doctors that they are sufficiently qualified to provide essential services in a time of crisis, but are not wanted in our hospitals in the long term.

I would like to put to the Minister two questions which are of importance to the people. We were happy to bring Indian doctors to work in Ireland and help us to bridge the gaps in our services. Were they adequately qualified to do the job? If they were, why are they not permitted to join the Medical Council's training register, as doctors from all other countries are allowed to do? I am concerned about the implications of giving doctors from Pakistan, Britain, France and all other countries considerably different treatment from Indian doctors. It has the potential to give rise to a crisis. I will conclude by informing the House that the consultants in Waterford Regional Hospital are sending a petition on this issue to the Indian Embassy today because they fear it could lead to a crisis.

**Deputy James Reilly:** There is no crisis in this country's accident and emergency departments. When I met Mr. Ian Carter two days ago, he took me through all the hospitals' compliance with the European working time directive, their inpatient waiting time targets and their outpatient waiting time targets. I have had discussions with the special delivery unit, through one of my colleagues, on the emergency department figures. There has been a 34% reduction in the number of people waiting on trolleys since I became Minister for Health. That is despite a 10% reduction in staff and a 20% reduction in the budget. I reiterate my gratitude to the men and women who work in our health services for achieving that. The specific issue raised by the Deputy is primarily a matter for the Medical Council. I cannot interfere in it. There should be no different treatment for people.

**An Ceann Comhairle:** Thank you, Minister.

**Deputy James Reilly:** Qualifications are qualifications. There are differences between reciprocal arrangements in different countries. I would like to make an important point about the doctors we brought in a couple of years ago, if the Ceann Comhairle will bear with me.

**An Ceann Comhairle:** I will let the Minister back in.

**Deputy James Reilly:** Okay. I will address it then.

**Deputy John Halligan:** The stated objective of this country's health service is that "staffing levels ... should be driven primarily by the need to achieve optimal health and quality of life". HIQA has said that the standards at Ireland's maternity hospitals, for example, are 30% lower than the standards recommended across Europe. There are 4,000 people on the waiting list and there is a four year backlog at the orthopaedic department at Waterford Regional Hospital in my city. As I have said previously, the number of consultant staff in the department was reduced by 25% over a two month period this summer. I have gone out to the hospital on a number of occasions and seen patients on trolleys. When my 86 year old father was taken to hospital two months ago, he had to wait on a trolley for 14 hours before he was given a bed. I do not know who is giving the Minister his information but it is not the case that there has been a reduction in the use of trolleys in accident and emergency departments. If the Minister goes to some of our hospitals to look at the conditions there, he will see that the contrary is the case. I am reporting and recording what is happening at Waterford Regional Hospital, which is one of this country's major hospitals.

**Deputy James Reilly:** On the last point, I respectfully ask the Deputy to look at what the average waiting time on a trolley was four years ago. People often waited on trolleys for two, three or four days.

**Deputy John Halligan:** I accept that. I would not argue that point with the Minister.

**Deputy James Reilly:** It takes a while to perform miracles. The impossible takes a little longer. We are making progress. I regret that the Deputy's dad had to wait on a trolley for such a duration. Our aim is to have 100% of people treated, and either admitted or discharged, within nine hours. We are also seeking to have 95% of people treated within six hours. Those targets are proving to be a real challenge, given the circumstances we find ourselves in. Having been in practice four or five years ago, I know that it was not unusual, sadly, to have people lying on trolleys for two or three days. That was certainly the case in Dublin. I am glad to say that rarely happens now. That is only proper. We will keep striving to meet the six hour target in 95% of cases. We want to ensure everyone is admitted or discharged within nine hours.

**An Ceann Comhairle:** Thank you.

**Deputy James Reilly:** I was going to make a point about non-consultant hospital doctors before the Ceann Comhairle advised me that I would have a further opportunity to do so.

**An Ceann Comhairle:** I was just applying the time rules.

**Deputy James Reilly:** I know the Chair will indulge me a little. All of the doctors that were brought in on that occasion were heavily screened and interviewed by consultants from this country. They were of a very high calibre. The issue of training is one for the training bodies and colleges. Neither I nor anybody else can interfere in the affairs of the Medical Council,

which is an independent statutory body with a lay majority. The council is judicially and legally obliged to treat everybody the same, as long as their qualifications are of a similar type and character. We do not have reciprocal arrangements with a number of countries and that creates difficulties. I am sure the Medical Council is working hard to overcome those difficulties. It is in everybody's interest that we would have as much uniformity of training around the globe as possible.

### **Primary Care Strategy**

4. **Deputy Billy Kelleher** asked the Minister for Health the key measures that will be implemented in primary care over the remainder of the Government's term in office; and if he will make a statement on the matter. [48346/13]

**Deputy Billy Kelleher:** In this question, I am raising the issue of primary care services, rather than primary care centres. It is clear that general practitioner services are under great pressure at present. I received a letter last week from more than 50 GPs who indicated that they are not able to operate or provide the service they would like to provide. Continual cuts have been made in the context of the financial emergency measures in the public interest regime. There is no clear strategy for bringing forward the primary care strategy. I believe we have an obligation to support GPs in the delivery of the primary care strategy.

**Minister of State at the Department of Health (Deputy Alex White):** The key measures that will be implemented in primary care over the remainder of the Government's term in office are the introduction of a universal general practitioner service that is free at the point of access; the introduction of a new GP contract; the phased roll-out of chronic disease management programmes; the development of the primary care workforce to facilitate the universal GP service and chronic disease management; and the continued development of the primary care infrastructure. The Government is committed to introducing on a phased basis a universal GP service by 2016, as an essential prerequisite for the introduction of universal health insurance as set out in the programme for Government and the future health strategy framework. As announced in the budget, it has been decided to commence the roll-out of a universal GP service by providing all children aged five and under with access to a GP service without fees. This will mean that almost half of the population will have access to GP services without fees. Additional funding of €37 million has been provided to meet the full-year cost of this measure.

The new General Medical Services GP contract will focus on prevention and will include a requirement for GPs to provide care as part of integrated multidisciplinary primary care teams. The formulation of the new contract will have regard to the constraints of Irish and EU competition law, particularly in respect of the setting of fees and allowances. The HSE is developing integrated chronic disease management programmes to improve patient access and to manage patient care in an integrated manner across service settings, resulting in best health outcomes, enhanced clinical decision-making and the most effective use of resources. The HSE national service plan and operational plan for 2014 will see a continued focus on the asthma, diabetes and chronic obstructive pulmonary disease programmes which are particularly relevant to primary care.

*10 o'clock*

In 2013, primary care funding of €20 million nationally is being invested to support the

recruitment of prioritised front-line primary care team posts and to enhance the capacity of the primary care sector. Considerable progress has been made in the delivery of primary care centres and 32 have opened since May 2011. Since 2012, primary care infrastructure has been approved and is under way at 15 locations through refurbishment, extension of suitable properties or through new build. Construction is under way at six locations and planning permission has been granted at an additional 22 locations under the operational lease mechanism.

The HSE is working with the National Development Finance Agency to progress the PCC public private partnership programme. Planning applications for the 16 PCC sites have been lodged recently or will be shortly.

**Deputy Billy Kelleher:** My only fear is that the Minister of State actually believes what he read because if he does he is completely removed from what is happening in primary care. GP services throughout the country are under huge pressure. In supporting GPs there is an obligation to deliver on the primary care strategy, including the roll-out of chronic disease management and the other things the Minister of State mentioned. However, the Minister of State simply cannot read that answer into the record of the Dáil and think that everything is fine out there. He spoke about a phased roll-out. The critical issue is to have enough GPs to provide the service the Government will roll out in coming years. We simply do not have them at present. Every day GPs and their services are being downgraded. We need to underpin the longer term strategy by providing them with support. He has come in here and said we have planning permission for a few primary care centres when the core issue is supporting the personnel who will deliver primary care - GPs and the allied health care professionals who support them in the community.

**Deputy Alex White:** As so often, we come to the issue of credibility during oral questions on health. The Deputy's party, of course, did absolutely nothing on this agenda.

**Deputy Billy Kelleher:** That is simply not the case.

**Deputy Alex White:** It published a document in 2001 or 2002.

**Deputy Billy Kelleher:** In 2001.

**Deputy Alex White:** It then abandoned the health agenda completely and handed it over to Ms Mary Harney lock, stock and barrel.

**Deputy Billy Kelleher:** We have handed it over to the Minister, Deputy Reilly, since then.

**Deputy Alex White:** We are now welcoming Deputy Kelleher back into the debate about the future of our health services. However, he makes no contribution other than to come in here and present himself as - it would appear - a representative of the GPs. I understood the GPs had a representative body, but Deputy Kelleher now seems to have appointed himself as their representative. Of course the GPs are important and are professional people, who are part of the service we want to provide and will provide in the future. However, there is a big job of work to be done in the reform of the health services, especially in primary care.

At least Deputy Caoimhghín Ó Caoláin of Sinn Féin has welcomed the development in respect of free GP care, but has asked quite rightly what the next steps will be. Deputy Kelleher is completely at sea and appears to have no policy whatever.

**Deputy Billy Kelleher:** It is a pity we did not get some answers. I remind the Minister of

State that we are not in a courtroom but in the Dáil Chamber and my duty is to hold him to account.

**Deputy Alex White:** With some credibility.

**Deputy Billy Kelleher:** I am not here to advocate for GPs. However, the Minister of State might understand that GPs are the ones who see patients every week in their surgeries. However, they now cannot see them on the same day. In some cases referral times are down to two or three minutes. That is what is happening in surgeries and, as the person responsible, the Minister of State should know that, rather than coming in here and lecturing me. I am highlighting a simple fact. The Minister of State must understand that GP services are in crisis and GPs are crying out for help. I know the Minister of State is in discussions about a contract. However, in the meantime patients are suffering. The Minister of State talks about bringing more treatment of chronic illnesses into the primary care setting, but nothing is happening in that regard. We will end up with people being referred back to acute hospitals. I would like a few answers on the points I raised as opposed to lectures.

**Deputy Alex White:** An enormous amount is happening in primary care. A huge amount of change is happening and much more needs to happen. The doctors and other professionals who carry out a service are central to that. I do not know what the Deputy means by saying that referral times are down to two or three minutes - perhaps he means consultations.

**Deputy Billy Kelleher:** I mean consultations. The Minister of State knows that is happening.

**Deputy Alex White:** He is suggesting that consultations may be as short as two or three minutes. In my job, I engage with doctors all the time, as does the Minister for Health. We are very well aware of what is happening on the ground in the services. It is simply not credible to suggest that we can address this enormous challenge for the health services overnight. We are introducing these changes and universal access to primary care is at the heart of it. I still do not know Deputy Kelleher's view of universal access to free GP services and whether he supports the proposal for free GP care for those aged under six.

**Deputy Billy Kelleher:** I will tell the Minister of State if I get the opportunity.

**Deputy Alex White:** It is a vital element of what we need to do. I appeal to him because we will never change our health services by constantly politicising it in this Chamber. For this generation and the next generation we need a completely new health service. Throwing this kind of brickbat back and forth is not achieving anything.

### **Medical Card Eligibility**

5. **Deputy John Halligan** asked the Minister for Health if he will clarify the situation whereby in assessing income for eligibility of a medical card, persons aged over 70 years are assessed on gross income but persons aged under 70 years are assessed on net income; his plans to rectify same and assess income based on net income for all applicants; and if he will make a statement on the matter. [48353/13]

**Deputy John Halligan:** I ask the Minister for Health if he will clarify the situation whereby in assessing income for eligibility of a medical card, persons aged over 70 years are assessed

on gross income but under 70s are assessed on net income. Does he have any plans to rectify this and assess income based on net income for all applicants? I ask him to make a statement on the matter.

**Deputy Alex White:** Under the Health Act 2008, automatic entitlement to a medical card for persons aged 70 and over ended on 31 December 2008. Under the arrangements effected by the Act, a revised system of assessment for eligibility was introduced for those 70 years of age and over, based on the significantly higher gross income limits rather than the standard net income thresholds. This advantageous arrangement for persons aged over 70 years has facilitated a much greater share of this cohort qualifying for a medical card compared with the population as a whole.

In the main, persons in the over 70 age cohort do not have the same outlays and expenses as those under 70 who are assessed on a means basis. Under the standard means tested medical card scheme, allowance may be made for rent or mortgage, travel to work and child care costs. Generally, for the over 70s, mortgages have been cleared, children have been catered for and they would not have costs for travel to work.

However, persons aged 70 or older who are assessed as ineligible under the gross income thresholds may also have their eligibility assessed under the means tested medical card scheme where they face particularly high expenses, for example, nursing home or medication costs. As I have outlined, this assessment is based on net income and assessable outgoing expenses and the qualifying income thresholds under this scheme are lower than the gross income thresholds for those over 70.

Furthermore, persons aged over 70 years may still be eligible for a medical card on a discretionary basis where they face undue hardship in arranging medical services as a result of medical or social circumstances. There are no proposals to change the assessment from a gross income basis to a net income basis for the over 70 age cohort.

**Deputy John Halligan:** In recent weeks I have come across three people aged over 70 who have been refused medical cards. They discovered the reason was that gross income is assessed in their cases. This is an issue of equality. One would imagine that those aged over 70 should be treated the same as those aged under 70 in the assessment of income and net income should be used for everyone. The HSE has launched an information campaign about the medical card system in recent weeks. One of its reasons for doing so was the widespread confusion about medical cards. Does this situation not add to the confusion and distrust citizens have in the operation of the system? There should be equity in the system regardless of how we assess the medical cards. The age of the applicant does not matter and the same criteria should be set for all. This is confusing for those who work within the health service, given the number of Deputies and local authority members contacting them on the issue of inequality in the assessment of medical cards.

**Deputy Alex White:** This was a particular scheme introduced some time ago for the over 70s, as the Deputy will be aware and it is tailored to that age group. As I indicated in my reply, given that it is predicated on gross income, the arrangement facilitates a much greater share of that group of people being able to qualify for a medical card compared with the population as a whole. While I do not have the figure before me, I believe this is correct. Even after the changes announced in the budget - the legislation is to be introduced today or tomorrow - approximately 93% of those aged over 70 will still have either a full card or a GP-only card. It

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is a scheme specific to the over 70s and it is of advantage to those over 70. The rationale for having an assessment on gross income for the over 70s is based on that.

I agree with the Deputy on the need for more information and clarity, and the HSE has made great strides in recent weeks in doing that. We will listen carefully to any proposals Deputies have on how best to communicate the HSE's administrative scheme.

**Deputy John Halligan:** Could the Minister of State propose an amendment to the Bill going through the House this week to provide for equality of treatment thereby making the system fair? Like other Deputies, I have spoken to people in the health service who say making an application and assessment for people over or under 70 is confusing. An amendment to the Bill would clarify the situation.

**Deputy Alex White:** There is no proposal to amend the Bill we propose to bring before the House. Does the Deputy think it should be based on net income for all or gross income for all? There is no proposal to do either but I am curious as to which one the Deputy is proposing.

**Deputy John Halligan:** One way or the other. One cannot have it every way. The Minister of State accepts that people are confused.

**Deputy Alex White:** I do not think people are confused when we explain that there is a different way of assessing income. It is net income for the general population and gross income for the specific group of over-70s. There may be some confusion on the part of people regarding forms and how the thing is managed and that is what we are trying to deal with and I think the HSE is doing a good job on that.

## Other Questions

### HSE National Service Plan

6. **Deputy Caoimhghín Ó Caoláin** asked the Minister for Health when the Health Service Executive service plan for 2014 will be published; and if he will make a statement on the matter. [48067/13]

**Deputy Caoimhghín Ó Caoláin:** When will the HSE service plan for 2014 be published? Will it include a breakdown of the so-called saving of €113 million on medical cards under the heading "probity"? Can the Minister tell us exactly what this means, how this very considerable sum will be achieved, how he intends to realise this so-called saving and how it was calculated for budget 2014 purposes? What is the correct figure for the estimated cut in the health budget for 2014? The budget document says it is €666 million but there has been speculation that the real figure is closer to €1 billion.

**Deputy James Reilly:** Under the Health Act 2004, the HSE has a 21-day period from the publication of the Estimates for supply services on budget day to submit its 2014 national service plan for my consideration. This would have required the HSE to finalise and submit its service plan for next year by Tuesday of last week - 5 November. The Act does, however, allow

me as Minister for Health to provide the HSE with any such other period that I may wish to allow in this regard. In view of the very challenging nature of this year's budget and the fact that it has come early, I have written to the HSE and advised it that I have allowed it another ten days until 15 November to adopt and submit its 2014 service plan for my consideration. I must wait and see if that is possible given the challenges it faces. It may need a further extension which I will consider if that is the case.

This extended period also recognises the earlier than usual presentation of the 2014 budget. Clearly, there are huge challenges in addressing the budgetary figures we have been given this year. My priority, as I made very clear at all times, is patient safety followed by having patients seen in as timely a fashion as possible. As everybody in this House knows, if somebody's inpatient elective or planned procedure is cancelled and delayed for too long, they end up presenting as an emergency, which is more expensive to the State but much more worryingly, outcomes from emergency surgery are never as good as outcomes from elective surgery when they are considered in statistical fashion. That is not necessarily true for the individual but is true overall.

**Deputy Caoimhghín Ó Caoláin:** The Minister spoke about of the delay in the presentation of the national service plan. I ask him to address the other issues I made reference to because they are integral to the entire business of the national service plan. Will the Minister clarify the conflicting situation between the €666 million and the figure of €1 billion cited more frequently at this point in time? Can he also advise if the service plan will show a breakdown of the €113 million designated as so-called savings under the medical card heading over the course of 2014? How will that incredible sum be realised, what steps will be taken to do so and who are the targets who will lose their medical cards as a consequence?

I will conclude with my next point. I encourage the provision in the national service plan of the required funding to allow for the fitting of bilateral cochlear implants to get under way in 2014. I believe all views in this House share a belief in this as a target for the coming year.

**Deputy James Reilly:** In respect of the latter point, I have made it very clear in this House that this is a priority of mine. Obviously, I am not going to discuss the service plan and specifics around it here today before I have had a chance to see what is in the service plan and to present it to my Cabinet colleagues. The Deputy asked a question about the figure of €666 million versus the figure of €1 billion mentioned by Mr. Tony O'Brien, the director general of the HSE at the Oireachtas Committee on Health and Children. The figure of €666 million is the budget target savings we must make and which were given to us by the Department of Public Expenditure and Reform. The figure of €1 billion alluded to by Mr. O'Brien included all sorts of other issues, pressures and developments that might take place. What he was alluding to is the swing of €1 billion so I hope that explains the difference between the two figures.

**Deputy Caoimhghín Ó Caoláin:** Not certainly, however, in respect of the €113 million, surely we do not need to wait on the national service plan to get an indication of how that figure was computed. What is the basis of it and what is the Minister's target area in respect of current medical cardholders to realise such a so-called saving over the course of 2014? It is a time of great worry for many medical cardholders and surely they are entitled to some clarity in respect of the Minister's intent in this regard.

In respect of bilateral cochlear implants, we know that an initial allocation of some €12 million might be required but it will be a considerably smaller sum in future years once the bilateral

programme is up and running. There is no question that it can be programmed so let us hope that at least that can be looked forward to.

I spoke to the Minister privately about my final point yesterday. I would like to take the opportunity to say it to him publicly two and a half years after he and the Minister of State at the Department of the Environment, Community and Local Government, Deputy Jan O'Sullivan, as Opposition spokespersons on health gave a commitment as did I regarding the outstanding cases relating to the case of Michael Neary at Our Lady of Lourdes Hospital in Drogheda. We shared a platform together on this matter. I welcome the Minister's statement this week that women over 40 will be included in a form of payment in recognition of the barbarity to which they were subjected and the suffering they have endured. I commend that decision.

**Deputy James Reilly:** I am glad that this is the case. It was only right and proper that this arrangement should be reached. It was a very arbitrary decision to exclude women purely on the basis of their date of birth when they suffered the same harm and damage by the aforementioned Dr. Neary.

In respect of medical cardholders, both the Deputy and I have a responsibility not to cause alarm among people unnecessarily. I made it very clear and the Minister of State has already alluded to the fact that we have put in place a communication strategy to communicate with people to reassure them that their entitlements are not changing in terms of the medical card. If they are legally entitled to a medical card, they will get it and if they have one, they will keep it. There will be no question of people losing their medical cards because of a change in policy. There is no change in policy and it is very important to state that it was never the case that any particular medical condition gave a right to a medical card. What was the case was that medical conditions could lead to particular financial hardship, which was a ground for giving discretionary medical cards and that remains the case. Last year, I asked the HSE to formulate a panel of doctors to ensure that even more latitude and compassion would be in the system to deal with those difficult cases.

## Hospital Facilities

7. **Deputy Joe McHugh** asked the Minister for Health the position regarding refurbishment works at Letterkenny General Hospital. [47943/13]

**Deputy Joe McHugh:** In the immediate aftermath of our flash flooding at Letterkenny General Hospital this summer, there were questions in the public mind. How did it happen in the first instance? Why was it allowed to happen and how can it be prevented in the future? Lessons must be learned. What resonates with people in Donegal is the responsibility. We should continue to bear in mind who was responsible and how it can be prevented in the future. There is also fear about services and so forth. However, I commend the Minister on his initiative in bringing the Secretary General and the CEO of the hospital group with him to visit the hospital in the immediate aftermath to set the ball moving. Within a fortnight services resumed and the work that is taking place there at present is phenomenal, to say the least.

**An Ceann Comhairle:** I am sorry, Deputy, but you only have 30 seconds.

**Deputy Joe McHugh:** The people of Donegal would like to know what the plans are for the immediate future.

**Deputy James Reilly:** I thank the Deputy for his question and take this opportunity to laud the people who work in Letterkenny Hospital for the phenomenal work they did under extraordinary conditions. The engine of the hospital, as it were, was under up to three feet of water. Many people might not realise the degree of contamination that causes and the absolute loss of operability suffered as a consequence. The kitchens and laboratory were taken out and the diagnostics were gone, yet the medical staff continued to look after their patient load. The hospital group swung into action with Bill Maher, the CEO of the group, and Noel Daly, the chairman of the board, visiting on a number of occasions. I was there on the Sunday, a couple of days after the event took place, and again on Wednesday, as was my colleague, the Minister of State, Deputy Kathleen Lynch. The Taoiseach also visited.

The reason for the culvert blocking is being investigated and remedial action has been taken to ensure that it cannot happen again. There might be some design issues in the hospital, as much of the water was able to flow across a linked corridor into the other parts of the hospital. That must also be addressed. Again, phenomenal work was done by the staff and there was tremendous co-operation in the hospital group in terms of Sligo hospital's ability to take much of the load and Mayo and Galway helping as well. In particular, the sister hospital, Altnagelvin Hospital, took much of the pressure off in terms of the emergency services. All in all, this was a natural disaster, *force majeure* in insurance terms, but it was one in which everybody not only in the hospital but also in the community put their shoulder to the wheel to protect, as best they could, their citizens, families and community.

**Deputy Joe McHugh:** The Minister is right that it was a national disaster. There was some criticism among the people of Donegal that it did not get appropriate coverage nationally but the proactivity of the Minister and his officials ensured that services were resumed within a fortnight. It was not a greenfield site but a building site, and we still had services. The work of all involved at hospital employee level and the voluntary effort at community level were phenomenal. That must be acknowledged. However, while a great deal of work is ongoing at present, we should look at the forward planning for the long term. If there is to be new build, we should look at services that can be done together in synch and consider this smartly. The managers are looking at potential solutions, but in the current environment of such enthusiasm and professionalism in trying to get work done, it is also important that we still have oversight, checks and balances, accountability and transparency regarding the great deal of money that is going into the hospital, which is very much welcomed. I acknowledge the Minister's personal action in getting into his car on the weekend it happened and travelling to Letterkenny. That was very much appreciated by the people there and in Donegal generally.

**Deputy James Reilly:** The Secretary General of the Department of Health accompanied me that day. Work is still ongoing in Letterkenny. One of the biggest challenges for the hospital was to get the diagnostics back up and running. A modular unit was brought in which had very high operational capability, even better than what was there previously. There is a multi-purpose radiology interventional suite there and project teams have been established for services in those areas which were significantly impacted by the flooding, such as the coronary care unit, the cardiac investigations unit, medical records, the laboratories, the mortuary and staff facilities.

Water does an enormous amount of damage by getting in behind panels and under flooring. All of that carries contamination risk, so it is a major job to recommission all these areas but it is one in which the staff in the hospital and the wider community, the county council, the fire brigade and all the voluntary organisations have got involved in a major way to support the

hospital getting back to normal so it can continue to deliver the excellence in care which it has traditionally delivered over the years.

**Deputy Joe McHugh:** I welcome the fact that project teams have been established. While the local teams are doing well in keeping the public informed, we should consider drawing up a medium to long-term plan regarding future services. Certainly, the staff have shown an amazing resilience in adapting. At a time when the political and wider community can be quite critical of civil and public servants, we must mature as a nation and acknowledge the good things as well. The staff working on this project are rising to the challenge. It is important that people in the civil and public service who are doing good work and meeting the professional needs and challenges of their work are acknowledged. We do not do enough of that as politicians or give that feedback. We should be empowering people, and saying “well done” is something they appreciate.

### **Medicinal Products Expenditure**

8. **Deputy Billy Kelleher** asked the Minister for Health the net savings he anticipates in 2014 in the State’s expenditure on drugs; and if he will make a statement on the matter. [48050/13]

**Deputy Billy Kelleher:** This question is about the net savings the Minister anticipates in 2014 in the State’s expenditure on drugs. The reason I ask the question is that I note there have been agreements with the Irish Pharmaceutical Healthcare Association, IPHA, and the Association of Pharmaceutical Manufacturers in Ireland, APMI. However, in the Estimates last year it was reckoned there would be a saving of €160 million, but a reply to a parliamentary question I submitted last week stated that the anticipated savings would be €120 million. There is a shortfall of €40 million between the Estimates last year and the saving actually achieved this year. This year the Minister has indicated savings in the Estimates for next year. Will he clarify the anticipated savings in 2014?

**Deputy Alex White:** The State has introduced a series of reforms in recent years to reduce pharmaceutical prices and expenditure. These have resulted in reductions in the prices of thousands of medicines. Price reductions of the order of 30% per item reimbursed have been achieved between 2009 and 2013; the average cost per items reimbursed is now running at 2001-02 levels. Additional savings measures are expected to generate net savings of approximately €152 million in 2014, as follows: new agreements were reached with the Irish Pharmaceutical Healthcare Association, IPHA, and the Association of Pharmaceutical Manufacturers in Ireland, APMI, in October 2012. It is estimated that the combined gross savings from the IPHA and APMI deals will be in excess of €120 million in 2013 with an additional €28 million saved in 2014. The Health (Pricing and Supply of Medical Goods) Act 2013, which came into operation on 24 June, introduces a system of generic substitution and reference pricing. This legislation will promote price competition among suppliers and ensure that lower prices are paid for these medicines resulting in further savings for both taxpayers and patients. It is estimated that this system will yield €50 million in savings in 2014.

As announced in budget 2014, it has become necessary to increase the prescription charge due to the very difficult and challenging economic environment which requires the Government to achieve additional savings in health expenditure, with €666 million of savings targeted in 2014. The increase in prescription charges will account for €43 million of this target. The Government is committed to achieving these savings while protecting front-line services to the

most vulnerable to the greatest extent possible.

A review was carried out earlier this year under the Financial Emergency Measures in the Public Interest Act 2009, FEMPI, regarding the operation, effectiveness and impact of the amounts and rates payable to certain health professionals under the relevant regulations. The 20% retail mark-up to community pharmacists in respect of items dispensed under the drug payment scheme, the long-term illness scheme, the European Economic Area scheme and the Health (Amendment) Act 1996 scheme was eliminated. The 2014 saving arising from this measure will be approximately €17 million. In addition, provision was made in budget 2014 for €10 million in savings arising from the removal of products from the reimbursement list. The HSE will now consider products for review in compliance with the provisions of the Health (Pricing and Supply of Medical Goods) Act 2013.

**Deputy Billy Kelleher:** I thank the Minister of State for his response.

**Deputy Alex White:** I believe every word of it.

**Deputy Billy Kelleher:** He does. Hopefully, those measures will come to fruition. Time and again, the difficulty is that anticipated savings are not being realised. This year, we will have a shortfall of €40 million, placing pressure on other services. At the back end of the year, we now have a certain amount of fire brigade action in our hospital budget and the broader budget to try to rein in costs. It is important that when we set about achieving savings, they are realisable in the first place. Issues arose in terms of delays in the legislation.

This matter relates to the question raised by Deputy Ó Caoláin and me in the context of the €666 million in savings. Clearly, there is a great deal of scepticism - on that side of the House, not this side - about the ability to save €113 million in probity. Will the Minister of State make the commitment that every effort will be made to ensure that the savings identified will be implemented at the start of the year as opposed to half way through it?

**Deputy Alex White:** Most certainly we can give the commitment that everything will be done in order to drive the savings that are required in this context. I welcome the Deputy's support for these changes, as they are important and will yield a benefit for the State, the Exchequer and the health services. We will press on further. We waited many years for this legislation and introduced it this year. Not only have the Houses passed it, but it is also operating and the Irish Medicines Board, IMB, is pressing ahead with its list of interchangeable products.

Change is happening. Given our economic collapse, people are entitled to have low expectations. They view many issues in the economy and the health services generally sceptically. However, we are driving and achieving change and will continue to set and achieve targets.

**Deputy Caoimhghín Ó Caoláin:** If possible, I will make an addendum. I acknowledge that savings and progress have been made, but there are significant differentials. In particular, I am aware of the situation of the generic equivalent of Lipitor, a commonly prescribed cholesterol lowering drug that is four and a half times more expensive to me living on this side of the Border as it is to my neighbour a short distance North of the Border under the NHS system. We have a long way to go. The tragedy is that the arguments used by the pharmaceutical companies - a smaller market and greater transport distances - are ballyhoo, as many of the drugs in question are made on our own doorstep in Ireland and the travel distance is even shorter. We need to be much more bullish with the pharmaceutical sector.

**Deputy Mick Wallace:** My question is like Deputy Ó Caoláin's. The use of generic drugs will amount to a saving of approximately 10%. As the Deputy pointed out, Lipitor's equivalent is approximately €48 in the Republic and €10.60 in Newry. Is the Minister of State able to explain why this is so? I do not understand it.

**Deputy Alex White:** I will not be able to dress any particular drug, but I share people's interest in and concern about this matter and am keen to follow up on it. There are differentials. A report prepared by the ESRI this year provided a good analysis of this situation. Sometimes, one does not always compare like with like, although I am not making an excuse for the differentials. There are many factors, for example, pharmaceutical manufacturing, pharmacies' mark-ups and so on, that we need to address.

I assure the House that there is the same level of concern on this side about the issue as there is on that side. We will press onwards. We have made great strides, but there is more to do.

### Health Services Provision

9. **Deputy Seán Kyne** asked the Minister for Health the position regarding the urgent upgrade of the health centre on Inishbofin for which planning permission has been obtained but expires next month; and if he will make a statement on the matter. [44246/13]

**Deputy Seán Kyne:** I am seeking information on the provision of a new health facility for the island of Inishbofin. As the Minister of State is aware, island communities face unique challenges. When I visited the island recently, the building was in a poor state. I spoke with a retired public health nurse who stated that the facility, to use her words, was awful, cold and unsuitable for serving the public.

**Deputy Alex White:** The construction of a new health centre on Inishbofin was identified as a priority for the provision of health services under the CLÁR programme to the island population in 2003. The Department of Community, Rural and Gaeltacht Affairs, which had responsibility for the islands at that time, indicated that there was support for the Inishbofin project under the 2004-05 programme.

The then Western Health Board, now HSE West, undertook to advance the project as the main stakeholder by procuring and appointing a design team. The project was developed and planning permission was granted in November 2008. However, co-funding remained an issue and, to date, the Department of Arts, Heritage and the Gaeltacht, which now has responsibility for the islands, has not agreed to co-fund the project.

Nevertheless, the HSE has continued to try to progress matters by endeavouring to secure the proposed site by purchasing required additional land adjoining the current site. The estates department in HSE West is actively pursuing the acquisition of the adjoining site. Once this process has been concluded, a request for co-funding for the project will be sent to the Department of Arts, Heritage and the Gaeltacht. Meanwhile, an extension to the current planning permission for a further five years is being sought.

**Deputy Seán Kyne:** I thank the Minister of State for his response. I am pleased that an extension to the planning permission has been sought. According to the Minister of State, this centre was identified as a priority in 2003. There has been a major delay. It is difficult to be-

lieve that the upgrade so badly needed by the island community would be delayed by ten years. The centre is in a poor state. I am happy that progress has been made but the process should be rushed. In the event that co-funding is not found within the Department of Arts, Heritage and the Gaeltacht, the HSE should consider using its own budget, as this is a necessary facility. Some deal should be made. It is unfortunate that the island community might fall between two stools in terms of funding, with neither body taking full control and possibly blaming the other for the project not going ahead.

I welcome the Minister of State's response and ask him to continue pursuing this project with the HSE.

**Deputy Alex White:** Deputy Kyne made some reasonable points, particularly regarding the delay since 2003 in resolving this matter. I take his comments on board and thank him for raising this matter with his usual assiduousness. We will pursue the matter as he has requested us to do.

**An Ceann Comhairle:** As the Deputy who tabled the next question is not present, we will move on to No. 11.

*Question No. 10 replied to with Written Answers.*

### **Mental Health Services Provision**

11. **Deputy Denis Naughten** asked the Minister for Health if he will seek an independent audit of mental health services in the Roscommon-Galway primary community continuing care, PCCC, area; and if he will make a statement on the matter. [47947/13]

**Deputy Denis Naughten:** I have tabled this question because €8 million is being spent on mental health facilities that are planned to be decommissioned. In recent months, there have been a number of serious incidents at acute psychiatric units within the region because of poor patient management. Decisions are being made on the reconfiguration of mental health services even though we still do not know what patients' catchment areas will be. We are also closing a modern facility in Ballinasloe valued at €2.8 million while spending €24 million on other facilities within its catchment area.

**Minister of State at the Department of Health (Deputy Kathleen Lynch):** I thank the Deputy for raising this issue. Mental health services in HSE west, including Galway and Roscommon, which operate as one administrative unit, have been resourced to implement A Vision for Change. This involves modernising the service in the area to provide better outcomes for patients and staff. However, existing resources in Galway-Roscommon need to be reshaped and the priority for some time has been to achieve this in line with similar reconfigurations undertaken or planned elsewhere nationally.

In this light, a detailed assessment was carried out by HSE west, including taking account of the recommendations of an expert group to reconfigure mental health services in Galway-Roscommon. An open and transparent scoring system was used to assess the merits of all relevant criteria and locations, including the most appropriate skill mix for service delivery in the future. I accept the recommendations of the executive to bring about a much needed and long called for reconfiguration of mental health services in the region.

I wish to stress that community mental health services in this case can only be enhanced on a transitional or phased basis, particularly bearing in mind that at least some staff from St. Brigid's in Ballinasloe must transfer to new community-based provision. There is flexibility within existing overall HSE west mental health resources to deliver this objective. I and HSE senior officials recently met with a delegation consisting of local public, care professional and union representatives about the re-configuration of services across Galway-Roscommon to outline the position. Bearing in mind all the circumstances, I am satisfied that the approach being taken by the HSE to enhance future mental health services for this area is the best option, taking account of overall service needs and all relevant resource issues.

With regard to the type of audit suggested by the Deputy, I would point out that the decision of the expert group was reached as objectively as possible and the approach used was similar to that adopted for similar initiatives elsewhere. Any such audit would significantly delay the pressing need to continue modernising local services and would not be justified. The Deputy will also be aware that HSE west has recently established an implementation team, including both patient and staff representation, to engage in appropriate consultation to progress this initiative and to address any outstanding local concerns. The team has already held a number of briefings and meetings with, among others, the Mental Health Commission, Ballinasloe Town Council and HSE staff.

I wish to reiterate my own commitment, and that of the Government, to using the significant funding provided for mental health in recent times to continue implementing A Vision for Change, including delivery of measures that are in the best interest of clients of mental health services in the HSE west area.

**Deputy Denis Naughten:** I thank the Minister of State for her response but I wish to pose a few supplementary questions. She said that similar audits have been carried out elsewhere. Has a similar audit been carried out in Mullingar where €5 million is currently being spent on a facility in St. Loman's Hospital? It would be of a similar standard or grade to Ballinasloe. I am referring here to an audit of all mental health services in Roscommon-Galway and not just the acute services. Can the Minister of State explain how we are examining the reconfiguration of a system when we do not know the catchment area? It has not been finalised where the integrated service area will be, whether Mayo will be included, or whether it will go across some of the other catchment areas. Is it sensible to make decisions when we do not know what the final reconfiguration will be?

The Minister for Health has put the case well that money should follow the patient, and we would all agree with that principle. Why does it not also apply to mental health services?

**Deputy Kathleen Lynch:** If we were to carry out the audit now, as the Deputy has suggested, one would find that Galway-Roscommon - which has always been considered as one administrative unit for mental health - would be well above what is recommended in A Vision for Change. We are not doing that now. We know what is there and what we need to deliver the service. Phase 1 provides for the closure of five beds in Ballinasloe and the opening of five beds in Galway University Hospital to be implemented by January 2014, phase 2 involves the closure of a further five beds in Ballinasloe and the opening of five beds in Galway University Hospital, to be completed by April 2014 and phase 3 will see the opening of a further five beds in Galway University Hospital, bringing the total number of beds there to 50, and the closure of Ballinasloe.

I was asked why I was doing this. It is because I believe the people in that area deserve an exceptional service, which exists in other areas of the country. I still do not understand how Deputies can stand up here and tell me that I am implementing A Vision for Change too slowly, yet when it comes to their particular area they do not want it done at all.

**Deputy Denis Naughten:** There is an issue concerning numbers in Galway-Roscommon. As the Minister of State knows, there is a historic issue there regarding people with an intellectual disability and that needs to be acknowledged. We are opening a high observation unit as an interim measure, which did not exist three months ago when we had a crisis in Roscommon. It is planned to demolish that €3 million facility in two years' time.

As regards the issue of money following the patient, why is it that a woman can have her baby in Portiuncula Hospital but if she has acute post-natal depression she cannot be treated in Ballinasloe because it is not within her catchment area?

**Deputy Kathleen Lynch:** Even though there is a connection between maternity and post-natal depression, we have to separate maternity services from mental health services. In the new mental health services in Galway, for instance, we will be putting in place facilities for women and their babies to be dealt with in the one unit. That is already happening in Cork with the new unit we are building there and it will have to happen elsewhere also.

As regards crisis management within acute units, we are dealing with vulnerable people. I am always surprised that people are surprised that we have episodes that need to be managed more directly. We are dealing with very ill and vulnerable people. Those who work in the service and manage these situations every day know that it is not peculiar to Ballinasloe. This happens in every acute unit around the country. We must start recognising that people in the Galway-Roscommon area deserve the same excellent service that exists in other areas of the country.

## **Medical Card Data**

12. **Deputy Seamus Healy** asked the Minister for Health the actions he will take to end the practice by general practitioners of charging medical card holders for blood tests; and if he will make a statement on the matter. [48061/13]

**Deputy Seamus Healy:** The Minister of State, Deputy White, said earlier that there is a lot happening in primary care, and indeed there is. Most GPs and their staff are working above and beyond the call of duty. However, that does not entitle GPs to put further pressure on ill, low-income patients with medical cards. Unfortunately, that is happening nowadays because GPs are charging for services that in the past were covered under the medical card service. I ask the Minister of State to ensure that the practice will be stopped.

**Deputy Alex White:** Under paragraph 11 of the general medical services or GMS contract, a general practitioner or GP shall provide for eligible persons, on behalf of the HSE, all proper and necessary treatment of a kind usually undertaken by a GP and not requiring special skill or experience of a degree or kind which GPs cannot reasonably be expected to possess. Under paragraph 27 of the GMS contract, a medical practitioner shall not demand or accept any payment or consideration whatsoever in reward for services provided by him or her, or for travelling or for other expenses incurred by him or her, or for the use of any premises, equipment or

instruments in making the services available.

In circumstances where the taking of blood is necessary, either to assist in the process of diagnosing a patient or to monitor a diagnosed condition, the GP may not charge that patient if he or she is eligible for free GMS services under the Health Act 1970, as amended. The HSE has written to GP contract holders and clarified the position on this matter and has also communicated its position to the Irish Medical Organisation. Any alleged instances of eligible patients being requested to pay for a routine service of this nature from their own limited resources is viewed as a serious matter by the HSE and by the Department.

I have been advised by the HSE that its local health offices will fully investigate any reported incidents of eligible patients being charged for phlebotomy services which form part of the investigation and necessary treatment of patients' symptoms or conditions. In such cases, where a medical card holder or a GP-visit card holder has been inappropriately charged for the taking of blood, the HSE will make deductions from the routine GMS payments of those GPs.

Officials in my Department are in consultation with the HSE with a view to drawing up a new GP contract. The appropriate arrangements for phlebotomy services will be considered as part of the new contract.

**Deputy Seamus Healy:** I appreciate the Minister of State's reply but because of the relationship between patients and GPs, it is difficult for individual patients to make complaints. The HSE and the Department of Health should initiate a procedure whereby GPs would not charge medical card holders for blood tests.

A number of other issues have also arisen in GPs' surgeries. The Irish Medical Organisation has indicated that general practitioners should charge for letters, which is now happening, and also for minor surgery. There is a significant issue concerning blood tests, but other matters are also coming down the tracks. The Department of Health should monitor the situation and initiate contacts with GPs and the IMO on this matter.

**Deputy Alex White:** As I said in my reply, we have communicated with the IMO and GP contract holders generally. I have heard of this issue coming up before as parliamentary questions have been tabled about it. The position is very clear in that a person cannot be charged for blood tests in circumstances where it is necessary to assist the process of diagnosis or to monitor a condition that has already been diagnosed. I accept as Deputy Healy said that people may feel that it is hard for them as patients to make a complaint. We have made our position clear publicly, to the IMO and again here today by me. To the extent that it is necessary for it to be tightened up further contractually, we will address that when dealing with new contracts. All I can do is assure the Deputy that the position is that charges should never apply in the circumstances I have outlined. I have not addressed the secondary issue raised by the Deputy of letters and so on but I will have a look at it.

*Written Answers follow Adjournment.*

### **Health (Alteration of Criteria for Eligibility) (No. 2) Bill 2013: Order for Second Stage**

Bill entitled an Act to amend the Health Act 1970 and to make provision in relation to eligi-

bility for services under that Act; and to provide for matters connected therewith.

**Minister for Health (Deputy James Reilly):** I move: “That Second Stage be taken now.”

Question put and agreed to.

### **Health (Alteration of Criteria for Eligibility) (No. 2) Bill 2013: Second Stage**

**Minister for Health (Deputy James Reilly):** I move: “That the Bill be now read a Second Time.”

The Health (Alteration of Criteria for Eligibility) (No.2) Bill 2013, on which I look forward to hearing Deputies’ views, amends the Health Act 1970, as amended - principally sections 45A and 48A - to take account of the changes to the eligibility criteria for medical cards for persons aged 70 years and over as announced in budget 2014.

The 2014 financial provision for the health services is €13.66 billion, including €397 million in capital expenditure. This provision also includes savings measures amounting to €666 million. This year’s provision is some €360 million less than was provided in 2013 and represents a 3% reduction in funding. As a result, 2014 will be the most challenging year yet for the health services. However, I can assure Deputies that despite the need for significant and difficult financial savings, maintenance of safe, quality health services will be as much a priority for the Government in 2014 as it is in 2013.

It has been, and most assuredly continues to be, the Government’s intention that front-line health services be protected to the greatest extent possible. I have made clear that the provision of safe, quality services in a timely fashion is my top priority. We are continuing to build on the ongoing measures to achieve savings through efficiencies and reorganisation under the public service agreement, curtailing the growing cost of pharmaceuticals and increasing income generation. None the less, the level of savings required means that Government has had to make some very difficult decisions. The Government continues to ensure a reduction in the cost of services while maintaining safe services to ensure that the most vulnerable are protected.

The General Medical Service scheme, GMS, is one of the areas identified in budget 2014 in respect of which savings are required. As Deputies will be aware, the GMS scheme comprises GP services and prescription drugs as well as some other services provided to holders of medical cards or GP visit cards. Over recent years, there has been a significant expansion in the GMS scheme. It now costs in the region of €2 billion per annum and a number of steps are being taken to reduce this cost.

At the end of September 2013, approximately 1,990,000 people qualified under the GMS. Medical cards at 1.86 million or 93% of the total make up the majority of this number. At the end of 2005, there were 1.16 million medical card holders, which is an increase of over 60% or 700,000 individuals. At end 2005, only 27% of the national population held medical cards. Currently 40% of the population now holds a medical card, which is reflective of the nature of our economic meltdown under the previous Government. Medical cards for persons aged 70 years and over account for about 350,000 or 19% of all medical cards. The total cost of GMS services provided to medical card holders aged over 70 years is approximately €750 million per

annum, which represents over one third of the total cost of the GMS scheme.

Under the Health Act 2008, special eligibility rules applying to persons aged over 70 years were put in place and are more generous than those applying to the standard means test medical cards. It is estimated that there are approximately 379,000 people aged over 70 in the State. Given that there are currently approximately 350,000 medical cards issued to people aged over 70, medical card coverage of the over 70s population is approximately 93%. In comparison, medical card coverage of the under 70s population is approximately 36%.

In the recent budget, changes to the over 70s eligibility criteria were announced to deliver €25 million in savings during 2014 from the expenditure on over 70s medical cards, which as I stated is in the region of €750 million annually. Under this proposed legislation, the income limit for an over 70s medical card is to be set at €500 per week, equivalent to an annual income of about €26,000 for a single person. For a couple, the income limit for the over 70s medical card is to be set at €900 per week, equivalent to gross annual income of almost €47,000. Those affected by these revised thresholds will qualify for an over 70s GP visit card. A single person over 70 years of age with a gross income of up to €700 per week or €36,000 per annum will continue to automatically qualify for free access to a GP. A couple over 70 years of age with a gross income of up to €1,400 per week or €72,000 per annum will also qualify for a GP service without fees.

In addition, under the drugs payment scheme, the HSE will meet the prescription drug costs of older people without a medical card who face drugs costs higher than the DPS threshold of €144 per month. This means that a single person aged over 70 years with a gross income of over €500 per week or a couple with an income of over €900 per week will have to pay no more than about €33 per week on prescription drugs.

It is estimated that under the new income rules about 35,000 people will have their medical card replaced with a GP visit card. It is necessary to reassure people in their 70s and older that we are implementing this measure in a manner that is intended to avoid affecting the most vulnerable of our elderly population. Out of every five people aged over 70 years, the four poorest will not be affected. It is useful to note that 10% of the over 70s who previously qualified for a medical card will now qualify for a GP visit card. Following implementation of this budget measure, only 7% of people over 70, those with the highest incomes, will not qualify for either a medical card or a GP visit card. Every person aged over 70 living on the State pension alone will still qualify for an over 70s medical card. The new income limits for the over 70s medical card is more than twice the level of the basic State pension of €230 per week for a single person and €436 per week for a couple. In other words, 93% of over 70s will continue to be covered for free GP care, either through a medical card or a GP visit card.

As I stated earlier, there has been a significant expansion in the GMS scheme and while the rate of increase in the numbers of people eligible under the GMS scheme has declined the overall number of people eligible has increased. We must ensure that those most in need can qualify for the service.

*11 o'clock*

We have an obligation under the legislation to ensure the State is not paying for a service for those who are no longer entitled to it because their situation has improved. To this end, a critical element of probity in the medical card scheme is the ongoing review of client eligibility by the

HSE. As I have said previously, that is not the only area where probity applies. It applies to the doctors working in the scheme. It applies to the pharmacists working in the scheme. It applies to the dentists working in the scheme.

Medical card probity measures were announced in the 2014 budget, whereby significant savings are to be achieved by improving the accuracy of the medical card system. This is about ensuring that those who are entitled to medical cards continue to hold them and that those who are not entitled to medical cards do not. I am aware that there has been public concern that cards may be indiscriminately withdrawn or cancelled. It is similar to the misconception that cards awarded on a discretionary basis are being withdrawn or refused arbitrarily. This could not be further from the truth. Let me dispel any misconceptions that might still exist. In line with the legislation there has never been an automatic entitlement to a medical card on the basis of having a specific illness or condition; there has been no change to the policy on discretionary medical cards in the past year; the scheme continues to operate in such a way that those who suffer genuine financial hardship as a result of a medical condition receive the benefit of a medical card; and notwithstanding the need to secure savings under the medical card scheme, nobody who is entitled to a medical card will lose it or be refused one. I again want to stress that no person meeting the eligibility conditions laid down in the legislation for a medical card will be affected.

We want people to be clear on their entitlements and this should help ease the fears of those who have been worried unnecessarily. To this end and at my request, the HSE devised a wide-ranging plan to improve the provision of information to the public about medical cards. On 30 October 2013, the HSE announced a communications campaign designed to raise awareness of the rules governing eligibility for medical cards. This is just one example of how the Government is focused on improving the health service. While it may not be affordable to provide medical cards to the entire population, the Government is committed to introducing, on a phased basis, a universal GP service without fees within its term of office, as set out in the programme for Government as an integral part of the road towards universal health insurance, and as laid out in the “Future Health” strategy framework.

The introduction of a universal GP service free at the point of use constitutes a fundamental element in the Government’s health reform programme and the introduction of universal health insurance. A universal GP service will underpin the delivery of health care close to people in their communities, at the lowest levels of complexity and at the lowest levels of cost. This is a critical step on the road to universal health insurance and towards eliminating the two-tier health system. Free GP care for all will not address that on its own. Only universal health insurance can do that. We can end the two-tier system that has resulted in so much hardship for so many people who have real medical need, but not the means to pay for it. There is no disagreement on this side of the House that patients and citizens should be able to access medical care on the basis of their medical card, not on what they can afford to pay.

As announced in the budget, it has been decided to commence the roll-out of a universal GP service free at the point of use, by ensuring that all children aged five and under will have access to a GP service without fees. Including the 93% coverage of the population aged over 70, this will mean that almost half of the population will have access to GP services without fees. As I restated recently, the Government is committed to achieving the goal of a universal GP service before spring 2016.

I commend this Bill to the House and look forward to hearing the views of Deputies.

**Deputy Billy Kelleher:** We are being asked to legislate for a real betrayal of policy on eligibility criteria for those aged over 70. By any credible stretch of the imagination, this is a full-frontal assault on the over 70s. The Minister stated previously that people should be entitled to medical care based on need, not on their ability to pay. He spoke about universal entitlement to GP access, but this Bill undermines that universal access. He is now doing the exact opposite to everything he said in 2008, 2009, 2010 and 2011 in respect of the over 70s.

The Minister also referred to discretionary medical cards, universal health insurance and primary care. He accused me earlier on of having amnesia during Dáil questions. He should go back and read his own speech during a Private Members' motion in 2008, condemning the then Government for bringing forward more generous eligibility criteria. We were accused at the time of undermining the basic principle of universality, but the Minister is now limiting access to medical cards for those aged over 70. He states that it will only affect one in five people, but once he has conceded the principle, then it is just a case of reducing the eligibility criteria downwards, which is exactly what he stated in 2008.

This Bill represents a shameless betrayal and U-turn of what the Minister committed to during debates in 2008 when he was in opposition, but more importantly, it is also a betrayal of what he committed to in the programme for Government. There is no mention in any part of the programme for Government that eligibility criteria would be increased and that more people would lose their medical cards. It is not mentioned anywhere. In fact, the programme commits to increasing funding in care for the elderly year on year from 2011 to 2016. However, in the last two budgets there has been a shameful reversal of that policy. The Minister cannot pretend that he did not know the difficulties the country was facing. He was well aware of them, and if he was not, he was the only person in the country who was not. The idea that he could make a commitment in 2008 is one thing: I can understand him being shameless in opposition for the sake of power and saying what he liked to advance his case. However, he drafted a programme for Government that he had no intention whatsoever of honouring. If he did have such an intention, he would have taken a more credible approach to the policies he is pursuing now, as opposed to what he wrote in the programme for Government in early 2011. There is no semblance, no bearing, no reality to what he wrote and to what he is doing. That is simply the fact of the matter. It is shameful that he can come in here and throw out a few figures about how it will only affect 5% of the elderly. It is affecting an awful lot more than 5% of the elderly if he does his mathematics in any way, shape or form. Then again, mathematics, calculations and logarithms are not his strong points.

**Deputy James Reilly:** Where I went to school one in five is 20%, not 5%.

**Deputy Billy Kelleher:** The Taoiseach told us that it would affect only 3% of the people. Not only can the Minister not do his sums, but the Taoiseach cannot do his sums either. According to the Taoiseach, 3% of those over 70 were going to be affected by the reversal of policy on eligibility in this budgetary proposal. I do not mind having a cut and thrust, but it takes hard brass neck to come in here and state that it will only affect a few people. It will affect an awful lot of people. There are 380,000 people in this country aged over 70, but the Minister is forgetting that every year, more people will come into the over 70s bracket. It will affect a certain percentage this year, but that percentage will increase year on year because of the demographics. The Minister is clapping himself on the back because it will only affect a certain percentage in 2014, but in 2015, 2016 and 2017, it will affect an awful lot more people, assuming - we cannot assume anything of the Minister for Health any more - that he will not decrease the eligibility criteria again or that he will not be back here next year saying "we might reduce

it a small bit further". The Minister of State, Deputy Alex White, was very straightforward in our exchanges, although at times he thought he was in the Four Courts. He said that we did not support the under-fives. I do not think that anybody would support the under-fives if it meant their grandparents were being asked to pay by way of medical cards being taken from them to subsidise the under-fives.

**Deputy Colm Keaveney:** Hear, hear.

**Deputy Billy Kelleher:** That is an assault on the most vulnerable people in this country. The Minister cannot say that is not the case.

**Deputy James Reilly:** I can and do.

**Deputy Billy Kelleher:** If he does, he is wrong. No matter what way he goes through the arithmetic, his commitment is to universality. He committed to not reducing the entitlements of over 70s. That was his clear commitment.

**Deputy James Reilly:** Universal access to free GP care.

**Deputy Billy Kelleher:** The Minister has broken that commitment time and again.

**Deputy James Reilly:** No.

**Deputy Billy Kelleher:** In the meantime he expects us to applaud him and give him a clap on the back for introducing free GP care for under-fives.

**Deputy James Reilly:** I expect the Deputy to run away as he normally does.

**Deputy Billy Kelleher:** I would have no problem applauding him for doing that if he was not asking an elderly person to pay for it. That is what he is doing and he cannot camouflage it. Not only is he asking the elderly person to pay for it, he is asking a very sick person, a very sick child, who may be only three or four, or six or seven, to pay for it because that child will lose their discretionary medical card. The Minister can dress it up any way he likes.

I have never accused the Minister of changing the guidelines or the legislation on eligibility, but we all know there is no legislation governing discretion. That is the basic principle of discretion. It allows for a discretionary decision to be made. I have never come into this House and said that the Minister has changed the legislation. There is no legislation underpinning discretion. It was at the discretion of senior officials to make decisions, based on an assessment of an individual's needs because of their illness and the hardship that would affect the person and their family. That is what discretion is about. There has been a change in how the discretion is exercised because what happens time and again is that the officials assess on the income guidelines people who had a discretionary medical card. Straight away they will lose the card. By stealth and sleight of hand-----

**Deputy James Reilly:** That is not true.

**Deputy Billy Kelleher:** -----the Department is assessing people who had been given a discretionary medical card. It is assessing them under the income guidelines.

**Deputy James Reilly:** No. They are being assessed within all guidelines.

**Deputy Billy Kelleher:** They are being assessed under the income guidelines and a letter

is written to the applicant informing them that they no longer qualify. Maybe the Minister has read none of those letters. I have read many of them and we have presented many individual cases to this House. It has been discussed continually on the national airwaves and the Minister knows it as well as I do. There were 85,000 discretionary medical cards in the system and there has been a rapid reduction in that number. The Minister tells me that is because most of those people went on to full medical cards. A certain percentage went on to full medical cards but equally there are many who will fall ill on a continual basis. It is not as if the population's health status has changed and no one is being born with a disability or no elderly person will develop a chronic illness and not qualify for a medical card under the income guidelines. They do not now get them on a discretionary basis. There is no way to dress that up.

When I am asked whether I and my party will support the under-fives, I say that we will welcome a roll-out of universality if it is sustainable and fair. I find it very hard to stomach what the Minister says is fair when he asks the sickest in our society to pay for universal access to GP care for under-fives-----

**Deputy James Reilly:** The Deputy is misleading the Dáil.

**Deputy Billy Kelleher:** -----and that is the case.

**Deputy James Reilly:** That is rubbish and the Deputy knows it.

**Deputy Billy Kelleher:** What the Government thought coming into the House a couple of weeks ago-----

**Deputy James Reilly:** There have been 250,000 extra medical cards issued in the lifetime of this Government. The Deputy should speak to the facts and not the spin.

**Deputy Billy Kelleher:** What the Government thought would be a great political stunt-----

**Deputy James Reilly:** The Deputy is the expert on stunts.

**Deputy Billy Kelleher:** -----has backfired on it because people know that the under-fives are being subsidised by the over 70s and by those who are the sickest.

**Deputy James Reilly:** That is the Deputy's narrative and he would love to see it happen.

**Deputy Billy Kelleher:** If the Minister decided to announce GP access for under-fives but did not reduce the budget for those on medical cards and on GP cards, and the eligibility criteria, he could legitimately argue that this is not being subsidised by the over 70s and the sickest. On every perusal of the estimate, the Minister cannot argue that because it is in black and white in his estimate that €113 million is in probity. The Minister knows in his heart and soul that he will not find €113 million in probity but he will find it by reducing the eligibility criteria and by an assault on discretionary medical cards.

**Deputy James Reilly:** The Deputy is scaremongering.

**Deputy Billy Kelleher:** If the Minister wants scaremongering he should look at the statements he made in 2008 and at the present Taoiseach's statements on Molesworth Street.

**Deputy James Reilly:** Scaremongering.

**Deputy Billy Kelleher:** If the Minister wants scaremongering he should look at the record-

ing of the statements that night.

**Deputy James Reilly:** Does the Deputy not understand what scaremongering is? It is telling people that things will happen that will never happen. That is what he is doing.

**Deputy Billy Kelleher:** If I want to read out-----

**Deputy James Reilly:** He is telling people that they will lose their medical cards when they will not lose them.

**An Leas-Cheann Comhairle:** Deputy Kelleher has the floor. The Minister should allow him to speak without interruption.

**Deputy Billy Kelleher:** Unfortunately-----

**Deputy James Reilly:** He is not entitled to mislead the Dáil.

**Deputy Billy Kelleher:** I am not scaremongering. Is the Minister accusing the Jack and Jill Children's Foundation of scaremongering? Is he accusing all the organisations who are on the ground, day in, day out, of scaremongering?

**Deputy James Reilly:** That is entirely different from telling people who are entitled to medical cards that they will lose them.

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

**Deputy Billy Kelleher:** Is the Minister saying that they are scaremongering? Is he saying that advocacy groups who campaign and represent older people are scaremongering? Is he saying that every Deputy here is scaremongering? More important, is he accusing the Deputies on his side of the House of scaremongering?

**Deputy James Reilly:** Look at all three Deputies over there. I can see them. It is a mere mirage.

**An Leas-Cheann Comhairle:** Deputy Kelleher should speak through the Chair.

**Deputy Billy Kelleher:** Is the Minister accusing all those people of scaremongering? That is what is happening and the Minister can dress it up any way he likes. I am not scaremongering. I am speaking to the facts and many Deputies on both sides of the House, when speaking on a Private Members' motion, highlighted the serious difficulties in accessing medical cards.

**Deputy James Reilly:** That is entirely different from telling people who have medical cards that they will be taken from them.

**Deputy Billy Kelleher:** That is the fact of the matter.

**An Leas-Cheann Comhairle:** The Minister should cease interrupting and Deputy Kelleher should speak through the Chair.

**Deputy Billy Kelleher:** I will and we will stick to the substance of the Bill. The Minister referred to other areas in the context of the provision of primary care. He mentioned universality and universal health insurance, UHI. The difficulty is that the Minister's credibility in this area is well questioned because the Minister for Finance announced to the Dáil on budget day that he was putting a cap on the tax relief for insurance premiums.

**Deputy James Reilly:** What has that got to do with the medical card scheme?

**Deputy Billy Kelleher:** We are having a debate on the broad substance of the issue. It is a requirement to have funding in place to fund medical care.

**Deputy James Reilly:** If the Deputy wants to take a delightful wander through the health services and the tax system, he may go on.

**Deputy Billy Kelleher:** The Minister for Health put a cap on the tax relief of €1,000 for an adult and €500 for a child.

**Deputy James Reilly:** That was the Minister for Finance.

**Deputy Billy Kelleher:** Yes, this is the exact point. It was the Minister for Finance. He has driven a coach and four through the Minister's policy on universal health insurance. In every stated policy that the Minister for Health has advocated from time to time, he has said that we would have a vibrant private health insurance market, that there would be competition and a flow of insurers into this State to provide health insurance and there would be a move to universal health insurance. The problem is, not only are the Minister's policies driving people out of the health insurance market but the Minister for Finance has capped tax relief on so-called gold-plated private health insurance premia. Nothing could be further from the truth. It was not just the gold-plated ones. The Minister for Health knows that as well as I do. I know that he was very disappointed by this particular announcement from the Minister for Health. He can dress it up any way he likes but he was not a happy camper on that particular day.

**Deputy James Reilly:** The Deputy should stop referring to him as the Minister for Health. He is the Minister for Finance.

**Deputy Billy Kelleher:** That is a very serious attack on the affordability of private health insurance. It comes back to this Bill because it must be asked what is happening now. Private health insurance is becoming unaffordable for many in society. I accept that there is an economic backdrop to the number of people falling out of health insurance but the Minister for Health's policy decisions have been responsible for several increases in the cost of health insurance. Then the Minister for Finance wades in behind him and puts a cap on tax relief, which will have a very damaging effect on affordability for ordinary families.

This leads us back to the over 70s. We know that people are very attached to private health insurance and they will make exceptional sacrifices to retain it. They will forgo much of what people consider to be ordinary day-to-day expenditure and many other things to pay for private health insurance. What will happen? The figures are there in black and white although the Minister will dispute them. There is a haemorrhage of young people from the private health insurance market. The Minister announced yesterday an increase in the duty on advanced care insurance plans. All that will do is increase the cost of private health insurance for everyone. Even with the community rating it will increase the cost of private health insurance for the over 70s. We will have a situation whereby people-----

**Deputy James Reilly:** That is rubbish.

**Deputy Billy Kelleher:** Private health insurance will go up across the board. It is a cross-subsidisation for older people in order that they will not pay more than younger people, but the price of insurance goes up for a young person and goes up for an older person too. Otherwise,

it is obvious the Minister does not understand the basic principle. Premiums will go up across the board. The Minister knows that, I know it and it has happened. We will have a situation whereby more people who are over 70 years will fall out of eligibility for a medical card. Admittedly, they will get the general practitioner visit card but they will be unable to sustain the cost of private health insurance and this will have a damaging effect on older people, who need to have the confidence that they can access health care when they need it. The two things that gave them this comfort were the medical card and, for those who could afford it, private health insurance. The profile, demographics and statistics are clear. A large cohort of people over 70 years have private health insurance. The difficulty is that a large cohort of young people are dropping out of private health insurance and can no longer afford it. That only means one thing: an increase in private health insurance.

The Bill has come to the Dáil and we are debating it, but we are legislating for a betrayal of policy. We are legislating for a shameless U-turn of policy and we are legislating for something the Minister said would have a major impact.

At one time the Minister said older people were the people who made the country what it is today. He said they raised us, nursed us when we were sick, protected us from violence, grew our food and ran a proud Civil Service. That is what the Minister said in 2008. With any credible stretch of the imagination, what has changed? The only thing that has changed is that the Minister is in government, but he was in opposition at that time. The Taoiseach went on to say that it was a Judas response. I have seen a Judas response in recent weeks with regard to older people.

**Deputy James Reilly:** The difference is that when Fianna Fáil was in government, the party oversaw the economic meltdown.

**Deputy Billy Kelleher:** This is where the Minister has a problem with credibility. Regardless of what he thought of the previous Government, in 2008 the Minister knew where the economy was. He knew the difficulties in the public finances to the last pounds, shillings and pence, unless he was the last person who was aware of the economic catastrophe facing the country.

**Deputy James Reilly:** We had Tweedledee and Tweedledum in charge of running the country at the time. Each asked the other whether they were here or there and they then decided it was a matter for the troika instead.

**Deputy Billy Kelleher:** The Minister cannot, on assuming office, somehow absolve himself from the responsibilities, commitments and promises he made between 2008 and 2011 because he knew the full context of where we were as a nation.

**Deputy James Reilly:** That is more Fianna Fáil spin.

**Deputy Billy Kelleher:** Let us keep to the truth of the matter. I could quote a great deal more of what was said and what has been implemented since.

**Deputy James Reilly:** Does the Deputy know what was said?

**An Leas-Cheann Comhairle:** Deputy Kelleher, please.

**Deputy Billy Kelleher:** I do. The elderly have not only been undermined by the Minister, his policies and those of the Minister for Finance but the Minister for Social Protection has waded in to the equation as well. While the programme for Government makes a strong com-

mitment to an increase in funding for the provision of services for older people between 2011 and 2016, in every analysis, policy, tranche of legislation and Estimate that has come from the Government in recent years, there has been a systematic undermining of people over 70 years in the provision of supports. That is a fact.

There is an incredible situation with regard to home care packages and home help hours. We were told some time ago that the priority of the Government was to provide care in the community and the home. We have general practitioner services in crisis. I was accused of representing GPs, but I was simply highlighting that services have been diminished in communities. That is a fact.

**Deputy James Reilly:** That is more rubbish.

**Deputy Billy Kelleher:** If it is, then the Minister is the only person left who believes it. The Minister for State with responsibility for primary care, Deputy Alex White, has moved a little, but if the Minister is the last man standing in this area, we have a greater problem than I had thought, because primary care is a central tenet of all policy.

**Deputy James Reilly:** That is correct.

**Deputy Billy Kelleher:** The problem is that nothing is happening in the area of primary care.

**Deputy James Reilly:** That is rubbish. The Minister of State has outlined what will happen.

**Deputy Billy Kelleher:** That is the problem. He outlined what will happen as opposed to what has happened.

**Deputy James Reilly:** Any time Fianna Fáil commissioned a report, it was simply put on the shelf and left there.

**An Leas-Cheann Comhairle:** Please, Minister.

**Deputy Billy Kelleher:** What has happened in the meantime is that we have a situation whereby home help hours-----

**Deputy James Reilly:** Some people are trying to rewrite history.

**Deputy Billy Kelleher:** This is a basic but efficient way of providing care and of allowing people to stay in a home environment for as long as possible.

**Deputy James Reilly:** Why did those in Fianna Fáil make a mess of it when they were in Government?

**Deputy Billy Kelleher:** We have seen those hours reduced. There are difficulties whereby public health nurses are under extreme pressure to deliver care in the community. If the Minister does not believe me, he should talk to them. They are providing care on a shoestring budget and under great personal sacrifice in terms of the commitment they are making day in, day out to provide care in the community. That is a critical part of care in the community. GPs are under pressure, which means patients and customers may not be afforded the time they need for consultation and any treatments they may require.

The Minister referred to shifting chronic illness out of the acute hospital setting. While he should do it, he cannot do it at the expense of another person who cannot see his GP on the same day as a result. If the Minister is referring to shifting these medical treatments out of hospitals and into GP surgeries, he must resource it in some way to ensure those who need GP services are not discommoded.

One thing people value is the fact that they can access a GP within 24 hours. If the Minister continues down the road he is going, people will be unable to see their GP within a 24 hour period. It is not a question of Billy Kelleher saying this. Doctors are saying it by getting on the aeroplane and leaving the country.

**Deputy James Reilly:** GPs are not leaving the country.

**Deputy Billy Kelleher:** The reason they are leaving the country is because there is major pressure in terms of finance but also in the fact that the Minister is pursuing a policy of landing more people in the surgery without any support. There are fewer supports. That will impact on the ability of doctors and other primary care providers to look after people in the home environment setting. It is another attack on older people, coupled with the home help hours and the inability of the Minister to assess home care packages.

*(Interruptions).*

**Deputy Billy Kelleher:** I remind the Minister that these issues are happening on his watch. It is not always about resourcing. This is about assessing the most efficient way of providing and resourcing care. Let us consider the position of home help hours, home care hours and home care packages. The Minister has advocated time and again that these are the best ways of treating people and providing support for people to live independently in the home environment for as long as possible. The Minister's policies are the opposite in the context of the reduction of home help hours.

**Deputy James Reilly:** Deputy Kelleher should read them.

**Deputy Billy Kelleher:** Equally, the Government's policies are opposite. One thing that is important for a person at home is the telephone, but the Government has taken away the telephone allowance. It has decided to cut home help hours and it has decided not to fund public health nurses. Moreover, the Government has decided not to bring forward supports in the primary care setting that would allow people to stay at home. On top of that, in this legislation, which amounts to a shameless U-turn, the Minister is asking Members to endorse the cutting of the eligibility threshold to €500 per week for an individual or €900 per week for a couple. A point regarding the criteria that always was brought forward is that people were treated as individuals in the context of this issue. Why have the limits been set at €500 per person but at €900 for a couple? This is another area about which the Minister previously made a song and dance. My difficulty with all this is that it is an attack on older people that drives a coach and four through the Minister's acclaimed policy of universality. It will have an impact on the quality of life of older people and if people could die in 2008 because the eligibility threshold had been set at €1,400 per week the same could happen if one reduces the eligibility criteria to those being proposed in this Bill.

**Deputy James Reilly:** They still have free GP care.

**Deputy Billy Kelleher:** That is what the Minister said in 2008.

Another area in which one can discern an attack on people who have medical cards and who are dependent on prescriptions is the cost of the prescription charge. On taking up office as Minister for Health, the first thing done by the Minister, with great fanfare, was the sacking of the board of the Health Service Executive. However, the other policy announcement made with great fanfare in April 2011, when no longer in opposition but when the Minister was in government, was that he intended to abolish the prescription charge of 50 cent per item. He stated it would discourage people from accessing basic medical care and could cost lives because people would not be able to or would be discouraged from getting a prescription and hence the medication. It is now near the end of 2013 and it was decided in the recent budget to raise this charge to €2.50 per item, up to a maximum of €25 per month. By any stretch of the imagination, this is a further undermining of the basic living standards of those who are dependent on medicine.

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

**Deputy Billy Kelleher:** This constitutes a further undermining of the basic principle that people who are sick and who need support from the State will get such support and will do so based on their need and not on their ability to pay. While that is what the Minister keeps saying, he is doing the opposite here by denying the sickest people the ability to access medicines because they now are being charged €2.50 per prescription. Moreover, it is not just me saying this in 2013 because I can quote the Minister saying this in 2008, 2009 and 2010. More importantly, I can quote him saying this while Minister for Health, an office he still holds. What was the change in policy in respect of this particular measure of a prescription fee discouraging people from accessing basic medicine? The Minister stated this was a fool's policy because people would end up in an acute hospital setting because they would be unable to access the basic medicines they need.

**Deputy James Reilly:** I did not state it was a fool's policy.

**Deputy Billy Kelleher:** That is what the Minister had to say when the fee was 50 cent. As the fee has now risen to €2.50, I seek an explanation as to how the Minister can square that circle in respect of this U-turn or change of policy.

Overall, this Bill shows one thing only, namely, the Minister has brought forward policies that are at variance with everything he has said about universality and about people being able to access medical care based on their need as opposed to their ability to pay. He has introduced legislation that will undermine the living standards of elderly people. He has introduced this legislation to subsidise the under-fives and he cannot convince me or more importantly, anyone else, because they know this is what is happening.

**Deputy James Reilly:** That is rubbish.

**Deputy Finian McGrath:** No.

**Deputy Billy Kelleher:** This is the reason that were the Minister to come into this Chamber-----

**Deputy James Reilly:** Yes, it is.

**Deputy Billy Kelleher:** -----to announce the rolling out of free GP care to the under-fives-----

**Deputy James Reilly:** It is a nice convenient Fianna Fáil construction.

**An Leas-Cheann Comhairle:** Quiet please.

**Deputy Billy Kelleher:** -----but that he would not ask those who are the sickest in society to subsidise it.

**Deputy Finian McGrath:** Fianna Fáil is correct on this one.

**Deputy Billy Kelleher:** -----the Minister might then have got a pat on the back. However, he will not receive a pat on the back for this measure and I will not support the shameful betrayal the Minister is introducing today.

**Deputy Finian McGrath:** Hear, hear. This is a U-turn.

**Deputy Caoimhghín Ó Caoláin:** This is the second Bill with the same title that the Government has brought before Members in 2013, both of which were designed to remove medical card coverage from more older people over 70 years of age. It has been an *annus horribilis* for senior citizens. The position has moved from having in place universal medical card coverage for over-70s under the previous Government to that Government's move to end universal over-70s coverage altogether. In that regard it was interesting to hear Deputy Kelleher's just-concluded contribution. This was followed by massive protests by older people, on which I commend them, followed by a partial U-turn with provision for the over-70s being made subject to a higher income limit. Under the present Government, that income limit was lowered once in budget 2013 and now has been lowered again in budget 2014, which is being facilitated by the legislation before Members.

Speaking on radio recently, the Minister's Cabinet colleague, the Minister for Public Expenditure and Reform, Deputy Howlin, defended the taking of discretionary medical cards from children with disabilities by asking if it was right that such children from wealthy families should have them. At the same time, however, the Government intends to provide GP cards for all children of five and under from next year, regardless of income or wealth. Where is the consistency in these policies, if one can even refer to them as policies at all? There is no consistency, it is piecemeal and is a case of making it up as one goes along. A Fine Gael-Labour Party Government that states it is committed to the provision of GP care for all at the point of delivery actually is moving in the opposite direction. Discretionary medical cards are being cut back, even for some of the most needy citizens, young and old.

Under this Bill, more people over 70 years of age will lose their cards and fewer will qualify when they reach the age of 70. Prior to 2008, people over 70 received a medical card without a means test. When the Fianna Fáil-led Government decided to end that entitlement, the present Minister for Health, Deputy Reilly, then Fine Gael health spokesperson, described it on the floor of this Chamber as a "vicious attack" and went on to state it was a "savage assault on the elderly". He was right. Then came the Fianna Fáil-led Government's climb-down in the face of mass protest by older people. The 2008 legislation set the income limit for over-70s medical card qualification at €700 per week for a single person and €1,400 for a couple. What did Deputy Reilly, then in opposition, say in response? Here in this Chamber he stated it was a "desperate climb-down" that represented but a "tinkering with income limits" and was "nowhere near good enough". Since then, Deputy Reilly has become Minister for Health. Has the hardship for older citizens lessened since that day in 2011 when the Minister got his ministerial seal of office? Has the situation improved for our older citizens? No, it certainly has not. Is the removal of medical cards any less an attack today than it was back when it was proposed by

Fianna Fáil? The answer again is “No, it definitely is not”. However, the difference is that the Minister for Health is now Deputy James Reilly and clearly different standards apply. In budget 2013 we had the dropping of the income limit for medical card qualification for those aged over 70 from €700 per week to €600 for a single person and from €1,400 per week to €1,200 for a couple. It seems that tinkering with income limits, as the Minister described it, is good enough when it is this Government that is doing the tinkering. The problem only arose of course when it was a Fianna Fáil-led coalition. Now in the Bill before us the income limits are being cut again this time to €500 per week for a single person and by a whopping €300 to €900 per week for a couple. It is expected that some 35,000 older citizens will lose their medical cards as a result of this change. Age Action Ireland has stated: “It is contradictory to be removing means-tested cards from a section of society which has high medical needs, in a budget which is rolling out free GP care for children and heralding it as the roll out of its universal primary care plans.”

For all medical card holders prescription charges have been increased to five times the original charge per item introduced by a former Minister for Health, Mary Harney, a measure that both Fine Gael and the Labour Party vehemently opposed here in the Houses of the Oireachtas, as did I. This increase once again hits older people especially badly. This Bill, taken together with the abolition of the telephone allowance and the prescription charges increase, make budget 2014 a particularly nasty one for older people. There is no getting away from that.

I want to remind the Government, as I did when the last Bill of this title was on Second Stage only a little more than six months ago in March, that the Minister, Deputy Reilly, championed Fine Gael’s FairCare health policy with its promise of universal primary care. Fine Gael and the Labour Party received record mandates in the general election in February 2011 with manifestos that promised, first, greatly extended and then universal entitlement to free primary care. The Fine Gael-Labour Party programme for Government tells us that universal primary care will remove fees for GP care and will be introduced within this Government’s term of office. We are also told:

Access to primary care without fees will be extended in the first year to claimants of free drugs under the Long-Term Illness scheme at a cost of €17 million. Access to primary care without fees will be extended in the second year to claimants of free drugs under the High-Tech Drugs scheme at a cost of €15 million. Access to subsidised care will be extended to all in the next phase. Access to care without fees will be extended to all in the final phase.

We had a programme, a plan and were able to consider what was to happen and the steps to be taken. The Minister, Deputy Reilly, promised that the first phase, the extension of free primary care to claimants of free drugs under the long-term illness scheme, would be in place in summer 2012 but that did not happen. There were supposed to be drafting difficulties because of the change from entitlement based on income to entitlement based on forms of illness. In the autumn of last year we were told by the Minister that it was still on track and there would be a Bill.

When the Health (Alteration of Criteria for Eligibility) (No. 1) Bill came before us last March, there was no Bill to extend free primary care in any way. The Minister for Health, Deputy Reilly, had come full circle - from IMO opponent of over 70s universality, to IMO beneficiary of it, to vociferous Dáil opponent of change to it and now to imposing a further restriction to the scheme, leading to thousands of older people losing their medical cards. Again today this Bill, which the Minister presented, further restricts access and plans to cut medical card entitlement for a further 35,000 people.

Both parties, when in opposition, pointed out that restricting access to primary care was penny wise and pound foolish because older people would suffer poorer health outcomes and require more hospital visits, inpatient care and residential nursing home care.

**Deputy James Reilly:** They will keep their GP card.

**Deputy Caoimhghín Ó Caoláin:** Now they further restrict medical card access as a so-called savings measure that will adversely affect the health of our older citizens. It is another smooth transition, make no mistake about it, from Fianna Fáil to Fine Gael. There is no other way to describe what is being presented here and I cannot leave the Labour Party out of that story. Despite the sham fight we witnessed between the Minister and Deputy Kelleher this morning which fools nobody any more, make no mistake about it, there is not a hair's breadth between them in terms of their policies and approach. We will be told that the difference now is that the Government has provided for universal free GP care for those aged five and under, and I have welcomed that. It was something I argued for in our prebudget submission. However, I must point out that I welcome it only as far as it goes. The Minister of State, Deputy Alex White, was quite correct this morning when he added the comment, which reflects my own caution and concern, that it is welcome only as a measure as part of a package that will lead to the universal roll out of access to free GP care for all. If it is not part of a clear programme of extension of free GP care for all with a limited timeframe, a plan like that which was outlined in the programme for Government in 2011, it will undermine the principle of universality and there will be no public confidence in it and no welcome for it.

My concern was borne out only this week when one mother - others must have noted her contribution on television - whose disabled child aged over five lost her medical card, said that she did not want the under fives card for her other child but wanted the restoration of the card to her child with particular challenges in life, her disabled child, as she was the one who needed it most. The disabled child lost the card as a result of the Government's policy of restricting access to discretionary medical cards. If this Government was genuinely pursuing a policy of universality and a single-tier health service with access based on medical need alone, the Minister would have my wholehearted support without hesitation. However, this is not the Minister's intention. There may be those in the Labour Party who delude themselves into believing they are pursuing such a path - some of them genuinely so - but it is far from the position of Fine Gael in this Government.

A total of €37 million is to be spent on GP cards for the under-fives but €149 million is to be taken out of the medical card budget - not just €113 million under the heading of probity. The total is €149 million. That will mean more people losing their medical cards, including those older people losing out as a result of this Bill. The extension of free GP care to children aged five and under, comes at the expense of taking medical cards from other sections of the population who need them. This is not universality; it can only be described as robbing Peter to pay Paul. I can think of no other way to refer to it.

In our alternative budget Sinn Féin provided for the extension of free GP care to all children aged five and under without depriving anyone else of their medical card entitlement. Nobody would have suffered on the basis of our approach to this issue as are now suffering as a result of this Bill. As we said at the time of the budget, the Government's idea of universal health care is to give out GP-only cards with one hand and take back full medical cards with the other. This is a completely indefensible position. The medical card probity heading in the budget document is still as mysterious as it was when it was published. I have tried to elicit some further

clarification in the course of questions to the Minister this morning at Question Time. Under this heading, the Minister, Deputy Reilly and the Minister of State, Deputy Alex White, have targeted a huge so-called saving of €113 million. The Ministers are still unable to account for this figure. It has never been explained. It is not as if it is a round figure of €60 million, €80 million or €100 million. Where did the figure of €113 million come from? How was it computed, calculated and arrived at? It seems clear now, as we said in response to the budget, that it was cooked up to provide a sizeable chunk of the at least €666 million signalled for reduction in the health budget in 2014. Similarly, it seems that the figure of €666 million – not a popular figure at any time - is not clear. It could be €1 billion, in the words of the director general of the HSE. This will have a significant impact on the preparation of the HSE national service plan which is currently deferred at the approval of the Minister. Perhaps it may be deferred once again before the end of this week, as the Minister has indicated earlier this morning.

I also spoke to the Minister this morning about the warning from the chief executive officers of the four major Dublin hospitals about the impact of such cuts in 2014. These are not just four Dublin hospitals; these are four national centres of excellence. All areas of this State depend on these centres. I acknowledge that savings need to be made and Sinn Féin's pre-budget submission has identified a number of savings that could be pursued. Therefore, I do not want my contribution to labelled as always being in opposition to measures being undertaken by the Government. I will oppose them on the basis of their merit or otherwise. I am equally conscious of the responsibility of elected office to outline where savings can be made and where more effective and efficient systems can be employed and which I have outlined, year on year and in even greater detail this year than at any time in the past.

Sinn Féin has identified savings on expenditure on medicines which are far in excess of the Government's. We also addressed the issue this morning. However, this Government seems incapable of reaching even its own modest targets in this regard as we see that the HSE is still paying multiples of what the NHS is paying for commonly prescribed drugs. This morning I instanced the situation of generic substitution for Lipitor. The HSE is paying four and a half times the sum being paid for the same drug as against what is being paid North of the Border under the terms of the NHS. This is after the introduction of the reference pricing and generic substitution is taken into account. Instead, the Government prefers to make patients pay and in the case of this Bill, our older citizens are very much the target of the day of this Minister and this Government and many will lose their medical cards as a consequence. I wish to record my opposition to this Bill. The Minister's intent, what he seeks to introduce, is outrageous, insulting to older people and there is no explaining it away. I have seen the worry and the concern of people and I have met people who are immediately affected by the drops in the threshold for qualification. These are not people living in excessive comfort by any stretch of the imagination. This Bill is doing a great disservice to our older citizens. With all respect to the Minister, Deputy Reilly, and to his colleagues in Government, he is doing exactly the same as those he lambasted across this Chamber but a few short years ago. There is not a hair's breadth of difference between them.

**An Leas-Cheann Comhairle:** Deputy Richard Boyd Barrett has two minutes until the commencement of Leaders' Questions.

**Deputy Richard Boyd Barrett:** I have been on tenterhooks waiting to see whether it would be before or after lunch.

I strongly oppose this Bill which is a disgraceful attack on the elderly and the chronically

sick. It represents a monstrous betrayal on the part of this Government of the promises that were made prior to the election about dealing with the crisis in our public health service and dealing with the two-tier system that persists in our public health service. As a general comment, it is becoming increasingly clear to me that the singular attribute of this Government is an attempt to pull the wool over people's eyes by manipulating the debate in this House and manipulating the media debate about what it is doing in order to cover its tracks for gross betrayals of election promises and for savage assaults on some of the most vulnerable sectors of our society. Nowhere is this more clear than in the butchering the Minister is meting out to the health service, to the chronically sick, to the vulnerable and to the elderly and we have seen the latest instalment in this outrageous budget.

Debate adjourned.

*12 o'clock*

### **Topical Issue Matters**

**An Leas-Cheann Comhairle:** I wish to advise the House of the following matters in respect of which notice has been given under Standing Order 27A and the name of the Member in each case: (1) Deputy Ray Butler - securing social protection provision for the self-employed; (2) Deputy Willie Penrose - the impact of the proposed changes in the terms and conditions of the TSE fallen animal subsidy scheme; (3) Deputies Patrick Nulty and Billy Timmins - the decision to allow Permanent TSB take control of Newbridge Credit Union; (4) Deputy Brian Stanley - the implications of the European Commission's letter for the future of the proposed Poolbeg incinerator; (5) Deputy Seán Kyne - the need to ensure adequate fire service provision for the south Connemara area; (6) Deputy John Paul Phelan - the need for full engagement by EirGrid on all options under consideration with the communities that have concerns about the proposed grid link project routes; (7) Deputy Simon Harris - the need for the development of a leaving certificate course in computer programming and information technology; (8) Deputy Aengus Ó Snodaigh - the implications of the European Commission's letter for the future of the proposed Poolbeg incinerator; (9) Deputy Dara Calleary - the need to discuss the Government's plans for the roll-out of the youth guarantee; (10) Deputies Timmy Dooley and Robert Troy - the need for the Minister for Agriculture, Food and the Marine to intervene to protect the livestock export trade in light of the announcement that TLT International, Ireland's largest live stock exporter, has gone into receivership; (11) Deputy Billy Kelleher - the need for the Minister for Health to make a statement on the HSE's failure to publish its 2013 capital plan; (12) Deputy Dessie Ellis - the need to discuss the implications of the European Commission's letter for the future of the proposed Poolbeg incinerator; (13) Deputy Michael Moynihan - the need for the Minister for Communications, Energy and Natural Resources to discuss the EirGrid grid link project and its planning process; (14) Deputy Eamonn Maloney - the need for streamlining and modernisation of the Garda vetting system; (15) Deputy Clare Daly - the need to discuss Ireland's potential to lead an international campaign against armed drones; (16) Deputy Mick Wallace - to discuss the destabilising effect of the use of armed drones and the need for Ireland to take a position on this internationally; and (17) Deputy Paudie Coffey - the need for meaningful engagement by EirGrid with communities about the proposed grid link routes.

The matters raised by Deputies Willie Penrose; Timmy Dooley and Robert Troy; Patrick Nulty and Billy Timmins; and Ray Butler have been selected for discussion.

## Leaders' Questions

**Deputy Micheál Martin:** Thousands of people are leaving the health insurance market on a monthly basis. Up to 6,000 people a month are cancelling their health insurance policies. By the end of 2013, we estimate 140,000 people will have cancelled health insurance. The bottom line is Government policy is driving people out of the health insurance market. Families and individuals can no longer afford policies. We only have to look back to the budget and the Minister for Finance's decision to reduce significantly tax relief on health insurance policies, which had a huge impact on many people. He pretended that the measure was for gold plated insurance policies but we now know that was an untruth as it affects up to 90% of policies. An additional bill of €30 million will flow from the decision to charge patients with health insurance for using public hospital beds and that will lead to another significant increase in the cost of health insurance. Earlier, the Minister for Health made an announcement, about which we learned through the media, that a 15% stamp duty increase would be levied on policies. Cumulatively, in the short space of two months, the Government has increased the cost of the average health insurance policy by €400. In many cases, the amount will be higher.

The Taoiseach and the Government knew when they took their budget decision on health insurance that this increase was coming down the road in the context of risk equalisation. They knew that when they decided to go heavy on reducing tax relief on insurance and the utilisation of public hospital beds. Was one increase not enough given all that is happening in the health insurance market? Why is the Taoiseach hammering hard pressed families who are of the view that they are paying for everything anyway without this additionality? Will he change policy and reverse the budget decision to reduce tax relief on health insurance policies and restore the relief to its pre-budget level?

**The Taoiseach:** It is never an easy position to have to draft budgets in an area like this given the circumstances in which we find ourselves. I detect from the Deputy's question that he has changed policy in this regard. It appears that he is advocating the abandoning of risk equalisation and community rating.

**Deputy Mattie McGrath:** Freagair an cheist.

**Deputy Micheál Martin:** No, I did not say that. I referred to budget tax reliefs.

**The Taoiseach:** If that is what the Deputy is saying, he is denying reality in that 20,000 people a year become 65-----

**Deputy Niall Collins:** Deputy Martin asked a straight question.

**Deputy Micheál Martin:** I said nothing about that.

**The Taoiseach:** The Deputy seems to be implying that there should be a change in Government policy, which would abandon older people to be manipulated by health insurance companies because they, naturally, might well have higher costs in terms of their medical requirements and the treatment they need. The clear objective of the Minister for Health is to reform the health service to deliver a single tier service in a way that allows for older people to be charged the same rate for the same policy as people who are much younger. That is community rating delivered through risk equalisation. If the Deputy is advocating a change in that, let him say so.

**Deputy Niall Collins:** He did not. Be honest for a change.

**The Taoiseach:** It is clear we should not underestimate this issue. Every year, 20,000 people reach the age of 65, which equates to 3.3% annual growth compared with overall growth of 0.5%. In 2003, only 13% of those who had health insurance were aged over 60. That increased to 15.9% in 2009 and to 19% in 2012. It is a fact of life that our population is ageing and we will retain community rating and not have a situation where older people in our society are manipulated by health insurance companies that will seek to present health plans that effectively abandon the older population. We cannot and we will not do that.

Even in these straitened times, the Government still provides €400 million in support to policyholders through the tax system and €400 million in a subsidy to the public beds system because we do not charge for the full economic cost of beds in hospitals. While these things are never easy, we must and will maintain community rating and risk equalisation in order that the older people in our society are not abandoned.

**Deputy James Reilly:** Hear, hear.

**Deputy Micheál Martin:** The Taoiseach chose to ignore the question I asked. Will he change policy on the budget decision the Government took to reduce tax relief on health insurance and restore it to its pre-budget level?

**The Taoiseach:** No.

**Deputy Bernard J. Durkan:** It costs money.

**Deputy Micheál Martin:** I never said anything should be abandoned in regard to community rating. The Taoiseach deliberately threw that out there to distract and to go down a cul-de-sac. That is a very dishonest presentation by him. That is fair enough; we are used to that.

The bottom line is if he is sincere about maintaining community rating, the haemorrhage cannot go on. Government policies are driving the haemorrhage from the system. A total of 64,000 people left the health insurance market in 2012. It is estimated 75,000 will leave by the end of 2013. Does the Taoiseach honestly think that increasing fees by reducing tax relief and charging for the utilisation of public beds by health insurance holders, even though they pay their taxes, will help community rating? Anybody who knows anything about the health insurance market is talking in terms of a death spiral, which means that when younger, healthier policyholders are taken out of the system, the burden on the older policyholders will increase to make it untenable. The centre will not hold if the haemorrhage of people from the health insurance market continues. In the meantime, the Government is making life unbearable for hard pressed families through this unfolding, incoherent, *ad hoc* policy.

The Minister for Health said he did not know that the Minister for Finance was going to do what he did on the taxation side of the budget and he was not consulted. That reveals the incoherence at the heart of Government policy on health and health insurance generally. Will the Taoiseach reverse the budget decision to reduce tax relief? By doing so, he would give much needed relief to people and give them some chance of holding on to their health insurance policies.

**The Taoiseach:** The answer to the Deputy's question is "No". That is the second time he has quoted Yeats in the House in the past fortnight, which I think is good. The newer insurers do not have older people. The Deputy cannot have it every way. Newer insurers cannot just expect to have younger people who, naturally, require less medical attention than older people.

**Deputy Billy Kelleher:** That is what community rating is about.

**The Taoiseach:** I am glad he has reversed again. He started with an implication about the abandonment of risk equalisation and community rating.

**Deputy Micheál Martin:** I did not. Do not be dishonest.

**The Taoiseach:** Even in his own days as Minister for Health, the Deputy adhered to that. That is something we have to support.

**Deputy Billy Kelleher:** The Taoiseach is having a Roscommon moment.

**Deputy Frank Feighan:** I will bring the Deputy to Roscommon. I am sick and tired of Opposition Members taking cheap shots.

**The Taoiseach:** We cannot have a situation where older people are abandoned and health insurers can present plans that are not suitable for older people. Community rating and risk equalisation are a very important part of this for older people. Some 20,000 people reach 65 years of age every year.

The consultative forum set up by the Minister for Health to deal with this will report before Christmas and we will debate the report here. We will talk about retaining young people and young families, which are hard pressed in so many ways within the health system-----

**Deputy Micheál Martin:** The Government is driving people out of that market.

**The Taoiseach:** -----and also how the health insurance companies can reduce their costs.

**Deputy Micheál Martin:** The Government is increasing the costs.

**The Taoiseach:** Why is it that in 2013 we are still paying the same charges for procedures which 20 years ago used to take quite a long time and required days in hospital but which can now be done in a relatively short time? Cataracts are now dealt with in 20 minutes. Why is it that the costs are still the same? What is going on here? Why is it that I hear so many stories every day from people who go through the health system? The charges seem to be very erratic, to put it mildly. There is a requirement on us all to debate the report of the consultative forum and the recommendations therein, which will be available in four to five weeks.

Deputy Martin will recognise, as a former Minister for Health, that there is clearly a need to reduce costs. There is no extra money coming into the Exchequer as a result of this. This money stays in the pool and extra credits are given to those who are over the age of 65. That is why it is very important to retain the community rating and the risk equalisation system.

*(Interruptions).*

**Deputy Gerry Adams:** The Taoiseach is aware of the concept of bridge building as a metaphor for what we need to do on this island, North and South, and within the North itself. He will also be very aware that a very practical project has been in the making for the past 30 years which would bridge the North and the South and has the support of all the political parties in Counties Louth, Down and Armagh and across all civic and community sectors and society. Obviously, I am talking about the Narrow Water Bridge proposal.

At last Friday's North-South Ministerial Council meeting, Ministers were supportive of this

project. The economic benefits of this infrastructural investment for communities on both sides of the Border are considerable, and at a time when the construction industry needs investment to create real jobs. The building of this bridge is a relatively small investment with significant potential. In the short term, it will deliver 270 jobs and in the longer term, the entire region will have a massive economic stimulus from the Cooley Peninsula and Slieve Gullion across Carlingford Lough to the Mourne Mountains. Support from the Special European Union Programmes Body is evidence of its importance.

I have raised this issue with the Taoiseach before and I know he supports it but the deadline keeps slipping. According to Louth County Council, the contractor is only obliged to hold the contract price until 16 December but he has agreed to extend it until 18 January next. Can the Taoiseach help to end the uncertainty over this vital infrastructural project and agree to release the funding which will bring it to completion?

**The Taoiseach:** Fáilte abhaile roimh an Teachta. Tá súil agam go raibh turas maith aige.

The Narrow Water Bridge is the first manifestation of physical contact between North and South that has been put together for very many years in this area and which is supported, as a principle, by practically everybody. Deputy Adams will be aware that the estimate for the cost of the provision of the Narrow Water Bridge to Rostrevor was approximately €18 million and that the tenders which came in were very much in excess of that.

In terms of what needed to be done, clearly, Louth County Council has an issue, as do Newry and Mourne District Council, the Northern Ireland Executive and the Government here. A value for money report was done which estimated that the bridge is a viable proposition and entity. The problem is the scale of the tenders being in excess of the scale of the estimate but I am not qualified to go through the detail of that.

The moneys provided from a European Union perspective, through the SEUPB, were allocated for the provision of the bridge in a certain timescale and we do not want to lose this money. This matter was discussed at the North-South Ministerial Council in Armagh on Friday. Agreement was reached between all the parties - everyone continued to support the provision of the Narrow Water Bridge - that there would be an immediate analysis of the extent of the tenders submitted and the reasons they were so extensive and that discussions would be held with the SEUPB. That is where it lies at the moment but there was a general consensus strongly in support of the Narrow Water Bridge.

To be honest with the Deputy, I am not quite sure if it can be dealt with in the timescale mentioned here. There was a question of piling on either side of the lough. I do not know the answer to the Deputy's question but I know the Government here supports this, as do Louth County Council, Newry and Mourne District Council and the Assembly in Northern Ireland. It is a question of having the money in place, doing the analysis of the tenders and arriving at a position where this allocation from a European Union perspective is not lost to the region. I would like to see the Narrow Water Bridge provided but I cannot say at this stage whether the timescale to hold this particular tranche of money is sufficient. However, there is work going on, as a consequence of the North-South Ministerial Council, on the analysis of the tenders and the extent of those received.

**Deputy Gerry Adams:** Fáilte abhaile roimh an Taoiseach fosta.

I thank the Taoiseach for his answer. Clearly, what we need is a decision. I understand this

analysis has to be done but it would be a sin if the cocktail of funding that has been put together was lost. The Government has said - the Tánaiste said this very recently - that we need to take the brakes off all-island economic development. The Government also quite correctly said disadvantage is very prominent along the Border and along the Border corridor and that people there have suffered grievously because of partition. This is a very practical example of a lot of hard work done over a very long time. It is very unique to get so much co-operation among all the different sectors involved, which the Taoiseach acknowledged in his answer.

We have until 18 January to crunch this. Basically, what is required from the Government is €6 million from the Department of Transport, Tourism and Sport, the Department of the Taoiseach or the Department of the Environment, Community and Local Government or some arrangement around other incentives which could be put in place. Will the Taoiseach make this happen?

When one gets the Assembly, the Executive and the Government here joined up in this way, if the Taoiseach decided to make this happen, it would happen. I appeal to him to do so. I understand the difficulties involved as I am heavily involved in this. Sinn Féin has been campaigning on this matter. It is very much up to the Taoiseach to take this as a very concrete example of building a prosperity process out of a peace process. We talk about stimulus, about getting the construction industry going and about exploiting, for the sake of our citizens, the tourism and other potential in some of these areas. This is a classic case of where that can all happen if the Taoiseach decides to make it happen.

**The Taoiseach:** To be honest with the Deputy, I would like to see it happen but I think we have to go through the analysis of the tenders. As I said, there was a shortfall of approximately €15 million between the estimate and the tenders that came in. I know the local authority in Louth has convened a meeting this Friday to discuss how this might continue to be supported along with Newry and Mourne. I think that is good. I assume it will not have on its desk the analysis of why the tenders were so greatly in excess of the estimate that was received in the first place. It is not a case of the Government or the Department here deciding to take full responsibility for this. There was always the shared concept of doing this. Having spoken to personnel from the Assembly and the Executive, I am aware that the value for money report which has to be conducted from Stormont has to satisfy the Chancellor of the Exchequer's office. I think they need to look at that again. They will do so in the context of how flexible it can be made and in accordance with the report of the Special EU Programmes Body, which says that it is a viable entity. It is not a question of unwillingness on the part of the Government or the Department here. I do not think it is a question of unwillingness on the part of the Executive. It is a case of keeping the bridge concept and principle very much alive. My immediate concern is that the European moneys were allocated for a specific time. Neither the Deputy nor anyone else would want those moneys to be lost to the region. We will see what can happen in the short term, in terms of the analysis of the tenders and whether further progress can be made. My answer to the Deputy's question is that we are willing to support it, but we need to have clarity regarding how it is shared. I think that sentiment is shared by the North-South Ministerial Council.

**Deputy Stephen S. Donnelly:** We are halfway through the Committee Stage debate on the new freedom of information legislation. I accept that the new Bill contains some meaningful reforms. Unfortunately, all of the potential good that the Bill could do will be eradicated by the changes in the fees regime. I believe the Government set out to do the right thing. I remind the House of what the current Minister, Deputy Bruton, said in 2003 when Fianna Fáil sought

to eradicate the then freedom of information regime. He said there should be “a right to make requests without a fee upfront, with a person only paying for the cost incurred by his or her request”. In the same year, the current Minister, Deputy Rabbitte, said “it is abundantly clear that the fee is primarily intended to discourage requests being made in the first instance”.

**Deputy Mattie McGrath:** He has changed his mind.

**Deputy Stephen S. Donnelly:** In 2008, when the current Minister of State, Deputy White, was a Member of the Seanad, he said “the presumption in any democratic society...should be to make the information available”. He argued that “it is not good enough for a Minister to point to the extraordinary cost or how onerous it is on us”. The changes that are proposed in this legislation are contrary to the position of the UN Human Rights Committee and the Council of Europe Convention on Access to Official Documents. International experts are no more ambiguous. Article 19, which is a human rights organisation that focuses on freedom of information, has said it “strongly opposes the current Irish policy...as well as the pending bill before the Dail to expand fees”. It believes it violates international law. According to a Canadian journalist and author, Cory Doctorow:

Irish politicians have taken extraordinary measures to protect the state from the people finding out what it's up to. This is alarming on its face, and would be bad news even if Ireland was a paragon of good governance, and not a nation in economic meltdown.

The Government's new Bill introduces a range of new charges and impediments. It retains the up-front fee of €15 for non-personal records. It provides for a retrieval cost of €21 an hour. It introduces multiple fees for multifaceted requests. It introduces multiple fees for single requests that have to go to more than one functional area. It retains a fee for internal appeal and a fee for appeal to the Information Commissioner. In short, the freedom of information legislation that is before the committee will make freedom of information more expensive. Why is the Government increasing freedom of information costs even though domestic and international experts are clear and unanimous on how bad that is? We have unparalleled information on how and why secrecy is bad in this State.

**Deputy Finian McGrath:** Can the Minister, Deputy Bruton, answer that?

**The Taoiseach:** Thousands of national and international experts have been available to us in respect of many matters.

**Deputy Patrick Nulty:** Just answer the question.

**The Taoiseach:** It is quite incredible. They have been telling us what is going to happen about the economy and various matters relating to Europe for a long time.

**Deputy Mattie McGrath:** What does this have to do with the question?

**The Taoiseach:** Sometimes, experts do not get it right either.

**Deputy Patrick O'Donovan:** Present company excluded.

**The Taoiseach:** Deputy Donnelly's first point is correct here. Along with his Government colleagues, the Minister, Deputy Howlin, has extended the remit of the Freedom of Information Acts to a range of areas that were not covered before. I think that is welcome.

**Deputy Dara Calleary:** The Minister, Deputy Bruton, has done a U-turn.

**The Taoiseach:** It should be borne in mind that 70% of applications received by freedom of information offices relate to personal matters and are therefore dealt with for free. It should be recognised that the first two hours of analysis of any freedom of information request is done for free. If the issues involved can be dealt with in that timeframe, there is no charge at all. Many freedom of information officers have informed me of the current position, which is that a page asking about a certain issue might contain a further 20 or 40 requests that are hidden behind the first request. It can take a great length of time for the relevant official in the relevant Department to deal with it. An itemised charge will apply in such circumstances if it takes more than two hours to deal with each item and if the matter in question is not of a personal nature. Dealings with such matters will of course remain free. When I was on the other side of the House, a Deputy submitted a freedom of information request relating to a justice matter and the estimated cost of dealing with it was over €9,000. It was a very complex case going back a number of years.

**Deputy Barry Cowen:** What happened in that case?

**The Taoiseach:** People are fully entitled to send in freedom of information requests. When lists of things that are completely unrelated are sent in on a single page, the view taken is that each separate matter constitutes a separate request. If it takes less than two hours to deal with any of those matters, or if any of them relates to a personal matter, there is no charge. It is a case of reflecting that reality. The freedom of information regime is being extended to reverse the measures that were introduced some years ago with regard to Cabinet records, communications between Ministers, the scope to withhold all records pertaining to the deliberative process and the mandatory blanket extensions that apply to security, defence and international relations matters. The new freedom of information Bill reverses a great deal of these measures. I think that is in the public interest.

**Deputy Stephen S. Donnelly:** I thank the Taoiseach for his reply. Unfortunately, he did not answer my question. The only rationale we seemed to get from the Minister, Deputy Howlin, yesterday was that at a time of economic hardship, we cannot make freedom of information, which is an essential part of any modern democracy, free. We have received a very thorough report from Dr. Nat O'Connor which estimates that the cost associated with charging money in these circumstances is at least as much as the money that is received. That is before many of the savings that are made on foot of investigative journalism are factored in. As we know, such good work saves the State millions of euro. There is no argument that says we have to charge fees because it costs money. The amount of money it costs to charge the fee is as much as the fee itself. Therefore, my question stands. If the State does not get a cash benefit from charging citizens to access information, why are we charging them? Why is the Taoiseach standing over legislation that will increase the cost of people getting that information? That is the question.

**Deputy Richard Boyd Barrett:** Freedom means free.

**The Taoiseach:** As I said, 70% of the claims that come in relate to personal information and are therefore dealt with for free.

**Deputy Finian McGrath:** This is a power grab.

**The Taoiseach:** If it takes less than two hours to deal with a freedom of information request about a single issue, there is no charge.

**Deputy John Halligan:** That is why it is called freedom of information - it is free.

**The Taoiseach:** The legislation makes it clear that in the case of a single request, if other requests are made on the same page and are related to the initial request, they are all seen as part of the same claim. It appears that significant numbers of claims that include various unrelated matters are being made. Other countries that are deemed not to have upfront charges have other charges during the process. I think I should repeat that we have changed elements that were blocked off before.

**Deputy Richard Boyd Barrett:** Not the semi-States.

**The Taoiseach:** The areas that were off limits for a long time include the National Treasury Management Agency, the National Asset Management Agency, Garda Síochána, refugee agencies-----

**Deputy Patrick O'Donovan:** Deputy Finian McGrath was in government with Bertie when that happened.

**The Taoiseach:** -----and a very broad range of quasi-judicial bodies to which freedom of information only applied to their administrative records.

**Deputy John Halligan:** It should not be called freedom of information if it is not free. That is about the size of it.

**The Taoiseach:** That is all being opened up.

**Deputy Billy Kelleher:** The Government will be charging us for parliamentary questions next.

**The Taoiseach:** As the new legislation takes effect, given that the average cost of retrieving information is about €600, a €15 charge is relatively small.

**Deputy John Halligan:** It is not free; it is not freedom of information.

**Deputy Niall Collins:** It is centralising power.

**The Taoiseach:** I believe that when people make claims, they focus on a single issue with related matters or a series of different issues. That is the reason the legislation is framed as it is in extending the remit of freedom of information.

### **Order of Business**

**The Taoiseach:** It is proposed to take No. 9, motion re proposed approval by Dáil Éireann of the Irish Aviation Authority Act 1993 (Amendment of Schedule) (Annex 19 to Chicago Convention) Order 2013, back from committee; No. 3, Health (Alteration of Criteria for Eligibility) (No. 2) Bill 2013 - Second Stage (resumed); and No. 21, Local Government Bill 2013 - Second Stage (resumed).

It is proposed, notwithstanding anything in Standing Orders, that No. 9 shall be decided without debate, and the following business shall be taken tomorrow after Oral Questions: Health

13 November 2013

(Alteration of Criteria for Eligibility) (No. 2) Bill 2013 - Second Stage (resumed), and Local Government Bill 2013 - Second Stage (resumed). Private Members' business shall be No. 128, motion re access to credit (resumed), to conclude at 9 p.m. if not previously concluded.

**An Ceann Comhairle:** There are two proposals to be put to the House. Is the proposal for dealing with No. 9, proposed approval by Dáil Éireann of the Irish Aviation Authority Act 1993 (Amendment of Schedule) (Annex 19 to Chicago Convention) Order 2013 without debate agreed to? Agreed.

Is the proposal for dealing with No. 3, Health (Alteration of Criteria for Eligibility) (No. 2) Bill 2013 and No. 21 Local Government Bill 2013 tomorrow agreed to?

**Deputy Micheál Martin:** It is agreed, but it might be difficult to get Government speakers for No. 3.

**Deputy Billy Kelleher:** The reduction in medical cards Bill.

**The Taoiseach:** We will supply speakers. The Deputies need not worry.

**Deputy Micheál Martin:** I refer to the Freedom of Information Bill and the programme for Government commitments on legislation. Under the changes to Standing Orders rammed through by the Government recently, allowance was made for a pre-consultation phase for all legislation to allow non-governmental organisations and others with an interest to be consulted on key legislation. Last weekend the Minister tabled a series of amendments to the Freedom of Information Bill. They are quite profound and substantially change the shape, nature and objective of the Bill in so far as it will reduce utilisation of the freedom of information framework. There was no pre-consultation phase on those amendments. The committee tried to adjourn the taking of Committee Stage yesterday with a view to facilitating academics, media representatives and representatives of non-governmental organisations to put to the committee their views on the changes the Minister introduced regarding multiple charges for multiple issues. While I do not agree with his proposal, I am talking about the procedure here.

**An Ceann Comhairle:** I thank the Deputy.

**Deputy Micheál Martin:** Will the Taoiseach change the order to enable that consultation process to take place in advance of the Bill being brought to a conclusion? The amendments have been introduced very sneakily late in the day, without any consultation with anybody and without any analysis of the impact on the overall shape of the legislation.

**An Ceann Comhairle:** I thank the Deputy.

**Deputy Micheál Martin:** Earlier the Taoiseach was negative about experts and so on, but Transparency International, Open Access Europe and Open Knowledge Foundation Ireland are all vehemently opposed to this series of amendments that the Minister sneakily introduced late in the day. I ask the Taoiseach to change the order to allow consultation to take place in the spirit of the changes to Standing Orders that were rammed through the House.

**An Ceann Comhairle:** Which order?

**Deputy Micheál Martin:** The Freedom of Information Bill.

**The Taoiseach:** I do not disagree with every expert. I was making the point to Deputy Don-

nelly that we have experts on everything available, nationally and internationally.

The changes to the Standing Orders represent a genuine attempt to ensure Bills that come before the Government at heads of Bill stage would move to the committees for that consultation process. We are trying to make that the norm. It will become the norm from January and we want to move to that phase now. For Bills that have not been cleared or published, we hope that becomes the practice for every Minister. Once the heads of a Bill are cleared at Cabinet, they go to committee for consultation.

This Bill was published in July and it is moving through the different Stages. Every time a Bill comes before Cabinet, we expect the Minister at heads stage to propose that it goes to the committee if it wishes to have consultations about it. That will become the normal practice from January in any event. It is for Bills that are not published yet and which will move to that stage as normal practice.

**Deputy Micheál Martin:** I thank the Taoiseach for his reply. Does he not accept that the concept of pre-consultation will be fatally undermined if substantive amendments emerge very late in the day which are contrary to anything advocated in advance and at the time of the publication of the Bill? This has happened very late in the day and even in the aftermath of the Second Stage debate.

**An Ceann Comhairle:** We cannot have a debate about it on the Order of Business.

**Deputy Micheál Martin:** What has happened here is that Sir Humphrey has scored a very late penalty, and has scored it well.

**Deputy Bernard J. Durkan:** Sir Humphrey is alive and over there.

**An Ceann Comhairle:** We do not need assistance from the back.

**The Taoiseach:** Sir Humphrey put the ball wide. The Freedom of Information Bill has been around for a long time. The changes introduced ten years ago were pretty radical and it has been moving through since then. This Bill was published in July. I am pointing out that we want it to become the norm based on the change to Standing Orders for every Minister, once they receive clearance for heads of Bill at Cabinet level, to send that Bill to the committee for consultations. If the committee chairman thinks that is appropriate, that is fine. That will become normal practice from January.

**Deputy Gerry Adams:** The programme for Government commits to integrated “health care delivery, in which the right care is delivered in the right place”. Today we have learned that a number of tracheotomy babies in Our Lady’s Children’s Hospital in Crumlin are well enough to go home but cannot because the HSE has not sanctioned safe levels of home care and this is at the worst crisis level ever. Do we need legislation to provide for this home care or can the Minister for Health address the need for a central funding scheme and for a protocol for a safe home care package in order that these seven children can be at home where they deserve to be?

**The Taoiseach:** It is a great advance in medical science that babies and young children are able to live a normal life once the tracheotomy has taken place. People are trained when the children are at a very young age to clear the blockages in the system. The issue raised by the Deputy does not require legislation. I expect the matter to be referred to in the health service plan, which the Minister for Health should have in the next ten days or two weeks. It is clear

there is an element of funding and I admire how training has been put in for parents in respect of children. Those are very sensitive in personal cases obviously.

**Deputy Peter Fitzpatrick:** When will we see publication of the monuments Bill, which is to consolidate, update and improve the legislative code governing the protection and regulation of the national architectural heritage?

**The Taoiseach:** The Minister informs me that will be next year, and he is never wrong.

**Deputy Seán Ó Feargháil:** The Government has promised a Bill to merge the Irish Human Rights Commission and the Equality Authority and to look at legislative proposals or decisions that have emanated from the European Court of Justice. Have the heads of that Bill come before Cabinet and when might we expect to see publication of the legislation involved?

**The Taoiseach:** This was a Government decision to amalgamate these two entities. That Bill will be published before Christmas.

**Deputy Finian McGrath:** Regarding the criminal justice Bill, has the Taoiseach read the new book by Anne Cadwallader entitled *Lethal Allies: Britain's Secret War in Ireland*, which deals with the murder of 120 people, all linked directly to the issue of collusion?

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

**Deputy Finian McGrath:** Will he raise the issue-----

**An Ceann Comhairle:** We do not ask people on the Order of Business whether they read books.

**Deputy Finian McGrath:** This relates to the criminal justice Bill.

**An Ceann Comhairle:** The criminal justice Bill.

**Deputy Finian McGrath:** Will the Taoiseach raise the issue with the British Prime Minister because we must be very conscious of this matter?

**An Ceann Comhairle:** We can do that by way of questions to the Taoiseach.

**Deputy Finian McGrath:** I urge the Taoiseach to read the book.

**An Ceann Comhairle:** We are talking about the criminal justice Bill, not books.

**Deputy Finian McGrath:** In respect of the Bill, I ask the Taoiseach to raise the matter with the British Prime Minister.

**The Taoiseach:** I have a surplus of material from Europe to read at the moment. I have not had an opportunity to read that Bill. There are quite a number of criminal justice Bills on the list and I am not sure to which one the Deputy is referring.

**Deputy Billy Timmins:** The EirGrid Bill is No. 68 in section C. The Tánaiste stated that the Bill would be published next year. This is a very contentious issue and, in fairness, the Minister for Communications, Energy and Natural Resources has produced a briefing document on energy infrastructure. Could the Government put aside some time to debate this issue in advance of the legislation because it is a very contentious issue? It would be helpful if we could have a debate on it in the Dáil.

**The Taoiseach:** It is a matter for the Whips to make arrangements for that. This has been a matter of considerable public interest, particularly in north Meath for the past ten years in respect of a major line there. I will communicate the Deputy's interest to the Minister. The legislation is to be published in the new year. There should be an opportunity for the Deputy's request to be considered. It is not the first time that pylons were discussed in the House.

**Deputy Caoimhghín Ó Caoláin:** What are the Taoiseach's intentions towards the Statute of Limitations (Amendment) Bill 2013, which successfully passed Second Stage in the Dáil in April 2013? The Bill seeks to suspend the Statute of Limitations for a specified cohort of victims of symphysiotomy. I urge the Taoiseach to facilitate the presentation of the Bill before the Oireachtas Committee on Justice, Defence and Equality. This is something that has been promised time after time and yet here we are marching on month after month while more of the victims, sadly, pass away.

**The Taoiseach:** That was a Private Members' Bill which passed Second Stage. There are serious implications in respect of the lifting of the Statute of Limitations. The Minister made some response to the Bill at that time. I will update Deputy Ó Caoláin about that.

**Deputy Frank Feighan:** There is a growing number of people with very minor convictions who are very concerned because they cannot travel to see their loved ones. When will the Criminal Justice (Spent Convictions) Bill come before the House?

**The Taoiseach:** I understand the Bill is awaiting Report Stage, so it is a matter of fitting it into the timetable of the Dáil.

**Deputy Bernard J. Durkan:** The Irish collective asset management vehicle Bill is promised legislation. It is a very important issue given the experience we have had in respect of assets in this country over recent years. When is the Bill likely to come before the House, has it been discussed in Cabinet and have the heads been approved?

I understand that the national paediatric hospital development board (amendment) Bill, which is also promised legislation, is at an advanced stage. When is it likely to come before the House and has it been fully and finally approved by Cabinet?

**The Taoiseach:** We do not have a date for the publication of the national paediatric hospital development board (amendment) Bill. The Irish collective asset management vehicle Bill is due next year.

**Deputy Michael Healy-Rae:** Are there any proposals from Government to amend and strengthen the legislation governing the Broadcasting Authority of Ireland? I am asking this because independent broadcasters will have to get State funding to create a balance between the national broadcaster and independent broadcasters.

**An Ceann Comhairle:** I do not want to go through it again with the Deputy. Is there promised legislation in this area?

**The Taoiseach:** I am not aware of legislation in this area.

**Deputy Dan Neville:** When will a Bill be published to replace or amend the Lunacy Regulation (Ireland) Act 1871, which labels as lunatics those with intellectual difficulties?

**The Taoiseach:** We have the Assisted Decision-Making (Capacity) Bill 2013 but it does

not deal with the repeal of the Act mentioned by the Deputy. I will send him an update on what work, if any, has been done on that or whether it could be fitted into the Assisted Decision-Making (Capacity) Bill.

**Deputy Patrick O'Donovan:** The Minister for Communications, Energy and Natural Resources recently launched a consultation process in respect of a public service broadcasting charge. When will the heads of the Bill be available and will they go to the Oireachtas Joint Committee on Transport and Communications?

**The Taoiseach:** When the heads of this Bill are cleared by Government, and they have not come there yet, the Bill will be one of those that will go to the committee for discussion.

**Deputy Mattie McGrath:** I wish to ask about the Judicial Council Bill and two very important matters, one of which is the Fr. Niall Molloy case. Will the Taoiseach also meet the families of the victims of the Omagh bombings?

**An Ceann Comhairle:** That is not on the Order of Business. Which Bill is the Deputy talking about?

**Deputy Mattie McGrath:** The Judicial Council Bill.

**The Taoiseach:** That is due next year.

**Deputy Timmy Dooley:** As a follow-on from the question from Deputy Healy-Rae about legislation on communications and broadcasting, is it not the case that the Government intends to abolish the television licence and replace it with a mechanism whereby individual houses or units will be charged a broadcasting or transmission fee? If so, will that require primary legislation? If so, is it the intention of the Government to ensure within that context that local radio stations benefit from any increase in revenues generated as a result of the mechanism the Government intends to put in place?

**The Taoiseach:** The heads of this Bill have not come to Government yet for clearance. The entire communications process is changing rapidly and, in many ways, the age of television is moving on, so the point raised by the Deputy will be part of the discussions surrounding the legislation. I assure the Deputy that if this is the case, the committee and the Dáil will have full access to it.

### **Irish Aviation Authority Act 1993 (Amendment of Schedule) (Annex 19 to Chicago Convention) Order 2013: Motion**

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

That Dáil Éireann approves the following Order in draft:

Irish Aviation Authority Act 1993 (Amendment of Schedule) (Annex 19 to Chicago Convention) Order 2013,

a copy of which Order in draft has been laid before Dáil Éireann on 30th October, 2013.

Question put and agreed to.

### **Finance (No. 2) Bill 2013: Referral to Select Committee**

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

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

Question put and agreed to.

### **Topical Issue Debate**

#### **Fallen Animal Collection Scheme**

**Deputy Willie Penrose:** I thank the Ceann Comhairle for selecting this important issue for debate. The publication on 1 November 2013 of the TSE (fallen animal) subsidy scheme and, more particularly, the revised terms and conditions contained therein have been a cause of great concern and angst among the farming community, the Animal Collectors' Association and knackeries. This arises because of an invitation for expression of interest for inclusion in the relevant panels in the revised scheme. The major changes focus on clause 7.8 of the proposed scheme, which proposes, in effect, to limit the haulage of category 1 material to a plant less than 125 km from the intermediate plant or knackery and which would, for example, for many such operators exclude the availability of approved rendering plants located in Northern Ireland. Many such operators have contractual agreements with these approved renderers and have been provided with extremely efficient, effective and compliant service over recent years. The question arises as to why such mutually advantageous arrangements should be fractured by the implementation of a new set of rules and guidelines which will effectively be the death knell for many knackeries as they will find themselves subject to significant price increases because of the smaller number involved. This will lead to cost increases.

What is more serious is that these new rules are being introduced unilaterally without any recourse to consultation with the relevant industry stakeholders, which I find very surprising coming from the Department of Agriculture, Food and the Marine. It seems to be a new departure and one I certainly hope will not be a precursor of things to come. Indeed, the 125 km have been calculated as the crow flies and do not take cognisance of the actual road distance involved. What inspired this great work of art? The Irish Farmers' Association, IFA, has branded this restriction anti-competitive and said it will increase the cost of animal disposal. Although I do not always agree with the IFA when I speak in this House, I wholeheartedly agree with its contention in this regard. This proposal effectively limits the subsidy for over 48 month old animals to operators rendering product within 125 km of their base and will therefore knock out a significant number of rendering plants that are normally available. At a meeting with the

Department's officials in March, the Animal Collectors' Association was assured that any proposal relating to knackeries would proceed by way of discussion and agreement, but clearly no consultation took place.

A number of issues arise. On what basis are the changes being made to exclude the availability of fully compliant major renderers? Reducing competition will inevitably lead to an increase in costs. What is the basis or rationale for the 125 km calculation and exclusionary zone? It is specified that this stipulation cannot be breached except with the express permission of the Department. If there are not two or more rendering premises inside the 125 km radius from the knackery, delivery is permitted to either of the two nearest rendering premises as measured by road. This is making a scheme that should be simple complicated. It appears the Department wishes to ensure that lawyers will never be idle. Will the Minister revisit this scheme before it becomes operational on 30 November next? The scheme appears to be quite workable aside from the 125 km restriction. Why not take clause 7.8 out of it altogether?

**Minister of State at the Department of Agriculture, Food and the Marine (Deputy Tom Hayes):** I thank Deputy Penrose for raising this issue.

The fallen animal collection system is an essential element of the infrastructure underpinning Ireland's successful livestock and meat processing industries, which had an estimated combined export value of almost €3 billion in 2012. The TSE fallen animal subsidy scheme ensures that fallen bovine animals over 48 months are disposed of in compliance with all animal and public health and environmental regulations.

The original scheme was initiated at a time when there was a serious crisis of confidence in the European beef market, in which Ireland is a major player, as a result of the emergence of BSE in some member states where it had previously not been confirmed. The burial of animals on farm was prohibited by the EU from 2001 onwards, except in remote areas, which meant that farmers would have to arrange for the collection and disposal of all fallen animals. The introduction of the scheme was seen as an urgent necessity at a time when the market was unable to deal properly with the disposal of fallen stock. The scheme has been modified over the years, but implicit in the objective of the scheme as it now stands is the protection of the environment and the maintenance of Ireland's favourable BSE status.

The current scheme provides for the collection and rendering of over 48 month old fallen bovines required to be TSE tested under EU regulations. The scheme subsidises the collection by animal collectors of fallen cattle over 48 months old from farms and their transportation to Category 1 rendering plants. The rendering and disposal costs of over 48 month old fallen cattle in Category 1 plants are fully covered by the scheme. The subsidy has two components - €30 paid to animal collectors and €58 paid to Category 1 renderers in respect of each animal, excluding VAT. The collection charge to the farmer is capped at €54.03, including VAT. In 2012, there were 53,903 over 48 month old bovines TSE tested in accordance with EU regulations and fully disposed off, at a cost to the Exchequer of €5.78 million. The projected number of animals for the entire year for 2013 is estimated at 75,000, with a cost to the Exchequer of €7.49 million.

The operation of the TSE subsidy scheme has been examined in my Department and a number of changes have been introduced on a best practice basis. These include enhanced compliance provisions and putting some limits on the distance material can be carried while maintaining choice. This examination took into account a number of considerations, including

TSE testing requirements, animal by-product regulations, the need to maintain competition and the need for an adequate collection and disposal infrastructure. Under the new arrangements each animal collector will be able to choose from at least two rendering companies. Each animal collector licensed by my Department and each rendering company on the island of Ireland has been invited to express an interest in being included in panels to operate the revised scheme, which it is envisaged will be in operation from 30 November 2013. There are 39 animal collectors who can potentially operate within the scheme and five category 1 rendering plants potentially eligible to provide a service under the terms of the scheme.

It is important to note that these revised terms and conditions only apply to material collected and disposed of under the TSE subsidy scheme, which my Department operates to facilitate the TSE testing of over 48 month old bovines as required by EU legislation. Any animal collector who wishes to opt out of this scheme will, subject to compliance with animal by-product regulatory requirements, not be bound by the revised scheme rules. The new arrangements will be reviewed after six months in light of experience and my officials are open to have discussions with stakeholders. They will talk to the various people mentioned by the Deputy.

**Deputy Willie Penrose:** Does the Minister of State not find it strange that they start closing the door when the horse has bolted? Why have post-event consultation rather than pre-event consultation? Why not work with the stakeholders and have a consultation with them to work through this? Unless I have gone bonkers altogether, if the cost of rendering rises due to the removal of the current competition and at the same time the Department is stipulating the maximum collection price for adult bovines, which I have set out, that will result in a loss of profitability for knackeries unless they pass on an increased collection price for animals under 48 months old to farmers. There will definitely be a price increase because that is the nature of business. I am a socialist who likes to help businesses to survive, but this is an inevitable result in the competitive marketplace. I cannot understand the policy.

Will the Minister of State review it after three months rather than six months? That might be a reasonable compromise. Hopefully, the Animal Collectors Association and the various other people involved will get a positive hearing from the Department's officials. The Department should not embark on this route in the future. It should work with people in a consultative manner and work together to ensure that what everybody wishes to achieve is achieved.

**Deputy Tom Hayes:** The underlying factor is that there is a huge export business at stake. Everybody wants to do what is best for the industry. With regard to consultation, we have been consulting with the IFA and the various stakeholders on an ongoing basis, although obviously not on the detail of the scheme. It would be very hard to get agreement across the board. We will review it at six months, but I take the Deputy's point about the three months. In fact, I am open to further discussions with the Deputy to try to deal with this. It is a problem that everybody acknowledges and I would certainly welcome the chance to talk to the Deputy about it at a later stage as we work through it.

## **Live Exports**

**Deputy Timmy Dooley:** I welcome the opportunity to discuss this matter and I welcome the Minister.

Livestock exports are undoubtedly a critical part of the agriculture sector in this country.

Shipping of live exports is a significant competitive component in the market for weanlings and store cattle, particularly in the west of Ireland and County Clare, which I represent. Live exports provide an important element of competition, which ensures farmers get a valuable price for their produce.

*1 o'clock*

Without live shipping, Irish framers would suffer considerably reduced cattle prices. It is estimated that live shipping has this year ensured that cattle prices are approximately €70 to €120 ahead of where they would have been otherwise. The difference in respect of sheep is approximately €6 to €8.

This week's news that TLT International, one of the country's largest exporters, has gone into receivership is worrying, first and foremost for all of those who are owed money by the company, be they cattle marts or large producers who dealt directly with it. It is also worrying for the company's workforce in Mullingar, some 30 people. It is also disturbing for the owners of the company.

It is particularly worrying for livestock producers, who are concentrated in the west, many in my constituency of County Clare. They are involved in beef production and the suckler cow scheme. They produce calves, weanlings and store cattle, in terms of which there is not an appropriate level of land in Ireland to finish. Those animals must be exported to ensure a healthy trade. In the absence of a solid livestock export trade where suckler cows are involved in the production of calves, the prices that farmers will get will be €120 less. This is not viable.

Ireland has a solid programme for the development of the beef sector, namely, Harvest 2020. Unless the Government intervenes without delay to protect livestock exports, we will not be able to achieve that level of production, as Harvest 2020's targets will be impacted. I appeal to the Minister of State to get the Government involved. It should consider export credit refunds and various other mechanisms to promote and support the work of livestock producers.

**Deputy Robert Troy:** I will follow my colleague's comments by addressing the need for a robust livestock export industry. Given the potential elimination of TLT International, which is based in my constituency and heretofore accounted for approximately 70% of our live export industry, this is a timely debate.

It is crucial for the farming sector that there be a competitive live export trade so that factories do not gain an overly dominant position in our island economy. Given the fact that the agrifood industry is worth more than €1 billion per annum, it is important that the Minister take a hands-on approach to the issue and work with the receiver to ensure the business survives and Mullingar continues to be a hub for the live export industry. As my colleague stated, in excess of 30 people who were directly employed by TLT International in Mullingar have been let go in recent days. Many more people are indirectly employed. There is considerable anxiety among the farming community and the marts. As was done in respect of the travel industry, we need to take steps to ensure that marts and farmers are not left out of pocket. It is imperative that the Government move quickly to work with the receiver so as to ensure that we resuscitate the business as a going concern in the broader live export trade, particularly its cattle links to the Italian market.

**Deputy Tom Hayes:** I thank the Deputies for this opportunity to set the Dáil's record straight as regards TLT International. I share their concern at this unfortunate turn of events for the

company, which has served the live export trade well for decades. TLT International has been a significant player in the export of live cattle to the Continent, accounting for approximately 20% of total exports, some 20,800 cattle in 2012 and 12,400 cattle up to the end of September.

I wish to express my sympathy for the 25 workers, the farmer suppliers to TLT International and other creditors who may be at risk of incurring losses as a result of the receivership. I am also concerned for other people in temporary employment who will be negatively impacted. However, I am heartened by the positive comments made on “Morning Ireland” by an Irish Co-operative Organisation Society, ICOS, representative this morning to the effect that marts had historically paid farmers during periods of worse crises and would continue to do so. This is a clear acknowledgement of intent.

My understanding is that the company has been placed in receivership by HSBC, which are owed significant amounts of money. I also understand that the company has advanced a number of reasons for its financial difficulties, including the slowing Italian economy, rising cattle prices in Ireland and delays in securing payments from customers. The House will understand that neither my Department nor I can interfere in the operations of the receiver. This is an important point. The position is that the role of a receiver appointed to companies in distress, which is set down in law, is to establish the assets and liabilities of a company and, in particular, to realise and receive assets in the hope that debts outstanding to the debenture holder that appointed him or her can be met. The powers of a receiver are essentially to manage the business of the company, carry it on and realise assets so as to repay those who are owed money.

As I stated in my opening remarks, TLT International has been a significant player in the export of live cattle to the Continent. In particular, it has been the dominant Irish exporter of weanlings to the Italian market, accounting for approximately 70% of Irish exports to that market in recent years. Clearly, the placing of TLT International in receivership is unfortunate, but it does not place the live export trade in jeopardy. It is likely that the company’s absence from the marketplace will have some impact on the weanling market. However, that impact will not be very significant, particularly given the fact that, traditionally, the peak weanling export trade takes place in the early autumn. In addition, exports of live cattle from Ireland to Italy have declined significantly in recent years, mainly as a result of higher cattle prices in Ireland, meaning that our cattle were less price competitive for live export. The economic recession in Italy has also impacted significantly on consumer demand for beef. Live exports to Italy to date in 2013 have been some 23,000. This is down on the 33,100 cattle during the same period in 2012. In total, 37,900 cattle were exported from Ireland to Italy in 2012, down from 53,678 in 2011 and 70,000 in 2010. It is clear, therefore, that the Italian market has been declining in importance in recent years.

I should emphasise that quite a few live exporters are still in business and are capable of taking up some of the slack. Exporters have shown great flexibility in the past to respond to market demand. I am hopeful that, in the medium to long term, the remaining exporters will fill the void left by the departure of TLT International. I wish to reiterate my regret at the placing of TLT International in receivership, but there will not be a major impact on the live export trade.

**Deputy Timmy Dooley:** I hope that the Minister of State is right, but I believe differently. The failure of this company underlines a significant weakness in protections for people who take the risk. It is interesting that the bank concerned is Hong Kong and Shanghai Banking Corporation Limited, HSBC. It does not appear that TLT International was able to get a relevant supply of credit from our domestic pillar banks. I have no intention of asking the Minister

of State to break the law or involve himself in the receivership. I fully understand the separation. However, what I do not understand is why the Government cannot recognise the inherent flaw in the climate in which livestock exporters operate. To suggest that some of the others will take up the slack shows that the Minister of State's parent Department misunderstands the crisis among livestock exporters. Of course the others will be impacted. They will find it more difficult to avail of whatever level of credit they currently have. I am sure their bankers are all over them for the last couple of days wondering if their exposure is safe or has it increased the risk profile. Government intervention is therefore needed via a belt and braces approach to ensure the sector remains as it always has been - an outlet to ensure effective competition. In this case it is not so much an effective competition against factories, but effective competition against beef producers in the midlands who compete to purchase weanlings.

It is incumbent upon the Government to become involved and develop a strategy in the same way as the previous Government developed one for output and production from the farming sector, known as Food Harvest 2020. In fairness, the Minister of State has continued with that but he needs to examine the livestock export trade to find an appropriate mechanism to protect this sector which is under considerable threat at the moment.

**Deputy Robert Troy:** I also have grave concerns about the impact that this decision will have on the industry. This industry has been in operation for almost 30 years. It has ensured competition yet it has received very little support. This particular business accounts for 60% to 70% of the market. It is not right, accurate or fair for the Minister of State to say that others will take up the slack. There are all sorts of rumours concerning the bank. Deputy Dooley is correct to say that this company was forced to go to HSBC, which is based outside the State, due to the difficulties that businesses here are facing in accessing credit.

Customer regulation comes under the aegis of the Central Bank, so it is vital that the Minister return to the House next week with a clear report on what actions the bank has taken in this regard. The Minister should give a commitment to do so. Was it right and proper that a receiver was appointed? The House should know that due procedure was adhered to. This serious issue has resulted in 30 jobs being lost in Mullingar and many more jobs indirectly. This company accounts for 60% to 70% of the market, which is now being taken out of play. Why has an examiner not been appointed, as opposed to a receiver? As we all know, when a receiver is appointed, the unsecured debts are most unlikely to be paid. The receiver's job is to pay himself first and then pay the bank, but that leaves marts and farmers way down the pecking order.

I am not confident that the Minister of State is giving this matter the urgency and priority it requires. This company has been in business for 30 years and has served the farming community well. It accounts for 60% to 70% of the market share, but I wonder if the Minister of State has what it takes to resolve this issue. I ask him to return to the House next week with a report on the Central Bank.

**Acting Chairman (Deputy Bernard J. Durkan):** The Deputy's time has expired.

**Deputy Tom Hayes:** We need to be sensible in what we say and how we react. Everybody in this House hopes the receiver will be able to work his way through the difficulties and salvage the company. That would be the most satisfactory outcome, whereby cattle exports will continue regardless of who owns the company. The receiver should be allowed to do that. I take the Deputy's point concerning cattle prices. If Deputy Dooley is in contact with his people in County Clare, he will know what the manager of Sixmilebridge Mart said this week when

reacting to the TLT story. He was quoted in the newspaper as saying there was a good trade at the mart on Saturday for all stock, with weaning prices especially strong. Before people in this House say cattle prices are down, they should check what is happening in their own constituencies. That was in County Clare.

**Deputy Timmy Dooley:** With respect, the company went into receivership on Friday.

**Deputy Tom Hayes:** I spoke to some of Deputy Troy's constituents yesterday when I was presenting them with certificates for good farming practice. They told me that cattle prices had risen in their area.

The main point is that people should be paid for their cattle when they sell them. On "Morning Ireland" this morning, the chief executive of ICOS told a good story. I will be monitoring the matter as it proceeds, but I will not be interfering with the receiver's due process. I hope the business will be protected and that farmers will be paid.

**Deputy Timmy Dooley:** What is the Government going to do about it?

**Acting Chairman (Deputy Bernard J. Durkan):** The time for this Topical Issue matter has expired.

### **Credit Unions**

**Deputy Patrick Nulty:** I thank the Minister for Finance for attending the House to address this important issue. I wish other Ministers would follow his example. The Newbridge Credit Union situation has prompted a major debate about the future of credit unions and the financial sector generally. It must be acknowledged that the credit union movement has played a crucial role in communities. The Minister should make a clear statement about the future of credit unions and the Government's confidence in and commitment to that movement. He should reassure ordinary families with credit union deposits and loans that they are safe and secure.

According to press reports, one in five credit unions are in shallow financial waters. A few days ago, the *Irish Independent* reporter, Charlie Weston, said the same thing. The Minister has his finger on the pulse but he needs to make a clear statement about what is happening with credit unions.

The situation in Newbridge Credit Union is unique, given that it was based in a building that was once valued at €3 million. That will come as a shock to many credit union members. Is this the thin end of the wedge? Is it an outlier or is it indicative of a liquidity problem concerning the balance between credit union loans and deposits? What is the future for the credit union movement in Ireland?

Can the Minister outline the Government's vision for the credit union movement? Can he spell out a policy for dealing with credit unions that encounter difficulties? Is Newbridge the only credit union in difficulty? Will there be more and, if so, when will information be available to the public? Does the Minister see credit unions as an integral part of the Irish financial sector?

The Minister's constituency is similar to mine and he knows that the credit union movement is the wall between families who need credit and moneylenders who seek to exploit the

injustices and inequalities in our society. The credit union movement is crucial in that respect.

Can the Minister ensure credit unions will be independent and not merely subject to takeover by banks? Is the Permanent TSB situation unique and not to be repeated?

**Deputy Billy Timmins:** I thank the Ceann Comhairle for selecting this matter for the Topical Issue matter. I also thank the Minister for attending the House. At a time when we are increasingly sceptical of the media, I acknowledge the role of local radio in this regard, including East Coast FM, which is my local station. This morning I listened to the Clem Ryan Show on Kfm Radio in Kildare, and he approached this subject in a most pragmatic, fair and reasonable manner. The winding up of Newbridge Credit Union is a very emotional subject in Kildare.

As well as the Newbridge situation, there is the broader national question concerning credit unions. It is clear things were not right in Newbridge and the difficulties were first identified by the Central Bank back in 2004. That speaks volumes for that organisation and its effectiveness in addressing the difficulties concerned. If it had acted in a more professional manner at the time, the credit union may have been saved. I understand a meeting will take place tonight between the board of directors and members. I urge members to hasten slowly. It is important that the volunteers get out their message in regard to what happened over the past number of years. This is a unique situation with regard to Permanent TSB. It is difficult to visualise how it will be progressed. Is there a learning curve for everybody or has Permanent TSB and the Government a definite plan in regard to what will happen to Newbridge Credit Union? My understanding is that the building is in the ownership of the State. There is a desire on behalf of people in the area for a new credit union. I would welcome the Minister's view on this aspect.

With respect to the national issue, the message going out is that this is a unique situation and a one-off. There is a contingency fund of approximately €500 million for the recapitalisation of credit unions, €54 million of which I assume will go to Newbridge Credit Union. Where do other credit unions stand? Some reports suggest that one in four credit unions have issues. The Tánaiste said that 20 credit unions are reported to have regulatory reserves below the minimum requirement. Perhaps the Minister would elaborate on the situation. It is important that the message goes out that the Government supports the credit union movement. Most of the people engaged with the credit union system do not engage in other banking mechanisms. It is important these people have confidence in the system.

**Minister for Finance (Deputy Michael Noonan):** The decision to transfer assets and liabilities, excluding the premises, of Newbridge Credit Union to Permanent TSB was necessary to safeguard members' savings as the only alternative option available to the Central Bank was liquidation, which would have seen unprotected savings of in excess of €1 million lost. This would have included the savings of charities, schools and individuals. For this reason, on Sunday, 10 November the Central Bank applied to the High Court under the Central Bank and Credit Institutions (Resolution) Act 2011 and received approval for the transfer of the assets and liabilities of Newbridge Credit Union, excluding the premises, to Permanent TSB. The Central Bank has published extensive information on its website setting out the details of the transfer, including the relevant background material and financial details. It is also examining a range of other material which remains subject to High Court confidentiality restrictions to ascertain whether any of this material can be published in due course.

As Minister for Finance, I agreed to the payment to Permanent TSB of a financial incentive of up to €53.9 million to support the transfer. This was on foot of a request from the Governor

of the Central Bank. The incentive includes €23 million in cash upfront; €4.25 million for restructuring and integration costs; €2 million for other transferring liabilities; a maximum additional €24.7 million to cover additional costs resulting from all loans being written off with nothing recovered and a risk share on the transferring loans, whereby the State will absorb 50% of the losses where loans perform below their transfer value and 50% of the gains where they perform above the transfer value. If these loans were written off entirely with no recovery, this would result in an additional €24.7 million total cost. The financial incentive provided in the Newbridge case is fully recoupable from the financial services sector over time in the form of a levy.

The Central Bank undertook a process which involved the examination of possible credit union combinations in line with the resolution options available. This examination resulted in an approach being made to a number of credit unions. Ultimately, however, no credit union considered that it was in its best interests to complete such a combination, even in the context of extensive taxpayer support. This partly reflected the exceptional nature of financial difficulties at Newbridge Credit Union and the relative scale of the credit union within the sector. The Central Bank also considered proposed solutions put forward by various interested parties but none proved feasible in addressing the problems or protecting members' savings. It was in the context of a possible liquidation that, with the support of the Central Bank, a request was made to Permanent TSB to undertake this transaction. I would like to express my thanks to Permanent TSB for its participation in this process, which has brought stability and certainty to the situation and specifically to the members and staff of Newbridge Credit Union and has provided an alternative to liquidation. The transfer of Newbridge Credit Union to Permanent TSB means that Newbridge Credit Union members can be assured that they can continue to operate their loan and deposit accounts as normal.

The bad practices in Newbridge Credit Union over many years can be illustrated in the following key lending statistics: an individual loan of €3.2 million, which was in excess of the Credit Union Act restriction of a maximum of 1.5% of the total assets; 52% of the loans exceeded five years duration as opposed to the maximum set out in the Credit Union Act of 20%; the average loan in Newbridge Credit Union was €17,281 as compared with the average credit union loan of €7,764; and there were 26 loans of an average value of €550,000, which were seriously distressed. These figures illustrate that Newbridge Credit Union was operating in a very different way from a normal credit union. The structure of some loans was more akin to development loans with bullet repayments as opposed to regular repayments.

The Central Bank has informed me that, based on data submitted by credit unions as at 30 September 2013, some 20 credit unions have reported regulatory reserves below the minimum requirement of 10% of assets. This gives rise to a capital shortfall of in the region of €11 million. The Central Bank is continuing to work through a portfolio of approximately 100 credit unions on a case by case basis. The programme of work to engage with such credit unions is informed by the following: levels of arrears, inadequate bad debt provisions, high fixed asset to total asset ratio and other supervisory concerns, including weak lending practices. The outcome of these engagements can include some or all of the following: governance changes, risk mitigation programmes, lending and other business restrictions and requirements for credit unions to seek capital support.

The funding required for Newbridge Credit Union is being provided by the resolution fund and is fully recoupable from the financial sector via a levy over time. The Government has made available €500 million to support the stability of the credit union movement. This amount

is divided between two funds of €250 million each, one for resolution, which is being used in the Newbridge case, and an other which is for voluntary restructuring under the Credit Union Restructuring Board.

I emphasise that the Government recognises the important role of credit unions as a volunteer co-operative movement and the distinction between them and other types of financial institutions. The Government's priorities remain the protection of members' savings, the financial stability of credit unions and the overall sector. I would like to remind credit union members that protection available to credit union members under the deposit guarantee scheme currently safeguards up to €100,000 per depositor per financial institution.

The Government is determined to support a strengthened and growing credit union movement and would encourage the movement to work with its stronger credit unions so they can provide a viable option for assisting weaker credit unions. In particular, the Government would like to highlight its support for the future return of a credit union to Newbridge.

**Deputy Patrick Nulty:** I thank the Minister for his reply. I would welcome if he could elaborate on his statement that the Central Bank is working with approximately 100 credit unions in regard to their financial balance sheets and the degree to which they are operating within best practice. What is the level of engagement by the Central Bank with the credit unions concerned?

I welcome that the Minister has reiterated the commitment in terms of the guarantee of deposits. Perhaps he will confirm that the Permanent TSB takeover situation is unique and will not set a precedent. Can the Minister and Government guarantee that financial institutions will not take over or seize credit unions from members? The Minister will be aware that the credit union movement is different from the banks. It is not driven by the massive profit motive by which banks are driven. We all know that the banking sector has no interest in the future of this country. The banks do not care about this island. As I said, credit unions are the bulwark against the loan sharks and crooks that seek to exploit inequalities in our communities.

Can the Minister assure us today that the Permanent TSB takeover will be the only one of its kind or are there more in the pipeline?

**Deputy Billy Timmins:** I thank the Minister for his reply. A message seems to have gone out from the Government that it is supportive of a replacement credit union in Newbridge. That demand may be coming from the public - I do not know - but it is important that we know where the Government stands on this, so that false hope is not built up. Does the Minister know what will be done with the building?

Do we have an idea of the total value of all loans of the more than 390 credit unions across the country? What is the total value of their deposits? I notice that Kieron Brennan, the CEO of the Irish League of Credit Unions, stated that credit unions have access to literally billions of euro that could be lent out. It may not be feasible or it may require a change in legislation, but has the Government looked at the concept of lending to or borrowing from the credit unions? It might be a two-way house whereby the credit union could help the Government if it is looking for funding in the future. It may not be possible, but it has been put out there. Perhaps the Credit Union Restructuring Board could look at it and report on it.

One of the things that fuelled the problems in Newbridge was the property rush. In the loose alliance in which I am involved with Deputy Mathews and others, we have come forward with

a theory called the “fair value of a property”. I ask the Minister to look at that theory. In addition to the historical breaks on lending, there should be a fair value assessed, based on the average cost of the house via the average income. There should be an established multiplier based on historical information, which should be used as a general rule of thumb in future. It would certainly prevent the situation whereby financial institutions were taking a risk on property prices, for which the taxpayers ultimately had to foot the bill.

**Deputy Michael Noonan:** I want to assure the House that the case of Newbridge was an outlier, both in terms of its level of impairment and its actual size. It is an enormous credit union compared to the practice in many towns and villages. I also wish to restate the Government’s commitment to the credit union movement, as I have done on several occasions on behalf of the Government over the last two and a half years. We have taken a number of actions to secure the credit union movement in Ireland, including establishing a credit union commission, and we have taken on board the key recommendations of that commission, including the establishment of the Credit Union Restructuring Board.

The Central Bank has the regulatory function over the credit union movement, and it has been working in partnership with several credit unions around the country to ensure that they are restored to strength, if they have any level of impairment, in accordance with the new regulatory regime. One of the key regulations applied by the Central Bank is that the level of reserves should be at 10% of the balance sheet of the credit union movement. There are 20 credit unions below that level. If they were not able to trade themselves into having adequate reserves and the Central Bank had to apply resolution fund money to bring them up to the 10% reserve figure, the cost of that is €11 million in total across the 20 credit unions. In comparison to what is going into Newbridge, the overall potential liability is quite small.

Beyond that again, there is another tranche of credit unions that are in constant friendly contact with the Central Bank, which is helping them to have better lending practices, better supervision mechanisms and to apply the rules more rigidly. However, the 20 credit unions are those in the high risk category, and that is the situation there. Once again I would like to reaffirm the Government’s commitment to the credit union movement. We are fully aware of the part that credit unions play in many communities in Ireland, and how they are integrated with the community.

The Newbridge Credit Union building was not included in the transfer of assets to PTSB, which did not want it. A value of €15 million has been ascribed to the building on the credit union’s balance sheet. My advice is that the market value of it is somewhere between €3 million and €4 million. No decision has been made yet about the building, but the likelihood is that the OPW will assist. While PTSB will maintain facilities in the existing building over the transitional period, PTSB does not intend to operate a branch of PTSB out of that building. The OPW will provide assistance and we understand that a particular State agency would have an interest in that building. There is no intention of leaving it empty. If it is occupied along the line I think may happen, the agency may provide very welcome community services out of that building.

### **Social Welfare Benefits Eligibility**

**Deputy Ray Butler:** I thank the Minister for Social Protection and her Department for the work undertaken so far towards securing social welfare provision for the self-employed, and

I wholeheartedly welcome the report of the advisory group on tax and social welfare commissioned by the Minister.

During the general election campaign in 2011, I met many business people throughout my constituency who raised serious concerns about the complete lack of social welfare support for the self-employed. These were people who provided employment, paid PRSI, income tax and VAT, but whose businesses had collapsed following the economic downturn. I remember calling to one house in particular while canvassing and meeting a man who operated his business from the side of his house. He showed me details of numerous neatly-filled files of VAT, PRSI and income tax, which he had paid into the system correctly and on time. He explained to me that now that his business was no more, he was left to fend for himself, to pay his mortgage and feed his children with little or no support from the system he had paid into for so many years.

Therefore, it is heartening to see that in less than three years, since the Government came into power, the Minister has addressed this need by lowering the thresholds for the self-employed, and allowing them to be assessed for social welfare straight away on receipt of a letter from their accountant stating that the business has ceased trading. I also note that statistically, approximately 80% of self-employed people who have applied for social protection did qualify for a payment, which is proof of the Government's commitment to supporting our business community through good and through bad. However, we must now reinforce this provision by establishing proper system supports for the self-employed while our country comes out of the dark days of recession, as we are the only industrialised nation in the EU that has not got these features in place.

The first step is to implement the report I mentioned earlier and in doing so, introduce a new class stamp of 5.5% for the self-employed, which would automatically entitle them to sick pay and disability cover. The question is whether we make this a voluntary or mandatory system. As a previously self-employed person, I believe a mandatory system is the only way forward in order to be fair to all.

While it is encouraging that approximately 80% of self-employed applicants qualified for some form of social welfare support, it is in fact the PAYE worker who is footing this bill. Therefore, I would argue that it makes more sense to have the self-employed contribute the extra 1.5% themselves towards their own possible future social welfare needs. Revenue acquires income tax from the self-employed through their profits, or if the business is non-profit-making, it secures tax through their drawings. It therefore appears that paying a little extra on a stamp benefits the self-employed more and covers any eventual sickness or disability. In respect of the collapse of a business and subsequent full unemployment, I have studied the British model whereby social welfare support comes in the form of an income-based jobseeker's allowance, which is of course means-tested. I believe this model best suits the needs of our self-employed.

It is fair to say that over the lifetime of this Government, the progress made towards supporting and recognising the social protection needs of the self-employed has positively evolved but more fool-proof foundations need to be introduced to ensure they are better protected in the future and further research on other European models needs to be explored and considered.

**Minister for Social Protection (Deputy Joan Burton):** I thank Deputy Butler for raising the issue of providing social protection for the self-employed, which he has raised on many occasions in this House because it is a very important issue for the hundreds of thousands of self-employed people in the country.

Self-employed persons are liable for PRSI at the class S rate of 4%, which entitles them to access long-term benefits such as State pension, contributory, and widow's, widower's or surviving civil partner's pension, contributory, and maternity benefit. Ordinary employees who have access to the full range of social insurance benefits pay class A PRSI at the rate of 4%. In addition, their employers make a PRSI contribution of 10.75% in respect of their employees, resulting in the payment of a combined 14.75% rate per employee under full-rate PRSI class A.

In 2011, I established the advisory group on tax and social welfare to meet the commitment made in the programme for Government. The advisory group is examining and reporting on issues involved in providing social insurance cover for self-employed persons in order to establish whether or not such cover is technically feasible and financially sustainable. Any proposals for change in the social welfare system must be financially sustainable and cost neutral.

On 6 September 2013, I published the group's report on the issues involved in providing social insurance cover for self-employed persons. The group found that the current system of means-tested jobseeker's allowance payments adequately provides cover to self-employed people for the risks associated with unemployment. I thank Deputy Butler for acknowledging the changes we have made in respect of self-employed people and farmers, who for the most part are self-employed and who can catastrophically lose their business. It used to be that they had to use the previous year's accounts. We now take current up to date evidence of what has happened to them. The group found that 80% of self-employed people have access to jobseeker's benefit. Consequently, the group was not convinced that there was a need for the extension of social insurance for the self-employed to provide cover for jobseeker's benefit.

The group found that extending social insurance for the self-employed was warranted in cases related to long-term sickness or injuries. To this end, the group recommended that class S benefits should be extended to provide cover for people who are permanently incapable of work because of a long-term illness or incapacity through the invalidity pension and the partial capacity benefit schemes. The group further recommended that the extension of social insurance in this regard should be on a compulsory basis and that the rate of contribution for class S should be increased by at least 1.5 percentage points.

In the course of its deliberations, the group identified a range of issues associated with the subject of social insurance for the self-employed that should be addressed, and made a number of recommendations in this regard. These include, among others, the means assessment for self-employed income in terms of accessing jobseeker's allowance payments, credited PRSI contributions, self-employed access to activation and training schemes and the role that information campaigns might play in addressing information deficits, particularly with regard to entitlements to jobseeker's allowance, as we have just discussed them.

**Deputy Ray Butler:** I thank the Minister for her reply. There is no perfect solution to all cases when it comes to social welfare and the self-employed. I have heard various groups from the Irish Small and Medium Enterprises Association, ISME to the Irish Farmers' Association, IFA, and others, say that they want it to be voluntary. I do not think it will work voluntarily. I understand the economy and how the country is now but we must move forward. If one makes a profit one pays one's income tax. If one does not make a profit but breaks even one pays tax on one's withdrawals. Surely it would be better to put 1% or 1.5% onto a new stamp to give one protection for one's family and future and to have something there if the business folds.

I put to ISME and other groups the question should we leave the system as it is? The system

does not work for the self-employed. We need social protection. We saw what happened when the Celtic tiger crashed. The Minister has done excellent work for the self-employed. Could we do this now and bring it to a head with an increase to 5.5% from 4%? I spoke on local radio with various organisations during the week. To judge by the feedback in the form of e-mails and texts the business people understand that they must pay a little more. They know that and they want this stamp. The majority of small independent businesses want this stamp and security for their families if anything happens to their business.

**Deputy Joan Burton:** I thank Deputy Butler because his is a very sensible suggestion. The 2010 actuarial review of the social insurance fund, which I published last year, determined that the self-employed are obtaining better value for the level of their current social insurance companies than are those in employment, where they and their employer pay a combined contribution of 14.75%. The actuarial review went so far as to say that the effective annual rate of contribution needed to provide the core full-rate State pension currently available to self-employed contributors is approximately 15%.

The advisory group's proposal was to move to an area of cover for self-employed people that it considered was very important in respect of long-term or permanent incapacity or illness, and to cover them for this, for a small amount extra. There are private insurance schemes available, income protection schemes to cover long-term personal illness and invalidity but, as I am sure Deputy Butler knows, and as most small business people know, while they are in the private sector these are extraordinarily expensive. The advisory group's proposal would have given this kind of cover for long-term invalidity and illness, which happens to a percentage of people who cannot work again, either for themselves or as employees. This would have given them a route back, and through the partial capacity benefit scheme that I brought in since becoming Minister, as part of the reform of social welfare, it would have given them an opportunity to become involved part-time, depending on the level of capacity.

I agree with Deputy Butler that the committee's proposal of 1.5% was modest. Perhaps it is slightly ahead of its time and the organisations to which Deputy Butler refers would on reflection and study, and perhaps through talking to self employed people, review whether this really is good value for money. The principle of social insurance is that the whole population concerned is covered and contributes. That allows what we hope is a small number of people affected to be in effect covered by a community rating principle. On the other hand, if one goes for private cover that is done on a slightly different rate and the private institutions charge handsomely for it. Some self-employed people can certainly afford that but I am aware that many of the self employed people about whom Deputy Butler speaks would not be in a position to buy that kind of very expensive scheme for themselves.

*Sitting suspended at 1.50 p.m. and resumed at 2.50 p.m.*

### **Health (Alteration of Criteria for Eligibility) (No. 2) Bill 2013: Second Stage (Resumed)**

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

**Deputy Richard Boyd Barrett:** As I was saying to the Minister for Health earlier, the major attribute of this Government seems to be to try to manipulate the debate and cover up the realities of its savage betrayal of election promises and the brutal assault it is waging against ordinary citizens and public services. Nowhere is this more evident than in the health service.

The promise was that the Minister for Health, Deputy Reilly, would sort out the vast crisis in the public health service that the Government inherited from Fianna Fáil. We were to get free general practitioner care and universal health cover for everyone.

The simple fact and the reality around what we are actually seeing in the health service is another €660 million worth of cuts from the public health service on top of €3 billion of cuts since 2008; a total of 10,000 staff removed from the public health service, including thousands of nurses; up to 1,700 beds removed from the public system since 2008; ambulance waiting times that are now exceeding safe limits; recurring stories of files being lost in hospitals; the downgrading of accident and emergency wards throughout the country, including in the coming weeks the downgrading of the accident and emergency ward in the hospital in Loughlinstown in my constituency; and a total of 237 people lying on trolleys in accident and emergency wards throughout the country today.

As the Minister of State knows, I busted my shoulder last week playing football. I had to go to the accident and emergency ward in St. James's Hospital because I happened to be in town. When I went there it was like a flipping war zone. When I walked up to the window there was a woman in front of me whose head was bleeding. She asked the woman at reception how long it would be before she could see a doctor and she was told it would be between 11 and 12 hours. Needless to say, her distress was considerable at that point. I walked out because I did not have 12 hours to wait. That is the reality.

Waiting lists for hospitals are so long that hospitals are refusing to give appointments to people because the waiting times are so far out. Now, the heads of four major Dublin hospitals are saying that as a result of the Government's cuts and the cuts inflicted by the last Government patient safety is being seriously compromised in our hospitals. The public health service is an absolute shambles no matter how much the Government tries to cover it up. Last week I said to the Minister of State, Deputy Brian Hayes, that it was strangely appropriate that the figure for cuts this year was €666 million, coincidentally, the mythical number of the beast from the *Book of Revelations* in the *Bible*.

**Deputy Brian Hayes:** Deputy Boyd Barrett would make a very good stand-in for "The Omen".

**Deputy Richard Boyd Barrett:** Absolutely, that is what it is beginning to look like: a horror movie. If it was not so serious, one could make a film out of it and call it "The Return of the Beast, 666", produced by the troika, directed by Deputy Michael Noonan and starring, in the lead role as the beast, the Minister for Health, Deputy James Reilly, bringing death and pestilence to a hospital near you. Of course, it is not funny and it is not a play. The reality is a horror for vast numbers of people who are trying to access our public health system.

Now, on top of all that, the Government is going to attack medical card provision for the elderly and the chronically sick. It is going to try to take medical cards away from as many people as it possibly can under the interesting term "medical card probity". The Government is going to increase prescription charges and axe the little tax relief that people who have been forced to take out private health insurance have. This will result in 90% of people who are having to pay through the nose for private health insurance, because they know the public system is a mess, no longer being able to afford that cover and they will be forced back into the public system, which cannot cope as it is. Then, they will have to pay through the nose because they will not have medical cards.

The Government says people will get a general practitioner visit card. What this means is that there will be few savings in terms of the money the Government pays out to GPs per medical card, but the people who are really sick and who must go to hospital will suffer most because they will have to pay €100 to go to the accident and emergency ward, €75 to stay overnight in hospital, €75 for investigative procedures and €144 of the costs of their medication before those costs are covered. The Government will hit precisely the sickest people and the chronically ill. They are the people who will suffer. One could not make it up.

Then, the Government tries to cover this by saying that these people have gold-plated incomes and €600. However, if a person is sick and has to go to hospital regularly for procedures or to accident and emergency wards or whatever, that money will soon evaporate in trying to cover those costs. The sicker a person is, the more it costs and the more a person needs the provision. However, the Government will rob precisely that medical card cover from people when they most need it.

The other dastardly aspect of this is the Government's claim in response to the outrage and outcry about the attack it is waging on medical card cover for the elderly and the sick. The Government says it will give out discretionary cards to anyone who really needs them. When a person is sick, old or maybe even dying, he does not have much time to wade through the bureaucracy of making an application for a medical card. That is precisely the last thing a person should have to deal with in those circumstances, especially since he must now deal with the new centre in Finglas, which cannot cope, even now, which constantly loses applications and which is in an absolute mess. At least in the old days one could go to the HSE office in the local area, talk to a real human being and explain that a person is very sick, has particular circumstances and make an appeal for a medical card. However, now when a person is sick he must contact a post office box, not a human being, and get the run-around. It is absolutely outrageous.

The alternative to this is what we have always proposed: real universal free health care for everyone and a national health service paid for through progressive taxation. Of course, the Government will not provide for this because it is unwilling to impose a little extra tax on the wealthiest in our society, the big corporations or on the accumulated wealth of the richest people. Instead, the Government is unloading the cost on the elderly, the sick, the young and the vulnerable. It is a disgrace and this Bill is a disgrace.

*3 o'clock*

**Deputy Finian McGrath:** When one looks closely at this new legislation, namely, the Health (Alterations of Criteria for Eligibility) (No. 2) Bill 2013, one perceives clearly the type of society that is emerging from the fallout of the economic crisis. Sadly, I must state today it is not the type of new Ireland of which I wish to be part. At the last election of 2011, all Members were elected on a platform of change, reform and honest politics. This is what people on the doorsteps told all politicians and all candidates to do. I remember well the people saying that all politicians should do their best to bring about change and reform. They also told us to do the right thing because the wrong thing had been done in the past and the tone on the doorsteps was for a bit of old-fashioned public service. However, doing the right thing or good public service does not mean one should hammer the senior citizens, the sick or the disabled. The purpose of this Bill is to do this to the senior citizens and that is completely unacceptable. It also is linked to the broader economic debate to which I will refer in more detail later.

A society that does not look after its senior citizens is a society without a heart. A society

that does not look after its sick and disabled is a society without compassion and this must be at the heart of this legislation today. When one digs further into the legislation, one learns the Bill reduces the income limits for medical card eligibility for the over-70s. They are reduced from €700 to €600 for a single person and from €1,400 down to €1,200 per week for couples. Those who lose their medical cards as a result of this change will become eligible for a GP-visit card but such cards cover only the costs of consultations and do not cover many of the other services available free of charge to medical card holders. This is what is proposed in this legislation. This reduction in income limits is being introduced to reduce expenditure on medical cards for the over-70s or in other words, the code is emerging here. It is forecast that this measure will generate €12 million in savings during the second half of 2013 and €24 million in a full year. That is what this legislation is about. It is not about reform but is about attacking senior citizens and the over-70s. It is about looking for €24 million and, as my colleague, Deputy Boyd Barrett, noted, when Members of the Technical Group put forward proposals in respect of funding many of these provisions, they are dismissed out of hand and not considered or taken up. This is even though a number of times recently, the troika happened to agree with my colleagues in the Technical Group on how money can be saved in respect of reform of the health service, electronic prescriptions and many other reforms that have been put on record. Consequently, I suggest the Ministers opposite should open their minds and hearts and look at alternatives, rather than screwing and hammering the over-70s.

I also note the legislation allows for data sharing between the Health Service Executive, HSE, and the Department of Social Protection and between the HSE and the Revenue Commissioners. This will include the sharing of personal data, including sensitive data, between these bodies for the purposes of assessing and reviewing entitlements and liability for taxes and charges. The Data Protection Commissioner must be consulted before the data can be shared and Members should be highly respectful about and conscious of this matter. The Data Protection Commissioner also should do his or her job in respect of this issue.

While that is the purpose of this legislation, I will now turn to considering the present and past positions in respect of this broader debate. Between 2001 and 2008, people aged 70 and over had an automatic right to a medical card based on their age. In January 2009, the automatic entitlement of the over-70s to a medical card was withdrawn, a means test was introduced with the current income limits and savings of approximately €20 million were anticipated arising from a reduction of approximately 5% in the number of people aged 70 and over who qualified for a medical card. This is the history of the measure. Another study found that 97% of those aged 80 or more had a medical card, compared with 91% of those who are aged between 70 and 79. Within broader society, 74% of the general population visited a general practitioner, GP, at least once a year. However, 94% of people aged 70 or more visited a GP at least once a year. In other words, this figure of 94% underlines the need of the over-70s for a medical card, as they need to be supported in their retirement years. These are the people who worked for this country and who for 40 or 50 years paid their taxes into the State. It is one of the issues in which one should be respectful of them. As for the frequency of visits, the same study found that the average number of GP consultations increases with age. For example, the 18 to 24-year olds average 2.4 visits per year but this figure rises to 5.4 consultations for those who are aged 70 or more. In other words, the figure almost rises to six visits per year. Consequently, Members can see there is a need to look after the senior citizens

I am delighted the Minister of State, Deputy Brian Hayes, is in the Chamber because this debate about medical cards is interlinked with, and connected to, the broader political and eco-

conomic debate. One issue to which Members are not facing up, if they are to try to support the people, is that of the debt. There have been real repercussions as a direct result of all that bank debt and the Government now is going around trying to save a few million euro here and there. It first had a go at disabilities and cut special needs services, it is now after the medical cards and it is trying to strip down the health services. In addition, the Government is examining issues in respect of education, as well as driving the youth from the country through reduced social welfare payments. Moreover, it is driving more people into early graves after the austerity budgets. This is what is taking place at present and the debt issue cannot be ignored as it is linked to this debate today. Incidentally, although it did not receive much coverage, I commend members of the Ballyhea group that came to Leinster House yesterday. They launched their campaign and are doing an excellent job in highlighting the fact that we must do something about this in the context of a broader long-term strategy. Every element of the less well off in society, including the young and the retired, has been attacked as a result of the economic crisis. However, while the attack is on senior citizens in this debate, all the while the Government has pointedly stayed away from those who can most afford to pay.

Meanwhile, the Government is paying huge annual interest on the bank debt borrowings. On the €25 billion in promissory notes bonds, it is paying approximately €210 million. On the almost €20 billion we owe Europe, if one takes an average rate of 4%, it is paying nearly €800 million. On the €5.6 billion that NAMA contributed to the banks, the lost interest on that may amount to a further €200 million per annum. This is a lot of millions of euro for a broken nation to be paying to its European overlords for the privilege of having bailed out the banks and bondholders and their own common currency, and it is important to make that point. While the Government imposed new universal taxes and charges on homes, water, pensions and medical records, it is losing out on the potential interest on the €20.7 billion taken from the National Pensions Reserve Fund of up to €1 billion per year, which is 1,000 million euro. Members should consider what could be done with that money. While the interest alone is substantial, what if the State had that money back? What could be done in terms of investment or in kick-starting the Irish economy back into life without being obliged to do what is taking place in this Chamber today? This is not a debate about health or about reform; it is a debate about generating €12 million in savings, rising to €24 million in a full year. Moreover, as has been mentioned by my colleagues, these savings are part of the €781 million in savings in the health budget that budget 2013 set out to achieve and are included in the overall reduction of €323 million in the cost of primary care schemes. Unless these issues are considered and unless Members look at the facts, they are in serious trouble.

I am delighted that the Chairman of the Joint Committee on Health and Children, Deputy Buttimer, has entered the Chamber because he needs to hear this straight. He needs to hear the facts and the reality. I also am concerned about the reduction-----

**Deputy Jerry Buttimer:** I have been listening to the Deputy waffling for the past ten minutes. Which way is the wind blowing?

**An Leas-Cheann Comhairle:** Please Deputy.

**Deputy Finian McGrath:** -----in the context of other charges facing people on foot of budget 2013. I refer, for example, to the increase from 50 cent to €1.50 in the prescription charge for medical card holders, as well as the increase in the threshold for the drugs payment scheme, a decrease in the amount available for the household benefits package and the introduction of a carbon tax on solid fuel, as well as the introduction of home tax. Our senior citizens are being

hammered with regard to these issues.

Overall, this legislation and the Government's health policy should be looking after the sick, the disabled and our senior citizens. This legislation does nothing for them. Once again, I call on the Minister to change his mind, to wake up, smell the coffee and stand up for our senior citizens.

**Deputy Joan Collins:** I resent Members who laugh at a colleague when he is making a point on a serious issue like this one.

**Deputy Brian Hayes:** Deputy McGrath is laughing. He was play-acting.

**Deputy Joan Collins:** The Government parties, which they were in opposition in the period from 2007 to 2010, made the same points to Fianna Fáil when that party imposed austerity on the people as those that are now being made to the Government. The then Deputy Jan O'Sullivan stated: "the-----

**Deputy Jerry Buttimer:** The Deputy is for nothing and against everything.

**Deputy Joan Collins:** -----Labour Party will be vigorously opposing... [the medical card legislation] on all Stages." She said that in 2008.

**Deputy Jerry Buttimer:** The Deputy stands for nothing and is against everything.

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

**Deputy Joan Collins:** The then Deputy also stated:

The granting of a legal right to a medical card to citizens when they reach the age of 70 was one of the few fruits of Ireland's recent prosperity that this age group was given. It gave them peace of mind and the chance to stay healthy and out of hospital.

She said that to take it away again was regressive, cruel and inhumane, and that it brought a huge outpouring of outrage onto the streets of Dublin. This was when Fianna Fáil attempted to take medical cards from our senior citizens.

The Minister of State also stated:

We owe it to [all] those who travelled from the four corners of Ireland to the Age Action meeting in... Westland Row, and to the... Senior Citizens Parliament demonstration outside Leinster House, to fight their cause in this democratic Chamber. [This is] ...a generation who paid their taxes at a rate that current young earners would find unbelievable. They saved their money for a rainy day. They did not allow themselves the luxuries of [changes of decor or foreign holidays]. [They made]... their own sandwiches and drank water from a tap or [even] a [spring] well. They richly deserved something back from the State.

The Minister of State further stated:

The Fianna Fáil-Progressive Democrats Government [in its wisdom] and credit to it for granting an automatic medical card to [all those] over the age of 70 in advance of the 2002 general election... It seems now that this was only granted for as long as it suited the Government [and the same applies to this Government]. When times got tough... [they were in the] first batch of cuts. This was done in a budget that [we were told was going to]... protect

the vulnerable. On the contrary, the vulnerable are taking the brunt of the pain of these cutbacks.

She also said that in that context one had to question what was the intention into the future. She said: “The yearly review gives no guarantee [that more and more people] will not have the card removed in years to come.” She quite rightly said that “the principle of universal access should be retained”. She also said: “The Labour Party [has]... advocated a system of universal health care [since 2002], including free access to primary care for all citizens.” She continued that we have a picture of what we could do for the health of the nation in the improved statistics in relation to older people since 2001, which is an important point.

The Minister of State added:

A study published in the *Irish Medical Journal* in 2004 showed that access to the medical card resulted in older people visiting their GP more often, an increased uptake of the influenza vaccine, a reduction in the percentage of people over the age of 70 who had a disability. It is not unreasonable to conclude that [this is the result of better] access to primary care and improved management of existing health conditions. There is strong evidence to suggest that men... [in particular had better] outcomes when they have medical cards [because without a card they would generally only visit the doctor when they are acutely ill rather than]... for regular check-ups and monitoring of conditions... It is quite feasible to suggest that there would be a saving to the overall health budget.

Those were the comments of the Minister of State, Deputy O’Sullivan, when in opposition when she attacked Fianna Fáil for attempting to cut people’s entitlement to a medical card in 2008. It cannot be said by the Government that things were different then from what they are now. When the Government knocked on doors, it told people that it would protect the most vulnerable, those at the cutting edge and the coalface of HSE services, social welfare services and all those areas where people need support.

The Government is cutting the income limit for qualification from €600 per week to €500 for a single person over the age of 70 and to €900 for a couple who are living together. I have a question in this respect. Heretofore the income threshold for a couple was €1,400 per week and for a single person it was €700 and that threshold was dropped to €1,200 for a couple and to €600 for a single person. This Bill reduces the threshold for a single person to €500 and for a couple to €900. That is a big change to the income thresholds that have applied to date and it should be examined by the Minister. In saying that I want to make it clear that I am opposed to this Bill on the basis of its impact.

This issue will be extremely important for medical card holders. The Government wants to save €20 million on probity savings. I do not know what probity is for a person who seeks a medical card and needs one. Those who have a medical card will have a cut in their income of €144 per month if they have excess medical needs. If a person is earning over €184 per week, which is the medical card income threshold, that is less than most social welfare payments. The Government is saying to anybody in receipt of social welfare that if they are in receipt of more than €184 they are not entitled to a medical card. Following that logic, that will exclude a whole layer of people who are in receipt of jobseeker’s benefit at €188, on pensions, disability benefit, etc. That is a huge anomaly.

Those in the medical cards section previously would have used discretion to give medical

cards to people whose income of €188 or €190 was just over the threshold. The question is whether this change will be used as a way to say that people who were in receipt of a medical card are now not entitled to one. That is what is happening. This has happened to people who have contacted me and I am sure people have contacted other Deputies with similar cases.

I know of a young woman who worked in Blindcraft for many years. It was closed by the previous Government as it was selling the land in Drimnagh and this woman lost her job. She wanted to work; she was active in her community. She got up every morning and went to work in Blindcraft. When it closed she had no other option but to seek jobseeker's benefit and support from social welfare. For the past three years she has applied for a medical card because she has major underlying illnesses and it has been refused every time. She has had to reapply for it and appeal the decision and she has got it. This year the same thing happened. She has been refused her card. We have sent her application back for a review and appeal and the medical card section has said that it does not know about it and that it has looked at everything, etc. Every year this woman has been refused her medical card and then given it. At each stage of the process she has been asked to give more medical evidence and more proof that she needs a medical card. The same proof has been sent in every year. Where does one get more proof if one is very ill and needs a medical card? This woman cannot afford the medication she is on if she does not have a medical card to support her. This is where this change is impacting on people. This is where the Government is trying to make €20 million in cuts. If that woman loses her medical card, she will have to pay the first €144 of the cost of any medication she needs. Therefore, she has taken a cut in her social welfare income of €144 per month. That is outrageous. This is a cut to people's social welfare income. The Government says that it is not touching core social welfare payments, but it is cutting everywhere else and this is affecting people's wages and income and people who are most in need of a medical card at a time when they are vulnerable. People are scared of their lives that they will lose their medical cards because of decisions made by the Government.

This Bill is a disgrace. The Government should lower its head in shame. It did not say to people on the doorsteps that it was going to cut people's medical cards. It is going to take €20 million out of the medical card system. The Government cannot say that it not going to affect people because some people will lose their medical cards. People who need cards are going to lose them. The Government should reverse its decision on this and not implement it. As I said earlier, we know there is money in this country. The wealthy are getting wealthier. Inequality is growing between those who have and those who have not in this country. It is a scandal that the Government, of which the Labour Party is a member, is implementing these cuts on ordinary people. I put it to the Government that this decision should be reversed and not implemented.

**Deputy Jerry Buttimer:** I really hope that Deputy Collins never assumes power because I would hate to see her in charge of any Department because she stands for nothing and is against everything. I am most disappointed with her contribution. Deputy Collins is like the fairy god-mother sprinkling her wand here and there but no answers, no magic, only empty rhetoric. She will never have an answer to the question.

**Deputy Joan Collins:** The wealth of the country-----

**Deputy Jerry Buttimer:** This Government spends €13.2 billion on health in a country of four plus million people. That is a fact, not fiction.

*(Interruptions).*

**Deputy Jerry Buttimer:** The Deputy is wrong and she should withdraw her remark that those who are entitled to a medical card will not get one. They will. The most vulnerable and those who need it the most will get a medical card. The Deputy is incorrect again. This is typical of the rhetoric in which she engages, time after time. Deputy Boyd Barrett and Deputy McGrath put their fingers in the air to see which way the wind is blowing. They are incapable of making a decision because they do not have the political courage to stand behind the Government in its decisions to get our country and finances back in order.

**Deputy Joan Collins:** To cut medical cards. No.

**Deputy Jerry Buttimer:** Whether Deputy Collins likes it or not, the health system of our country is all about the people, the patient, the person who requires a service. That is my only motivation as a person, as a public representative and as chairman of the health committee. For too long we have heard the health vested interests shouting and roaring and using megaphone diplomacy when they should be coming into the middle ground. That includes the Members opposite who should come to the middle ground to put the patient first. For the first time we have a Minister who will put the patient first.

**Deputy Joan Collins:** Some €20 million in cuts.

**Deputy Jerry Buttimer:** Fianna Fáil ran from the Department of Health under the Fianna Fáil-PD-Green Party Government because they could not take it. They were afraid of it. Deputy Micheál Martin ran with his hands up screaming and Brian Cowen called it Angola. These are the harsh facts.

**Deputy John Browne:** The Minister is destroying it.

**Deputy Jerry Buttimer:** At a time of plenty, during the so-called Bertie Ahern Celtic tiger era, when money was thrown at everything, Fianna Fáil, the Green Party and the PDs, had to introduce Supplementary Estimates at a time of boom. Money does not solve everything.

During September 2013, 1.987 million people, 43% of the population have either a medical card or a GP-visit card. This is an increased number. Since this Government came to power, the number of medical cards has increased by more than 215,000. This is fact, not fiction. The number of GP-visit cards has increased by 3,344. This is fact, not fiction. When this Government came to office, 39.6% of the population had either a medical card or a GP-visit card but today that number is 43.35%.

**Deputy Joan Collins:** Four hundred thousand people are unemployed.

**Deputy Jerry Buttimer:** The Government is creating 3,000 jobs per month and unemployment is decreasing. That is fact, not fiction. I know the Deputy will be disappointed because she wants the Government to fail so that she can propagate her message of doom and gloom again.

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

**Deputy Jerry Buttimer:** That is what the Deputy stands for. I will debate with her on any point.

**Deputy Joan Collins:** Deputy Buttimer is obviously living in a bubble.

**Deputy Jerry Buttimer:** I live in the real world where I deal with people every day of the week. I welcome the fact that 93% of those aged over 70 will have a medical card or a GP-only card. I agree it is difficult to have probity with regard to medical cards. However, Members of this House are legislators and as such we must make difficult decisions in the interests of our nation, of our citizens and of our country. It is a case of responsible people framing policy and these decisions are not made in isolation but rather the basis for these decisions must be considered.

I refer to the Health Act 1970 which established the criteria for eligibility to access medical services. Section 45 provides:

A person in either of the following categories shall have full eligibility for the services under this Part---

(a) adult persons unable without undue hardship to arrange general practitioner medical and surgical services for themselves and their dependants,

The section also ensures that a person's overall financial situation is taken into account.

This is the current system and it is based upon income and hardship, that is, based on a means test and on discretion. We are all politicians and we meet people regularly. I remind Deputy Collins that we do not live in bubbles, we live in the real world. We realise that people need a system to be flexible and to exercise discretion rather than being rigid and inflexible. However, neither should eligibility be based solely on income because the health needs of individuals must be recognised at all times. As a society we should ask whether it is appropriate that outside of income assessment, the only other way to get full eligibility for health services is through the exercise of discretion. From what I can determine, there are very few clear guidelines as to how discretion is exercised. At times there is no clear rationale for decisions and no way to scrutinise decisions.

Why has the system been allowed to develop and continue? It can be traced back to fundamental characteristics of our political system, such as clientilism and patronage. One could go further and say that the system of discretion facilitated the wink and nod approach in political life. At one time, discretion created a situation where direct political influence could affect a decision and could put the deciding officers in the invidious position of exercising discretion over applications from people known to them. Discretion must always play a part in the awarding of medical cards, taking into account the totality of the situation in a household and the medical and social circumstances.

Administration of the medical card system has been centralised and the political element of the decision-making process has been removed while still allowing for that discretion which is now exercised in a central office by a medical officer but it is difficult to assess the exercise of that discretion. This uncertainty is also causing concern. I welcome the HSE's commitment given to Members at a briefing today and at the health committee that it will communicate clearly its decisions with regard to medical cards. The staff in the PCRS are working within the legislative guidelines and they are wonderful people, as are all our public servants working in the health sector. However, the centralised processing means there is one method and application of the rules for assessing eligibility which applies equally in Cork as in Donegal, in Wexford as in Tallaght. That is the way it should be. There is one uniform approach but it must be done humanely and with a degree of flexibility rather than being applied rigidly. When

the system has moved away from the practice of political clientilism I ask whether the discretionary basis should be so wide. We should be considering a reform of the legislative basis of the system which is the Health Act 1970. Is it time to revise the criteria for making decisions? Should the Health Act be amended to allow for a clinical diagnosis to be a reason for accessing services? These changes pose difficulties and they cannot be implemented overnight but they would result in a fundamental change in how decisions are made and how access and entitlement are determined.

Members opposite who criticise the Minister for Health should take note that he is a reforming Minister who is prepared to take on the slow artice that is the Department of Health and the HSE in order to change the health services for the better. I describe it as being akin to turning a tanker which cannot be turned full circle in one manoeuvre. This Minister has been in office for two and a half years. He is turning the ship and he is getting there.

**Deputy Charlie McConalogue:** He is turning it the wrong way.

**Deputy Jerry Buttimer:** I remind the Deputy that his men ran away from it. They were happy to leave it to Mary Harney.

**An Leas-Cheann Comhairle:** If Deputy Buttimer needs more time I can give him the discretion he is looking for.

**Deputy Jerry Buttimer:** I thank the Leas-Cheann Comhairle. I appreciate the discretion.

I acknowledge that people are worried but the underlying theme is that those who deserve and require access to health care by means of a medical card will be given it.

I refer to the long-term illness scheme. I hope the Department and the HSE will engage with Age Action Ireland, the Carers Association and other organisations to remove the fear and confusion felt by people. Our elderly, in particular, deserve to be treated with respect when they ring the helpline or engage with the HSE.

There has been a 74% increase in the number of medical and GP cards since 2005. I welcome tomorrow's appearance by HSE officials before the Committee of Public Accounts to discuss the Comptroller and Auditor General's report on medical cards. I hope they will outline where and how medical cards are being awarded. The health sector is like an underlying volcano in this State and throughout the world. For example, America is convulsed regarding Obamacare and the new health exchange websites while other countries have similar problems with this sector. This is because it is about people who require access to health care. That is why as, the Minister said earlier, the budget and service plan for 2014 will be a challenge but let us put it in context. We have experienced, thankfully, a significant increase in the number of people living longer while more people are seeking treatment, services and facilities. While staff have engaged in health service reform, it is important to recognise that we have fewer resources and staff.

It is important that the Minister and the HSE differentiate between the voices lobbying and advocating on behalf of vested interests to keep the patient at the centre. I am all in favour of the unions and medical representative organisations lobbying and advocating as part of internal medical politics but the patient must be the core of what we do. If the Minister is asked by the HSE for more time to prepare for the publication of the service plan, he should grant that because it is important that next year's plan is focused on patient safety and ensuring people are

seen in a timely manner, as he said earlier. If more time is needed, the Minister should afford the HSE that opportunity to compile the service plan.

While many of us disagree about elements of what is being done, there is no disagreement that access to medical cards on the basis of medical need must always be the way. While probity is welcome and necessary, at the same time it must also be about the patient and the need to access health care. Part of the problem is the Health Act 1970 does not confer an automatic entitlement to a medical card and that is why the discretionary element must be applied in the context of medical need. The health service is undergoing reform. I applaud the staff who work in the system and it is important that the health landscape continues to be patient-centred and patient-driven. We must consider the value of the medical card. John Hennessy made a good comment about the psychology of the medical card as opposed to the long-term illness scheme at the briefing earlier. We should debate the importance of the long-term illness scheme because we must communicate that to people. We have not done so at times.

**Deputy John Browne:** Deputy Buttimer's contribution was interesting. It is a far cry from when he was on this side of the House calling for more money to be spent on health services. Obviously he has changed this tune in this regard. I have been told by many people that the Minister was a caring doctor for the elderly in his constituency but for some unknown reason he has changed his tune in the Department of Health. He does not seem to be able to protect the less well off and the elderly in our society. Over the past few years, prescription charges have increased while the bereavement grant and the telephone allowance have been abolished, DIRT tax increased and fuel allowance reduced. All these changes have had an effect on the elderly.

The Department is no longer in the control of the Minister and that is where the problem lies. It is controlled by the Departments of Public Expenditure and Reform and the Taoiseach, which the Minister more or less admitted at a recent health committee meeting. It is time he regained control of the Department and got on with dealing with health matters in the way they should be. The Title of the Bill sums everything up. Alteration means a reduction in the number of medical cards for elderly people. The legislation will result in 35,000 people losing their medical card over the coming year. This is in addition to the Bill passed last spring which hit more than 20,000 over 70s medical card holders. In total, 50,000 people will lose their medical card over the next year. The Minister said there would be a little discretion between now and January 2014 but that is only six weeks away and, therefore, people will not experience much discretion.

Many people attend or call my clinic because they are concerned that they will lose the card. Some of them will not but many will because of the change to the eligibility criteria. This is causing a great deal of concern and many people are frightened that they may lose their medical card. They are old and in poor health and the card gives them licence to attend a doctor without paying. Those who are slightly above the threshold will lose the card and they will have to pay for everything. In some cases, they will get a GP only card but that does not cover the cost of medication, which, depending on the ailment, can be high and can place a major financial burden on the elderly. The Government seems to have a serious dislike for older people given the various cuts it has introduced to their allowances over the past two years and they are causing a great deal of hardship and concern.

Deputy Buttimer touched on the discretionary medical card issue. There has been a major change in the way they are assessed. Up to nine months ago, a discretionary medical card application was dealt with quickly and was granted in most cases on the basis of medical need but

that has changed significantly. It is taking months to have a card approved or rejected. When one makes an inquiry, one is told the application has been forwarded to the medical officer for a decision. Perhaps only one medical officer deals with the applications but there are huge delays. I dealt with a case where the consultant stated clearly in a letter that the person was in an end of life scenario but it took months to secure the medical card. That is not good enough. If a consultant's report states the person is seeking the medical card on discretionary grounds because it is an end of life situation, the card should be granted within a week or two at most but that is not happening currently. That is causing serious problems and hardship for families and the Minister should investigate why it is taking the HSE so long to deal with such applications. It was always the case that if one was suffering from serious cancer, one automatically got a medical card but that is no longer the case. One must now battle with the HSE to try to get a medical card for a person suffering from cancer. It may be very severe cancer and sometimes one might only want that medical card for six or nine months or for one year, depending on whether one is cured or one passes on to one's eternal reward. The delays in issuing medical cards to cancer patients is a serious concern to many families because, as one knows, if one gets word one is suffering from cancer, it causes major gloom not only to the person who gets the message, but also to the family. There is a need to speed up the provision of medical cards to cancer patients.

We have had representations from the Jack and Jill Foundation and many other organisations stating that a considerable number of medical cards are being withdrawn from people with not very high incomes. These organisations represent people with spina bifida and Down's syndrome, for example. The Jack and Jill Foundation and many other organisations are at their wits end trying to provide services for their members. They could do without the hassle of trying to represent families whose medical cards have been withdrawn, despite the fact their incomes have not changed. These areas need serious attention. This change will cause serious problems for 50,000 families which will now lose their medical cards. It is an area the Minister should revisit. He is a general practitioner and should know the position of such families and how difficult it is for them when their medical cards are withdrawn.

I could read out what the Tánaiste, the Minister, the Taoiseach and many Fine Gael and Labour Party backbenchers said in 2008 when they accused the then Government of abandoning old people, even though the criteria for medical cards was a lot more generous than it is now. Now that they are in government, they have changed their tune and want to take more medical cards from such people.

The Minister should take back control of the Department of Health from the Minister for Public Reform and Expenditure and the Taoiseach because they now control the Department. The Minister has no say and he has been told he must cut €660 million. In the past couple of weeks, the Minister for Public Expenditure and Reform said he may have to cut another €1 billion. In all honesty, how can one run a health service when it is a case of making it up as one goes along without any hard and fast guidelines set down in the budget which was always the norm? The budget for every Department was decided on budget day but for some unknown reason that has not happened with the Department of Health and the Minister is trying to hide the fact he is no longer in control and that it is being run by two other Departments. That is certainly not in the interests of ordinary people who depend on the Department of Health and the HSE to provide adequate services for them. Will the Minister rescind this decision to withdraw medical cards from 50,000 people?

**Deputy Charlie McConalogue:** I concur with Deputy Browne's comments on some of the

Government Deputies' contributions. I was here for Deputy Buttimer's contribution in which he lambasted previous Governments and sung the virtues of the current Government. It was markedly different from what people would have heard from Deputy Buttimer and others before the last election. It is remarkable how quickly some Deputies can sing a different song and play whatever tune is being called.

It is no harm to refresh our memories on what the Government committed to and the approach it said it would take in the context of its criticism of the last Government. Five years ago, the Minister for Health, who was the then Fine Gael health spokesperson and who was faced with a similar proposal from the then Government but with a much more generous eligibility criteria, fumed that those are the people who made this country what it is today, they raised us, nursed us when we were sick, protected us from violence, grew our food and ran a proud Civil Service and this decision is morally wrong and the people of the country know it. He stated - it is no harm to refresh our memories because we will not hear from the Government backbenchers what they told the people they would do if they got into government - that this decision was penny wise but pound foolish. The Minister also said at the time:

The Minister for Health and Children, Deputy Harney, told us that the annual cost of a medical card is €1,650. With the loss of their medical cards, many of those affected will attend their doctors less frequently than they should and may not take their medicines regularly. If they end up in hospital as a result, one day's care will negate any saving made to the Exchequer.

At that time, the Taoiseach stated:

Elderly people do not want to be pressurised about means tests and application forms or have to worry about their property, their savings, what they have in the bank, whether a man from Government will call to their home or if they will lose their right to the medical card.

Many of us will recall the Taoiseach and the Tánaiste standing on a trailer outside the Dáil lambasting decisions made at that time and stating how they would protect medical cards and people over 70 if they were elected to Government. As Deputy Browne said, there is no end to the amount of commentary Deputies made at that time. I thought it was a bit rich to have to listen to Deputy Buttimer lambast Deputy Collins for a similar crime when he would have been singing an even louder tune no so long ago.

The Bill is entitled the Health (Alteration of Criteria and Eligibility) (No. 2) Bill 2013 because it is the second time in one year that the Government is reducing eligibility for people aged 70 years or over. In the first reduction in the eligibility criteria at the start of the year, 20,000 people over the age of 70 were removed from medical card eligibility. This Bill will hit one in ten people over the age of 70, or 35,000. It will bring the total number of people over 70 years of age who will lose their medical cards this year to 55,000.

There are other measures in the Bill which treat people over 70 years of age differently from those who are under it. For example, the over 70s eligibility criteria takes into account PRSI and income tax. It is based on the gross income of a person or a couple whereas allowances are made for those who are under 70 years of age. What we are finding with this second attack in one year is that many people, who are still eligible for a medical card and who are over 70 years of age, are rightly worried as to whether this time next year, they will find eligibility decreased further.

The impact of this measure on older people must be considered in the context of a budget that has been very sore for the elderly people as a whole. One of the features of recent budgets was that a conscious effort was made to try to protect the incomes, circumstances and quality of life of pensioners and the medical cards of people over the age of 70. In this budget, however, we have seen a conscious targeting of many of the payments that are made to people of pension age. The bereavement grant, which is claimed by many elderly people following the death of a loved one, has been withdrawn.

The hike in prescription charges will affect many people who have medical cards, particularly elderly people who tend to be on more medication than those who are younger. The Minister who is introducing this hike gave a commitment before the last general election to abolish the charge in question upon his election to Government. That commitment was in line with the comments of his party leadership and the commitments of many of his backbenchers in Dáil debates, as I have described. It is in contrast to what we have heard from Deputy Buttimer today. Rather than abolishing the prescription charge, the Minister is increasing it fivefold.

Some people will be particularly affected by having to pay the €2.50 prescription charge in respect of up to five items. I recently encountered the case of someone who is on a drug that used to be dispensed in 100 mg quantities. Following a reduction in the dose to 75 mg or 85 mg, that person is now paying the prescription charge three times rather than just once. That is because the drug now needs to be doled out in three separate amounts - one of 50 mg and two smaller amounts of approximately 15 mg. It was seen as one item but now it is seen as three items, which means there has been an increase of €7.50 a month. That certainly adds up in the case of a pensioner who is on a significant number of drugs. Some people are not able to absorb such an increase. Pensioners who live alone have particularly little room for manoeuvre because they are living on the breadline. Any cut or increase of this nature can have a significant impact on them. The level of DIRT charges on savings has been cut. The telephone allowance has been removed.

We need to bear in mind that those over the age of 70 are not the only people who are being targeted. Many people on discretionary medical cards are also losing out. We have heard many denials from the Government about the reality of the impact of these measures. Everybody who is involved in politics comes into contact on a daily basis with people who are suffering as a result of the Government's stealthy approach, which is gradually making it more difficult for people who received discretionary medical cards in the past to continue to receive them. It has resulted in the withdrawal of approximately 1,000 discretionary medical cards a month.

Overall, we are seeing a total lack of coherence on the part of the Government regarding what its health policy is about. There is no consistency between what it is implementing now and what it said in advance of the last general election that it would do. There is no link between what the Government is professing to try to achieve in relation to universal health insurance and what is happening on the ground. More people are losing medical cards. Medical cards are being withdrawn from the over 70s. It is becoming more difficult for those with discretionary medical cards to keep them. Thousands of people are leaving private health insurance. Some 62,000 people left private health insurance last year and it is estimated that 75,000 people might leave it this year.

I am disappointed with the measures and the approach being taken by the Government. People are looking to the Government parties to start to deliver on the rhetoric we heard from them in previous years. Unfortunately, many people are suffering as a result of things going

backwards rather than progressing.

**Deputy Tom Fleming:** I would like to share time with Deputy Clare Daly.

**An Ceann Comhairle:** Is that agreed? Agreed.

**Deputy Tom Fleming:** This country's senior citizens took a significant hit in the Health (Alteration of Criteria for Eligibility) Bill 2013, which we considered in March of this year. It is estimated that as a result of the enactment of that legislation, up to €12 million will be saved at the expense of vulnerable sections of our society. Statistics show that older people make more use of their medical cards than the general population. Figures indicate that 94% of people over the age of 70 visit their GPs on a regular basis. They have a high intake of drugs and medicine to help them cope with their above-average rate of illness and disability. The plight of these people and thousands of others will be exacerbated by the budget cuts and the measures in the Bill.

It is proposed to downgrade the medical cards of 35,000 people over the age of 70 to GP-only cards, to remove or restrict the cover offered to tens of thousands of people under the age of 70 and to clamp down on excessive prescribing and dispensing by doctors, dentists and pharmacists. This harsh initiative is designed to save a total of €138 million, some €25 million of which relates to over 70s and the other €113 million of which was categorised in the budget as relating to "medical card probity", which is a very vague term. Under the new thresholds for full medical card eligibility that will apply to the over 70s, a single person with a weekly income of over €500 or a couple with a weekly income of over €900 will lose their medical cards. Instead, they will get a GP card which merely entitles them to visit the doctor.

There is a glaring anomaly in the new eligibility criteria with regard to married couples over the age of 70. The new system for assessing applicants sets a limit of €500 for a single person. In the case of a married couple, the limit has been reduced to €900. I believe this discriminates on the grounds of marriage. It is probably illegal under the Equal Status Acts. Perhaps the Minister for Health should ask the Attorney General to review this. The question of whether this measure is illegal should be examined. Clarification should certainly be sought. I propose that the threshold for couples should be increased to the right amount of €1,000, rather than being set at €900.

The increase in the prescription charge to €2.50 per item will impose a significant additional burden on medical card holders, especially those who are on many forms of medication. Some people are on four or five medications for complex problems. Some of these people are in financial hardship, naturally. This increase will deter those who are finding it hard to make ends meet from going to get their prescriptions looked after and seeking the proper medicine. This certainly needs to be reviewed.

I would like to speak about eligibility for discretionary medical cards. The number of cards provided on the basis of discretion has decreased dramatically since 2010.

*4 o'clock*

In 2010 some 80,500 qualified for these cards. Over the past three years this number has plummeted down to just 50,000. Discretionary cards based on financial hardship and exceptional medical needs have always been a feature of the medical card system. However, there is anecdotal evidence in abundance to suggest that discretionary medical cards are more difficult

if not almost impossible to obtain and this has been the case in the past six months in particular.

The move to deprive non-terminal cancer sufferers of these cards is imposing further anguish and stress on these people. It is having a psychological impact if they are in danger of losing their medical cards when they also have to try to cope with their ongoing illnesses and in many cases deteriorating conditions.

In the past people with lifelong illnesses such as cystic fibrosis, multiple sclerosis, motor neuron disease, cerebral palsy and cancer were always granted discretionary medical cards on compassionate grounds. Now those who suffer with such conditions are asked repeatedly for information about their meagre income and their general means or assets. As a result the application process is very long and drawn out. Reviews are carried out and applicants may eventually be obliged to lodge appeals on the basis that they have a rapidly progressing illness. In the meantime their medical condition may have deteriorated further and may eventually prove terminal during that waiting time. Many things are not taken into account. The assessment for cards is very questionable particularly on the part of the medical people who are examining some really deserving cases.

Taking away the discretionary cards is not cost effective because it means that fewer patients can be cared for in their homes. In many cases they are becoming institutionalised prematurely. It is certainly leading them into hospital and institutional care much earlier than would be normal. To have a good quality of life these people desire to live in their own communities with the backup of their family and community care. While in their local environment they are much happier.

If the Bill is enacted I urge the Minister to ensure that future reviews of people who are under reassessment will be carried out in a sympathetic manner. Since the previous Health (Alteration of Criteria for Eligibility) Bill in March, the HSE has been extremely harsh and, I believe, irrational in its evaluations. In many cases it seems to be ignoring very valid further information regarding patients' medical conditions and financial hardships.

We should also be cognisant that these people are now burdened with overheads that are not taken into account in the normal assessment of need. For instance, we now have the local property tax, the abolition of the telephone allowance and cuts to the household benefits, and we will have the introduction of water charges. All these issues cause further deterioration in their living standards. We will need to change the assessment criteria to take account of all these matters which were not previously considered.

The cost of private health insurance is dramatically increasing for all age groups and this will also need to be noted in carrying out assessments.

**Deputy Clare Daly:** The right to health is one of the most basic human rights that any citizen would aspire to. Our ability to access it is far too tied up with our ability to pay and the amount of money we have in our pockets. I have just come from a heart-breaking press conference of parents of much wanted children who were diagnosed with a fatal foetal abnormality. This afternoon they launched their petition to the United Nations regarding a violation of their human rights in this regard. One of the women, whose little girl was born in the summer with a number of serious health problems that require ongoing care and attention, made the point to me that in recent days they were denied access to a medical card. When people are already struggling to care for themselves and their loved ones, the idea of being dragged back down

by financial considerations or bureaucracy is abhorrent in anything that would claim to be a civilised society.

In his opening remarks this morning, the Minister made the point that nobody who is entitled to a medical card will lose out through the changes in the legislation before us. I reject that way of putting things because it is possible to change the rules on anything to change people's entitlement. An entitlement is something in some ways that can be spun as being very different from saying that everybody who needs it will get it. Our starting point should be need rather than entitlement because entitlement introduces a certain element of an insult that some are entitled and others are not. Somebody who needs medical care should be entitled to access it regardless of financial means.

The problem here is that the goalposts are moving all the time. This legislation proposes to reduce the gross income ceiling for over 70s to get a medical card from €600 to €500 a week for a single person. It was previously €700 and in effect we are discussing the cumulative impact of a reduction of almost 30% in the past two years. As Deputy Tom Fleming stated, it is even worse for couples as they are experiencing a reduction of 35.71% over the two years. I believe the Minister has a social obligation to address the anomaly in this discrimination affecting couples. In any other scenario a couple is taken as having double the income of a single person.

However, not content with that in this scenario, the Government has reduced it to €900. Had it been double the single-person allowance as every other social welfare payment is and had the bar been set at €1,000, some people have informed me that they would still be able to access a medical card, but because of this sneaky manoeuvre they will lose out now. I know of at least one couple in my area and the wife in the relationship has a serious lifelong medical condition. They will not be able to access the medical care she needs through the GP and the medical card. She will probably end up in hospital and be a much more serious drain on the State.

What we are doing here is somewhat like our pension system and goes against the entire ethos of what the Government claims it is trying to do in terms of access to health care. The idea of universal payments is far more administratively efficient and far more equitable. When people are working and earning big money in their early or middle years, they should be taxed on that income. However, all citizens should be entitled to access medical care when they reach old age. It is clear that this measure is designed to remove many people from that loop. We need to see it in the context of the living standards of pensioners. Much has been said about how they have not really been touched up to now, an analysis for which there is no backup. For 80% of our pensioners, the majority of their income comes from the State pension. That is a phenomenal figure. It is a very limited amount of money. When one gets to that age, one might not have a mortgage so one's outgoings are somewhat smaller, although many pensioners are obviously subbing their sons and daughters who cannot make ends meet. They are not living the high life by any means. Apart from an individual cost to the citizens, it will make people more cautious about their health care, leading them to slow down on measures that could get them an early intervention. It is inevitable that this will cost the State more in the long run. We are contributing to the undervaluing of elderly or retired citizens, which is a disgrace.

Other Deputies have highlighted the fact that regulations regarding gross income do not take into account the cost of those with special health needs and all the extra costs that go with managing particular health conditions, be it increased heating at home or the need to buy special food or maintain special medical equipment. We must see it alongside the other cutbacks like the second increase in the prescription charge from €1.50 to €2.50. It is just not good enough

that the Minister for Health can say “vote for me and I’ll abolish prescription charges” when he is an Opposition spokesperson and then increase them, not just once but twice, when he comes to power. This is an absolute betrayal of the electorate.

Medical cards are not a handout. The medical card is a benefit that was fought for and paid for by workers through the PAYE and PRSI they paid during their working lives. Withdrawing it at a time in their lives when they are most likely to need it is roundabout economics. In essence, it is an attempt to scapegoat elderly citizens as if they were the ones who caused the crisis because this is all about saving a few bob at their expense. When one considers the measures the Government failed to implement that would have allowed it to generate a considerable amount of extra taxation such as implementing a wealth tax, dealing with the issues of corporation tax and increasing the amounts of income tax on those earning six figure salaries, one can see that all of them would have enabled it to generate extra revenue. Instead, this Bill goes for the soft touch and will have an impact on well over 100,000 people in the community. Apart from prescription charges and other cutbacks, we need to look at the cutbacks in home help hours. We have short-term austerity measures that will cost society far more in the long term because we are not going to grant this concession.

I will deal briefly with the issues highlighted by many organisations that deal primarily with care for older citizens. In particular, Age Action Ireland has played an invaluable role in that regard. It has paid particular attention not just to this measure but to the cumulative and multiplier effect of rising costs and undermining health services as a combined product of the years of austerity and the financial pressure put on people. It must be seen in that context. Anne Dempsey from Age Action Ireland has said that “the ability to phone family and friends is an important link”. She has also said that “this cut will drive people into further isolation, will contribute to greater stress on our health services and will ultimately cost more money than it will save”. According to the second edition of *Social Determinants of Health: The Solid Facts*, published by the World Health Organization, “the longer people live in stressful economic and social circumstances, the greater the physiological wear and tear they suffer, and the less likely they are to enjoy a healthy old age”. As one ages, the risks of health problems increases. The key issue here is that prevention is better than cure.

All of the measures we can put in place as a civilised society to raise the living standards of elderly citizens and allow them to access medical care when they need it, regardless of their ability to pay, not only deliver a healthier population but also save society far more money in the long run. To me, the Minister has got things completely the wrong way around. This is an austerity measure targeting the most vulnerable and will cost society in the long term.

**Deputy Colm Keaveney:** Here again we find a Bill which contains measures that will drive another wedge between the Government and the citizen. It is another sundering of the social contract that exists between citizens and the State and the intergenerational relationship. This is a predictable and deliberate result of the Government’s engagement in the politics of division. It has encouraged different groups within society to turn upon one another. We now have a situation where the most socially divisive economic policies have emerged and it is now a case of public versus private sector, employed versus unemployed, able versus disabled and urban versus rural. The Minister is delighted to have a situation where people are at each other’s throats, where there is insufficient opposition to this Government and where social cohesion is on its knees. If people are at each other’s throats, they are not effectively opposing the Government. It is called social solidarity and was already weakened as a consequence of the excesses of the Celtic tiger years. Certainly this Bill sets out to kill off the remnants of social solidarity. It is

a sad loss to think that this is the result of efforts by this Government because I see a value in social solidarity and believe it will be essential to our recovery, not just in economic terms but, more important, in social terms.

The Government has sown the seeds of discord. Groups are squabbling and competing and the Government is effectively picking them off one by one. It can continue to try to pull this trick to protect the powerful vested interests within our society and many of those outside of it. These vested interests include the legal profession, the banking sector, the international bondholders, the medical drug companies, large corporations and senior civil and public servants, including Government Ministers. The list goes on. This budget has shielded these classes from the worst effects of our current difficulties. From the failure to reform the legal services to the failure to secure saving in the medication bills for the health service, the Government has shown a marked reluctance to engage in reform that threatens those with the capacity and resources to resist it. Labour Ministers expended much hot air after last year's budget boasting of the wealth taxes they brought in. Those wealth taxes have yielded far less than had been anticipated and it is clear that the elderly and other groups must make up the difference. The thought that the Government might go back and make an effort to reclaim what it failed to gain in taxes from the wealthy does not appear to have occurred to the Minister.

This Bill attacks that which matters most to our elderly people - security in old age. With the cost of medical insurance escalating and the Finance Bill ensuring it will escalate further, many elderly people are left fearful about how they will pay their medical costs at a time in their lives when such care becomes a great concern. This Bill will leave many more facing into that uncertainty with their best friend - fear. My clinics are filled with senior citizens worried about their future medical care.

This Bill continues the odd disparity between the limits for a couple and for two single people. There seems to be some idea that people can seek efficiencies in their respective and usually different medical complaints. Previous speakers have raised this issue. It is as if the Minister believes that a husband suffering from cancer and a wife suffering with osteoporosis can somehow seek savings in the treatment of their complaints simply by virtue of being a couple. It is nonsense. There is no fair case for a couple having a lower income limit than that of two single people.

The Bill cannot be seen in isolation. It is one of several attacks on the elderly being made by the Government. Prescription charges have been mentioned. They have been increased and that is causing grave difficulty for senior citizens. We know this because the Minister informed us of it during his time on the Opposition benches. The Government has cut the telephone allowance, increased the deposit interest retention tax, DIRT, raided their pensions and attacked their security. It has also abolished the bereavement grant, which has left many senior citizens upset that they or their spouse will have to pay funeral costs.

The Government has been pushed to such measures by the dawning awareness that their economic policies are simply not working. The growth the Government has consistently promised has failed to materialise. When the previous Government attempted to cut medical cards to the elderly, many of those now on the Government benches stood outside this building and lacerated it for doing that. They engaged in high-blown rhetoric about the debt owed to the generation that fought the civil rights campaigns, yet when the time came for them to be tested on their virtue, they failed. They talked the talk but, lamentably and unsurprisingly, failed to walk the walk.

Underlying much of this attitude towards the elderly in our society is a view in the Government that elderly people are a cost and a burden. The Minister for Health only recently blamed the overspend in his Department not on his own maladministration, but on the phenomenon, hitherto unnoticed by him, of people getting older and living longer. The aged are to blame for the condition of our health services because they have the temerity to live longer. A nasty language is deployed by this Government, such as the term “bed blockers”, which is a sign of a failure to recognise the inherent value and dignity of those people who are entitled to services in this country. Being a productive member of society has been reduced to meaning only those who work and pay taxes. Other forms of contribution go unrecognised and gratitude for past contributions, even in a lifetime of difficult times, is non-existent.

Some might say that this is simply Fine Gael reverting to its natural instincts in its politics, but the Labour Party at least claims to aspire to a higher ideal. Every year the Labour Party pays homage to the ghost of Tom Johnson, the second leader of that party. He was one of the authors of the Democratic Programme of the first Dáil and it is from that document the following quote is taken: “The Irish Republic fully realises the necessity of abolishing the present odious, degrading and foreign Poor Law System, substituting therefor a sympathetic native scheme for the care of the Nation’s aged and infirm, who shall not be regarded as a burden, but rather entitled to the Nation’s gratitude and consideration.”

The aged should never be regarded as a burden in our society. They are due the nation’s gratitude and consideration. I would argue, and some who preceded me have argued, that this is a noble ideal which was recognised by many former members of the Labour Party who have now attained high office. In a speech in this House in January 2009 a particular Labour Party Minister described the Democratic Programme as a vision of possibility and as constituting “the minimum demand for Labour’s participation in Government”. We all know the reality of that. The Labour Party has lacked the courage of its convictions and has failed the old, the young and women and left those on the margins of our society isolated.

This Bill represents yet another nail in Tom Johnson’s coffin. I can only hope that the Labour Party might at least have the decency to let the spirit of this man rest in peace and take his name from the summer school it uses every year until it once again finds the courage to stand up for what it professes so earnestly to believe in the Democratic Programme.

**Deputy Róisín Shortall:** I am glad to have the opportunity to speak in this debate. It is notable that the Government is not offering any speakers at this point. Apart from a handful of Members who had the courage to show up at the start of the debate, it appears no other Government Members are offering to speak. That speaks volumes about this Government’s position and all the promises that were made over recent years. When it comes to a decision on this issue, nobody has the courage to show up here today and provide any type of defence for this legislation. It is no surprise, because it is indefensible legislation. The Government Deputies in their offices might be running scared but the electorate knows who is responsible for these vicious cuts.

Given the fact that there are three Ministers in the Department of Health, it is also disappointing that they are unable to attend this debate today. Other Ministers and Ministers of State are being sent into the Chamber to cover for them. The least they could do is come into the House and defend the cuts contained in this legislation.

What we have seen as a result of the budget is an utter lack of coherence in the Govern-

ment's health policy. It is now in total disarray. The provisions of the programme for Government set out a clear plan for fundamental reform of the health service by switching the focus away from hospitals to primary care, through opening up access to GP care and enhancing primary care services to make them fit for purpose so they can genuinely meet 90% of people's health needs, which we were told was the intention. It is clear that policy is in disarray. There is no commitment to the type of fundamental reforms that are required. What we are seeing now is merely an attempt to chase the recurring deficit in the health area. Nobody has got on top of the financial situation in the Department of Health. Nobody has reined in expenditure and dealt with the underlying cost drivers in the Department, such as the ridiculous pharmaceutical bill and other huge costs that must be tackled. We are not seeing reform and matters can only go from bad to worse at this stage, given the financial circumstances and the lack of reform in the early years of the Government's term of office.

We were promised wider access to primary care, but we are getting the opposite. In the budget, a great deal of attention is focused on the initiative which is due to be implemented at some point later next year to provide free GP care for children aged five years and under. The Government is making €37 million available next year for that initiative, but it is giving with one hand and taking with the other because, on the other hand, it is targeting savings of €149 million from the medical card scheme. The impact of that will be extremely severe on tens of thousands of people. One category of people that will be severely impacted by this savings target is the category under consideration in this legislation. The legislation seeks to further restrict access to medical cards for people over 70 years old. This has caused a great deal of concern among older people.

Other speakers have quoted comments by the Minister for Health when he was in opposition. The actions he is taking now are clearly a direct contradiction of all the claims he made in earlier times. Some 35,000 people over 70 years of age will lose their medical cards as a result of this legislation. There are three very distinct aspects to that. The first aspect we must bear in mind is that in the case of people over 70 years old we are talking about gross income. It is not possible to have disregards, irrespective of one's medical or living expenses. The type of disregards that are allowed for people aged under 70 years are not allowed for those aged over 70 years. We are discussing gross income, which changes the picture significantly.

My second point is probably of most concern to older people. Not only does a medical card provide access to general practitioner, GP, services, but also to other essential community primary care services, for example, home help, public health nursing and physiotherapy, that older people need. The withdrawal of the medical card in respect of those 35,000 people will see them losing that access. As people move into their 70s and 80s, the need for these services becomes all the greater. In many areas, it is not possible to access them. Leaving aside financial considerations, such services are not available privately. A more nuanced approach was necessary. Even a system of co-payments would have been preferable in order that people might retain access to essential primary care services.

My third point is on the distinction in treatment between two people living together as siblings or friends and two people who are married. We are moving away from individualisation, in that the allowance for a couple is less than the allowance for two siblings living together. There can be no justification for this. There are grounds for a case to be taken against the distinction.

This is only one way in which medical cards will be restricted. A second matter of concern,

one that has received little attention since the budget, is the targeted savings of €11 million as regards people who have recently returned to work. We all know the difficulties posed by the disincentives to taking up employment, but a measure that assisted people in moving from long-term unemployment into employment was the ability to retain their medical cards. This measure is to be removed. We have heard a great deal of bleating from Fine Gael backbenchers, complaining to the Minister for Social Protection, Deputy Burton, about people not being incentivised to return to work. This measure allowed people to return to work, as they could retain their medical cards for three years. Under this budget, however, that concession has been withdrawn. It is a slap in the face for people who recently took up work, as the withdrawal does not apply to new entrants alone. We have been told through replies to parliamentary questions that people who are still in the three year phase after returning to work will have their medical cards removed and will be means tested. This is a particularly mean measure. There are also tax implications for people in such circumstances, as holding a medical card allowed one further concessions.

The main issue is the targeting of €113 million in savings from medical cards. It is all very well for Ministers to react to this move and to try to reassure people that no one with an entitlement will lose a medical card, but if the budget has targeted savings of €113 million, either large numbers of people will lose their cards through a tightening up of the assessment of means and other conditions or the savings target will not be met. Either way, it is a dire situation for people who are dependent on the public health service. Next year, tens of thousands of people will lose their medical cards or savings will not be made, leaving a hole in the budget that will need to be filled by achieving savings in front-line services. It is a poor look out for people who depend on the health service. It is clear that Government health policy is in disarray.

**Deputy Peter Mathews:** I will step aside from the detail of this Bill because so much has been stated by other Deputies. Instead, I will take a step back to 9 March 2011, the day this Dáil convened. I will quote Deputy Enda Kenny's 2 p.m. acceptance speech on his nomination as Taoiseach. He stated:

I am mindful of the task we begin, that of rescuing our economy, resuscitating our reputation and restoring our society. Also, because we stand on the threshold of fundamental change ... I do not say this to be negative or excusing but to be real and true, to tell the truth of the Ireland of today ... That our lives and futures are predicated on one thing is true. That is why today I enter into a covenant with the Irish people. In these times of crisis, full of many unknowns, honesty is not alone our best policy but our only policy. The new Government will tell the people the truth regardless of how unwelcome or difficult that might be. We will tell it constantly and unreservedly. It is the only way because the people always have a right to know. I use the word "covenant" over "pledge" and "promise" because I believe the old ways of politics damaged us not alone financially, but emotionally, psychologically and spiritually. The word "covenant" restores a sense of heart, soul and spirit to leadership and our shared national life ... Our programme for Government is ambitious, fair and truly radical. [Where is the evidence of this?] The Government and the people, working hard and side by side in each other's interests, will achieve their objectives and because no party has a monopoly on good ideas, we will, in the spirit of inclusiveness and generosity which we want to bring to this Dáil and our Republic, collaborate and work wherever and whenever possible with Members of the Opposition in the interests of our country and people. [Where is the evidence of this?]

This is our country. This is our journey. Yes, we are in times without precedent but I

believe that for Ireland this current crisis is the darkest hour before the dawn, that we have a generational lightness of soul, that in the long Hibernian nights on the western edge of Europe we remembered the light that went before, imagined the light to come. We are a people looking always and ever to the possibilities of a new day. That new day is here, a bright new day where there is no gap, where the people and its Government are one again, a day when our people are united in cause. Seamus Heaney said: “You have to try to make sense of what comes, remember everything and keep your head.” We will. Together and for our country let us believe in our future. For Ireland and each other, let us lift up our heads, turn our faces to the sun and, as has been already said, hang out our brightest colours. This is the first day of a journey to a better future. That future will be achievable when Ireland can again take charge of its own destiny, when by the centenary of the 1916 Rising we can prove to be the best small country in the world in which to do business, to raise a family and to grow old with dignity and respect.

Budget 2014 does nothing to put the Taoiseach’s last four lines into reality. The evidence is that our society has become more polarised. An article by Vincent Browne in today’s edition of *The Irish Times* shows how “Love/Hate”, the programme everyone is talking about, is an expression - at one level only - of great hurt in our society.

The establishment is where the levers of power and influence reside. There has not been a fair distribution and sharing of the country’s resources. Corporate taxation has got off too lightly. Despite there being €70 billion in profits among companies, mainly in the multinational corporation and foreign direct investment, FDI, categories, only €4 billion has been paid in taxes. This represents an effective rate of 6.5%, not 12.5%. Someone might claim that reported profits are different from tax assessable profits, but it is the companies that are reporting these profits. If that is what they say they are earning, that is what they should be taxed on. It is simple but we allow ourselves to be confused by the experts. Earlier today, the Taoiseach dismissed the idea of experts but the Government has had its preferred and highly paid experts. We can number them on the fingers of one hand or maybe two and they have received millions in fees. They are the only experts that seem to have a monopoly of wisdom and insight.

People in their seventies and older deserve respect; they deserve to be embraced. Corporations and companies who profited from their work should be paying society the necessary resources to look after such people’s needs.

**Deputy Sandra McLellan:** I will speak to the specifics of the Bill shortly but, first, I wish to comment on the Government’s supposed vision for health care. The Minister will know that we had our reservations to begin with, to put it mildly. We never truly believed that reliance on the private insurance sector, itself enfeebled and in many respects subsidised by the public system, could ever truly deliver the type of care that citizens should be entitled to as of right.

However, even if we were to take the Government at its word, we now seem to be a long way from the programme for Government which was published in 2011. The programme for Government states:

This Government is the first in the history of the State that is committed to developing a universal, single-tier health service, which guarantees access to medical care based on need, not income. By reforming our model of delivering health care so that more care is delivered in the community, and by reforming how we pay for health care through universal health insurance, we can reduce the cost of achieving the best health outcomes for our citizens and

end the unfair, unequal and inefficient two-tier health system.

Realising a vision is not easy. I accept that it requires preparation, planning, co-operation, compromise and time. We are more than two and a half years into the life of this Government - closer to the next election than the last - yet we are as far as ever from this vision. For every step forward, such as free GP care for under fives, we see two steps back, removing so-called discretionary medical cards from so many who desperately need them and, for the second time, making a raid on medical cards for the elderly.

Many of the Government's original commitments have seen no progress whatsoever. The programme for Government says that universal primary care will remove fees for GP care and will be introduced within this Government's term of office. We were told that access to primary care without fees will be extended in the first year to claimants of free drugs under the long-term illness scheme at a cost of €17 million. We were led to believe that access to primary care without fees would be extended in the second year to claimants of free drugs under the high-tech drugs scheme at a cost of €15 million, and that access to subsidised care would be extended to all in the next phase. The final phase would see everyone having access to free primary care.

The Government's rhetoric on primary care is good. Primary care is an area where we have lagged behind other parts of Europe and there is a need for investment now, which will accrue savings in the long run. The delivery of some primary care centres is a positive move, but it is far from being enough. As regards the extension of actual primary care, we have not made any real progress as regards these policies whatsoever.

At this rate, it is hard to imagine the goal of universal health care, with an end to the two-tier system, being delivered in the life-time of this Government. It is hard not to wonder whether the next 12 months will not in fact see a deterioration in our health care system and the quality of health care delivered.

At the time of the budget, as with every year, we saw Government TDs briefly and furiously spinning the budget as one which protected the most vulnerable in our society. For the most part, remarkably, many of them seemed to believe it. However, even the most enthusiastic Government TDs appeared overcome with reticence and doubt when the €666 million in health cuts was brought up. The sum of €666 million is an ominous and enormous number. The big question is what these cuts will amount to. Anyone can recognise that such a huge sum can hardly be removed without doing some damage.

We have begun to see what it will mean and this legislation is part of that. For the second time in 12 months, the Government is going for the elderly and removing cards from approximately 35,000 people in that age category. Gross weekly income limits will drop from €600 to €500 for a single person and from €1,200 to €900 per couple, which is a substantial drop.

My colleague, Deputy Ó Caoláin, has ably demonstrated how the Minister has jumped from one position to the next on income limits. In particular, the Minister will recall his own comments at the time of the Fianna Fáil changes to income limits, when he said that "tinkering with income limits is nowhere near good enough" and that the cutbacks were "a vicious assault on the elderly". It appears as though his opinions on such matters, far from being guided by any commitment to a vision, are guided by what position or office he holds.

We are talking about a category of people who are far more statistically likely to need their medical cards than others are. This is not only a false economy, it is grossly unfair and yet

another attack on the elderly who were already badly hit in the budget. I note in particular the cynical abolition of the phone allowance.

The Minister has sought savings of some €149 million to the medical card scheme. It is a precise figure coming under the heading of medical card probity, which is a mysterious and vague heading. Probity seems to infer some form of wrong-doing or deception on the part of those who have medical cards that the Department has decided no longer need them, and that there is a lack of probity on the part of those in possession of such cards.

We are seeing people with disabilities, with life-limiting diseases and the elderly, all losing cards. I have referenced examples in this house, as have others, of people with life-limiting diseases and serious chronic diseases, being denied medical cards when quite clearly they need them. The Minister's demanded savings will obviously result in suffering, hardship and pain. People who need medical cards will lose them and of that there is no doubt.

We will also likely be looking at seriously curtailed service plans in the new year, as CEOs and hospital management around the country are faced with budgets they simply cannot manage with. We have already had a glimpse of what that might mean in a letter from the CEOs of Crumlin, the Mater, St. James's and Tallaght hospitals, claiming that cuts to their budgets in recent years have led to delays for the treatment of cancer patients.

One of the leading oncologists in Our Lady's Children's Hospital in Crumlin said that delays experienced by children being treated for cancer are "unacceptable". I fear that this is only the tip of the iceberg and that we will see further delays in treatments, as well as cutbacks and reductions in services. There is no way such a sum can come from our hospitals and for them not to suffer. The reality is that our hospitals are underfunded. The Minister will point to the free GP cards for under fives, which are welcome indeed. However, in terms of what is being taken away, it does not go anywhere near to making up for it.

Sinn Féin produced a pre-budget submission which included free GP cards for children under five without undermining the quality of care for other citizens. While some children get free GP cards, and that is welcome, their seriously ill siblings or their grandparents might be losing them at the same time. What part of this resembles universal health care and how can this possibly be in accord with the Minister's vision?

Under the Minister's proposals and policies, many in desperate need of care are having their ability to access it reduced. This is a long way from what the programme for Government promised, which was universal care based on need, not the ability to pay. On the one hand, it asserts the importance of universality. On the other hand, however, with legislation like this, it attacks what were universal entitlements in the form of these medical cards. The Minister has lost direction and this Government's supposed vision for health care reform is a long way from being delivered.

**An Ceann Comhairle:** Deputy Robert Troy is sharing five minutes of his time with Deputy Seamus Kirk and ten minutes with Deputy Barry Cowen. Is that agreed? Agreed.

**Deputy Robert Troy:** I welcome the opportunity to contribute to the Second Stage debate on the Health (Alteration of Criteria for Eligibility) (No. 2) Bill 2013. What a nice PR savvy title for legislation. This legislation provides for a serious reduction in the number of people eligible for a medical card. It seeks the withdrawal from entitlement to a medical card of 35,000 people over the age of 70. Simply put, this legislation is a deplorable betrayal of our senior

citizens and of the men and women who fought hard for the country in which we live today.

The irony of the Taoiseach's statement today in the context of a further hike in the cost of health insurance that it was necessary to protect older people while we are discussing legislation that will ensure that 35,000 of them will no longer be eligible for a medical card or GP visit card will not be lost on the people. This legislation provides that the income limit for an over 70s medical card for a single person will be €500 per week and for a couple will be €900 per week.

The Minister, Deputy Reilly, when Fine Gael Opposition spokesperson on health, said:

Dáil Éireann demands the immediate reversal of the Government's decision to withdraw the automatic entitlement to a medical card from citizens aged over 70. This decision is penny wise and pound foolish.

That is what he had to say at a time when income limits were much more generous than are provided for in this legislation.

On discretionary medical cards, the Taoiseach and Minister for Health have suggested there will be no change in the eligibility criteria for discretionary medical cards yet savings in the region of €120 million are to be made in this area. How is it possible to secure savings of €120 million if there is to be no change to the eligibility criteria or reduction in the number of people who can avail of discretionary cards? During the first nine months of this year on average 1,154 fewer discretionary medical cards were issued each month. What the Government is saying does not add up. Discretionary cards are awarded to people with chronic and serious illnesses, which illnesses are being compounded by this Government's policies. This Government's policies are having a negative impact on people granted discretionary medical cards based on illness. I will give two examples, the first of which was referred to when we previously discussed this issue. A young girl from my constituency who is over five years of age and as such does not qualify for free GP care services, is fed through a peg in her stomach and has received in excess of 40 injections into her stomach had her discretionary medical card withdrawn despite her mother providing the HSE with further medical evidence to support her case, which decision was reversed following the issue being highlighted by her mother on Joe Duffy's "Liveline" programme. The second case involved a man over 70 years of age who was approved for a medical card in September only to have his eligibility reviewed in October.

It is obvious there are major administrative problems within the HSE medical card section which need to be addressed. The Government should first try to address the administrative problems in the system before withdrawing medical cards from 35,000 senior citizens. This Bill should be titled what it is, namely, a grab on our senior citizens once again.

**Deputy Seamus Kirk:** I welcome the opportunity to contribute briefly to the Second Stage debate on the Health (Alteration of Criteria for Eligibility) (No. 2) Bill 2013. The purpose of the Bill is to amend the Health Act 1970, as amended, to change the eligibility rules for medical cards for persons aged 70 years and over. The legislation will come into operation immediately on enactment.

The Bill sets the gross income limit for assessment for an over 70s medical card from 1 January 2014 at €500 per week in the case of a single person and €900 per week for a couple. Cuts in relation to medical cards for the over 70s is an appalling betrayal of people in that age category. The move by the Minister, Deputy Reilly, to restrict eligibility to the over 70s medical card is a shameless betrayal of their position. Some 35,000 people over 70 are being betrayed

by the Government. The Minister, Deputy Reilly, is robbing grandparents to give free GP care to their grandchildren.

Dr. Ray Walley of the Irish Medical Organisation stated:

I fear widespread chaos over the coming months as the HSE start their ‘purge’ of medical cards on foot of the Budget directions. This is a question of priorities and in health we have to focus scarce resources on those who need our help most.

I agree with that statement. This move is negative, counterproductive and impacts the elderly, the people who have shaped and created our nation. This is unfair and it should not and will not be tolerated.

In recent weeks, I have been contacted by a number of constituents who are concerned about the implications for them of this legislation. Under budget 2014 medical cards will be withdrawn from 35,000 people over 70. That is an official estimate from the Department of Health. As such, in the region of one in ten over 70 medical card holders will be affected. It must be remembered that this reduction comes on top of the removal of 20,000 over 70 medical cards under budget 2013. At that time the Department of Health estimated 360,000 people aged over 70 held medical cards. The fact is that over two budgets medical cards will have been withdrawn from approximately 55,000 people aged over 70. To say that approximately 11,000 or 3% of people have been impacted is simply not true.

Where is the fairness about which the Minister continually speaks? This Bill is not fair: it is wrong, pure and simple. This legislation will bring 150,000 people over the income limit and while they are still set to receive free GP care, they will have to pay for prescription medication. In July 2013, the number of individuals eligible for a medical card in circumstances where the HSE exercised some element of discretion was 56,245 as compared to 80,524 at the start of 2011. Is this cull of 24,279 over two and a half years just the start? What is coming next?

In its last election manifesto, Fine Gael, in terms of its new vision for the country, promised to introduce better care services. In relation to terminal illnesses and medical cards, Fine Gael said it would expedite the medical card application process for people with terminal illnesses and would also consider abandoning the medical card means test for people with terminal illnesses. This has not been done.

*5 o'clock*

I spoke on a Topical Issue matter a few months back and the Minister of State, Deputy Lynch, responded as follows:

Under the legislation, there is provision for discretion by the HSE to grant a medical card where a person's income exceeds the income guidelines. The HSE takes a person's social and medical issues into account in determining whether “undue hardship” exists for a person in providing a health service for himself or herself or his or her dependants.

This is not fair. This is unjust and wrong. What are the Minister of State's thoughts for the 150,000 people who will suffer the impact of this? We must look at the human element rather than the overall figure of cuts, cuts and more cuts. People's lives will be affected. The role of a Deputy is to protect and serve the people. That is what we are trying to do today. There needs to be change so that these cuts will not go through.

The Irish Cancer Society states that a cancer diagnosis can have a significant adverse financial impact on patients and their families in Ireland. That is a serious matter for consideration by the Minister of State.

**Deputy Barry Cowen:** We live in very difficult times. This Dáil was convened in very difficult and constrained times. The period of fiscal rectitude over the last few years continues to be difficult, disconcerting, at times horrific, unnatural and unnerving. I could go on with different adjectives to describe the effects. Those adjectives would be descriptive of the various sectors, depending on the cohort and one's place in the economy. It depends on whether one is employed, unemployed, self-employed, employed in the private or public sector; disabled or not disabled; married or not; is a student, a graduate or a postgraduate; and on whether one is dependent or not dependent, or sick or not. Irrespective of whom or what category, all those mentioned are being severely affected, some to the extent that they have lost jobs, lost or fear losing homes, lost pensions or savings, entitlements and businesses, not to mention self-esteem. Many have left our shores and distort the figures that some Ministers proudly quote in respect of unemployment.

This process, along with the associated hardship and pain, has been horribly difficult. The predicament has straddled two governments and has placed great strain on the State's ability to deal with its effects, particularly in the area of social protection and in health. It obviously places strain, pressure and a particular obligation on those with leadership roles, such as those who head up Departments, as they have to respond appropriately, fairly, effectively and honestly. That response must have fairness at its core and it must seek to bring the people with it, instill a resilience in the people and to strive to plot a path out of our difficult times.

Having been faced with financial calamity, the previous Government was obliged to provide capital to maintain proper and functional governance. Irrespective of the national or international factors that brought us to that point, such funding from the troika would raise far less than would have been raised if the open markets were available. However, it allowed us to plot a means by which we might arrive at a pathway out from that point. The conditions attached to the funding were obviously challenging. Adjustments had to be adhered to. The gap between income and expenditure, irrespective of the funding sources, had to be bridged. The fiscal adjustments were severe, but most of us now recognise that they were necessary and the process has continued.

The Taoiseach was very excited and proud of himself and his own role in the impending exit from the bailout on 15 December. It needs to be said that this exit was pencilled in long before he came into his esteemed office. While he lauds that process, he should own up to the many Damascus moments he had along the way. He can point to success on interest rate adjustments. He can say that economic indicators are better, but the manner in which he met those difficult targets and the manner in which his Government continues to meet them, the choices his Government makes, the effect of its budgets and the adjudication of those budgets by an independent source such as the ESRI, means that all this is described as regressive, not progressive. The Government, the Taoiseach and the Minister for Health rubbished the fiscal policy of the previous Government when it sought to close the gap between income and expenditure by substantially greater amounts than that targeted in the last two budgets by this Government. The budgets introduced by that Government were adjudicated by the ESRI to be progressive.

In the election campaign of 2011, the members of the current Government said that they would do things differently. They would be more fair. They would find an easier way, a softer

way, and a way in which to honour all the commitments that they had made to various sectors throughout their period in opposition. It did not matter whether it was Deputy Enda Kenny or Deputy Eamon Gilmore standing here, they said there was an easier and softer way to fill the huge gap that existed, and they were still going to accommodate the promises and commitments that they made to the electorate. They said they would burn bondholders. As I said here one day, they would not burn a sod of turf. They said they would retain social welfare rates. Ask mothers and families if have they done that. Ask young people on jobseeker's allowance if they have done it. Ask carers and the disabled.

They said they would protect income tax rates. Ask pension contributors if they have done that. Ask single parents if they have it. Ask home owners paying property tax. Ask home owners who are faced with water charges for a system that seemingly will not be fit for purpose.

The Minister for Health, when in opposition on these benches, said time and again that he would honour this country with a universal health system. Let him or the Minister of State here this evening ask discretionary medical card holders if he or his Government have done this. Let him or the Minister of State ask those aged over 70 who have lost their medical cards if they have done it. Ask people who were promised an end to prescription charges. Ask people who have had their home help hours cut. Ask the elderly who had their fuel allowance cut in the previous budget. Ask people who had their electricity allowance cut in the previous budget. Ask people who had their telephone allowance taken in this budget.

This Bill is symptomatic of this Government's ability to plough on regardless and achieve the targets set by the last Government in a way in which this Government sees fit, irrespective of the commitments that it made to the electorate in 2011. The Government ploughs on at the expense of the most vulnerable, the most needy, the most exposed, and at the expense of those who were described by the Minister for Health himself as people who made this country - those who raised him and the rest of us, who nursed us and protected us. What protection has he given to the same people in favour of whom he spoke so proudly back then?

The Minister of State and his Government stated in 2011 that they would achieve their targets in a way that would not curtail our health service, and in a way which would not affect the sick, the vulnerable, the needy and the poorest. The promises the Minister made in this area and others were made to an electorate open to such commitments and promises and to fiscal rectitude by different means. To paraphrase a Cabinet and party colleague of the Minister of State, the promises and commitments that the Government made to the electorate at a time when our country was in such a perilous and vulnerable state were a sort of economic treason. It rests on the shoulders of those who made those predictions when they knew quite honestly that they could not keep them. They were made well aware at every possible opportunity of the difficulties that would befriend them when they came into office in order that they could address the problems that had to be dealt with. I do not say this lightly but it was said very flippantly on the other side of the House on a certain occasion and it is coming back to hit the Government twice as hard.

**Deputy Michael Lowry:** I welcome the opportunity to speak on the Health (Alteration of Criteria for Eligibility) (No.2) Bill 2013, which seeks to give legislative effect to the changes to medical card eligibility for over 70s as advanced in the budget of 2014. This was a savage budget, which, through stealth, hit at the pockets of some of the most vulnerable individuals in our society and specifically targeted the elderly. This is clearly evident in the measures before the House which drastically reduce the income limits for assessment for an over 70s medical card.

It is estimated that as a direct result of this decision by the Government, one in ten pensioners will lose their medical cards.

To put this in context, more than 25,000 pensioners will face life with no medical card and it is anticipated that more than 2,000 Tipperary medical card holders will lose out. This is at a time when statistically a large portion of those over 70 will have serious health issues and high care needs. It is contradictory to remove means-tested cards from a section of society which has high medical needs in a budget which is rolling out free GP care for children, irrespective of the income of their parents. Surely this sector of society, which is recognised as having specific and increasing care and health needs, should be protected rather than attacked and should be a priority? This is a cruel, unfair and mean-spirited cut that has led to a wave of anxiety and will have a devastating effect on the peace of mind of older people. The elderly in society cherish medical cards. A medical card serves as a reassurance, a safety net and an insurance for the future. It affords some people comfort to know that if they have a serious medical issue or if their health deteriorates, they will be able to avail of necessary medical care and medication, irrespective of their circumstances.

It must also be stressed that the medical card is a requirement for any elderly person who requires aids and appliances from the HSE. This policy change will result in the costs of the aids and appliances being foisted onto the older person. The medical card is a prerequisite to being given a walking stick, walking frame, wheelchair or even a hearing aid. It will be little consolation to the thousands of elderly people who require these aids in their daily lives to be to be stripped of their medical card and awarded a GP visit card instead. These aids can be very costly and this move may result in people being unable to pay for the aids they so desperately need. Pensioners have not been immune to the recession and have seen their incomes fall drastically. In this budget alone pensioners have been hit with drastically increased prescription charges and are feeling an additional pinch on top of paying for their medication.

Older people have a fixed income and the cumulative and multiplier effect of cuts and rising costs is now taking an unbearable toll. Although the State pension has been retained, people are experiencing multiple pressures as a result of creeping costs for necessary goods and services, reduced entitlements and benefits, and the introduction of new charges and taxes. Elderly people are reporting less money in their pocket year on year, and many state they live on the brink of poverty. Fuel poverty is increasingly evident, as is isolation in the home. There is no exemption for pensioners from the myriad of charges, taxes and increases imposed by this Government, yet the comfort of the medical card is to be robbed from 10% of those who are over 70. It is unconscionable that this Government would strip elderly people of their vital medical cards. These people worked diligently and are being targeted in their later, and what should be their golden, years. This political decision is a disgraceful act which must be deplored and condemned. Our pensioners and elderly should be entitled to a reasonable standard of living and protection from these savage cuts. Instead, older people are being hit with a raft of painful cuts. We must stand up for the elderly in our community who have earned the right to be treated with dignity and respect.

**Deputy Seamus Healy:** Dishonesty is destroying the reputation of politicians and of the political system. There is deep and understandable cynicism in the population generally about politicians and politics. It is being driven by dishonest legislation like the Bill we are discussing which deals with income limits for medical cards for the over 70s.

It is important to note what the current Government said in opposition about the issue of

medical cards for the over 70s. The Minister for Health, Deputy James Reilly said of the Fianna Fáil-Green Party Government:

The Government has lost touch with the people and misled its own backbenchers. It thought it could carry out this attack on the elderly under the guise of patriotism, when it was more like an act of terrorism.

The principle is simple; universal health care for everyone over the age of 70 ... Those are the people who made this country ... They raised us, nursed us when we were sick, protected us from violence, grew our food and ran a proud Civil Service. Are we to repay them by taking away something which was freely given?

Those are the words of the Minister who has twice changed the income limits for over 70s. The Taoiseach, Deputy Enda Kenny, said:

Elderly people do not want to be pressurised about means tests and application forms or have to worry about their property, their savings, what they have in the bank, whether a man from government will call to their home or if they will lose their right to the medical card ... they know, understand and appreciate the value of that little card, which is a psychological comfort to them. They know it brings medical benefits when they need them. It is the one certainty of which they are sure in their twilight years.

What did they say when they spoke from the back of a lorry at the protest by elderly people in 2008? According to Miriam Lord in *The Irish Times*, the current Taoiseach said, “To take away your right to have a medical card beyond the age of 70 years - I reject it! The cheek of them. Shame on them. Shame. On. Them.” The current Tánaiste, Deputy Eamon Gilmore, went on to say “how dare the Fianna Fáil Government disrespect our elderly ... These people ‘who worked hard all their lives, often paid high taxes and only want the peace of mind of having the medical card if feeling unwell.’ “

He went on to say, “While some tinkering around with income limits may be sufficient to satisfy some of the more gullible Government backbenchers, it won’t satisfy the public who simply want to see this plan scrapped”. The Minister, Deputy Reilly, the Tánaiste, Deputy Gilmore, and their parties went on to make even more extensive commitments and promises in their 2011 election campaign. They promised to ensure that the vulnerable would be protected. This legislation shows the dishonesty of their position and the fact that while the Government is allowing very wealthy people in our society to get off scot free, it is targeting elderly and ill people and people on low incomes.

This year’s budget targeted the elderly again. A total of 40,000 medical cards were targeted for withdrawal in that category. Some 170,000 medical cards have been targeted for withdrawal overall resulting, we are told, in a saving of €149 million. This includes the targeting of the withdrawal of 35,000 medical cards among over 70s with a saving of €25 million. There is to be savings from 22,000 medical cards for those returning to work and their cards are going to be withdrawn targeting a saving of €11 million. A total of €113 million is to be saved from what is called “probity”. This simply means withdrawing medical cards from the general medical card population.

We have been told in the Chamber time and again by the Minister for Health, the Minister of State, Deputy White, and others that there is no policy change in respect of discretionary medical cards. No one should believe it. Every Deputy in the House and every Senator in the

building knows that there has been a policy change and that elderly people are being targeted by the Government for the withdrawal of medical cards. This is taking place every hour of every day in every constituency office throughout the country. People know the Government has changed the policy and that it is withdrawing medical cards from elderly people on a daily basis. Approximately 1,100 discretionary medical cards have been withdrawn each month since the beginning of the year. Elderly people are entitled to some peace of mind in their old age but they are now being targeted by a Government which promised to support and protect them in the 2011 general election.

Another group of medical card holders is also being targeted, that is, those aged between 65 and 70 years. They are being targeted simply because they may have a small occupational pension. These people worked in the local authority, the health board, on the roads for the local authority, in the post office or somewhere in the public service and may be in receipt of a small occupational pension or their widows may receive a small widow's occupational pension. This immediately puts them over the out-of-date income limits. These people, who have had medical cards for years, are currently losing their cards because they are a little over the limit as a result of their small occupational pension.

Earlier this year the Government changed the rules in respect of eligibility for medical cards. Two of these changes in particular are absolutely obnoxious and should be reversed. I am referring to the withdrawal of the travel to work element. Now, an applicant must bear the first €50 per week of travel to work costs. That may well be fine for the constituents of the Minister of State, Deputy White, in Dublin South but it is not fine for my constituents in Clonmel, Ballyporeen, Tipperary town or Carrick-on-Suir who have no public transport to get to work and who pay €50 per week and more to travel to work. This withdrawal should be reversed immediately. It is hitting rural Ireland particularly as well as people who do not live in areas where there is public transport.

There is another problem with home improvement loans. Some people who improved their homes may have built an extension for a relative. They may have upgraded the kitchen and they would have been allowed to offset the repayments on that against their medical card limit. Again, that has been withdrawn but it should be reversed and replaced.

I call on the Minister to confirm the current position in respect of expenses for childminders because there seems to be a difficulty in this regard as well. In particular, I call on the Minister to confirm whether the central applications office is seeking documentation which is less than three months old. While one may take the view that this is acceptable, let us remember that in the case of United Kingdom pensions, a person only gets one notification per year. There is a particular difficulty in getting such documentation. There is also the question of the delays in medical reviews. I call on the Minister to consider all these issues. This is particularly dishonest legislation. It is driving cynicism and destroying the reputation of politics and politicians in the country.

**Deputy Mick Wallace:** The alteration to the criteria for medical card eligibility is one of several restrictions to eligibility for the over 70s since the beginning of the economic crisis. The over 70s used to be automatically entitled to a medical card before 2008 but since then entitlement has been increasingly restricted. The Government is planning to save €113 million through medical card probity and has set a target of €666 million in savings next year. The Government has justified its restriction of medical cards by pointing to the increased numbers of people now availing of the cards. The rate is now at the highest level ever, with over 44%

of the population currently holding medical cards. However, health analysts, including as Sara Burke and the Irish Patients Association, have pointed out that this increase is down to more people needing medical cards. The IPA has stated, “This situation is more of a reflection of the current economic environment; falling incomes and other calls on disposable income” rather than an increase in the number of people on the live register.

While the Government’s commitment to universal health care has been widely welcomed most commentators, including doctors, believe the current approach of introducing free general practitioner care for those under five years while restricting medical cards to others who might have a greater need for medical care is a contradictory and confused approach to the issue and flies in the face of the programme for Government’s commitment to developing a universal, single-tier health service which guarantees access to medical care based on need, not income. In response to measures announced in budget 2014, the chairman of the Irish Medical Organisation’s GP committee, Dr. Ray Walley, said that the Government “is presiding over the widespread rationing of discretionary medical cards for people with long term illnesses and real medical needs and now it’s engaging in a stunt by extending these cards to tens of thousands of children in relatively wealthy families who by any measure do not need them.”

Age Action Ireland has also said that it is concerned at changes to income limits for the over-70s medical card which this year will see the loss of another 35,000 cards and stated: “It is contradictory to be removing means-tested cards from a section of society which has high medical needs, in a budget which is rolling out free GP care for children and heralding it as the roll out of its universal primary care plans”.

The Government’s approach to health is fundamentally confused and contradictory. It is not based on need but is driven primarily by financial concerns. Worryingly, part of this can be attributed to demands made by the troika. Although initially the troika seemed quite silent on health, it increasingly became vocal on conditions in health and stated the Government must “tackle the unsustainable growth in medical cards”. The approach then is one based on fiscal concerns, particularly in the context of the EU-IMF programme, and not on the Government’s professed primary objective of need.

While there are fiscal constraints on the State in funding the health sector, an inconsistent and incoherent approach to health risks is undermining the health and lives of people. Where is the impact assessment of measures introduced in budget 2014? How were certain people’s health needs prioritised over others? It is obvious that such needs were not taken into consideration and that policy is being driven by budgetary concerns and the slashing of numbers, rather than on health care concerns. One could be forgiven for thinking that the Department of Public Expenditure and Reform is now running the Department of Health.

The huge risk being run at present is that there will be a permanent impairment to the health sector in Ireland and therefore to the well-being of citizens. In their TASC report, *Eliminating Health Inequalities - A Matter of Life and Death*, Sara Burke and Sinéad Pentony noted the dire consequences of slashing spending on health in 1980s:

... which were made in response to the then weakness in the public finances. It took a considerable time for health spending to recover from the cuts in the 1980s, and it can be argued that the provision of health services did not fully recover from those cuts.

In other words, the reason the health service is marked by the obvious problems with which

all Members are familiar is precisely because the Government previously slashed funding on health and the service was never able to recover. It would be utter folly for the current Administration to repeat that same mistake, rather than learning from the past.

The Government's commitment to universal health care is to be welcomed as it presents an opportunity to redress inequalities in Irish health care. Burke and Pentony noted:

... despite an overall improvement in the health of the Irish population [over the decades], very little has been done to address inequalities in health between high-income and low-income groups. [This means] if you work at an unskilled job and live in a deprived area, you are more likely to die earlier than a professional worker living in an affluent area.

Inequality in health is most starkly and sadly illustrated by the figures for Traveller people. Traveller men and women have four and three times, respectively, the mortality rate of the general population. Suicide rates among Traveller people are six times higher and account for approximately 11% of all Traveller deaths, while the infant mortality rate for Travellers is 3.5 times higher. These figures are frightening in a country that claims it cares. The Government must now act to redress such inequalities by introducing swiftly a system of universal health care that is equitable and that is truly based on need and not on income. Sadly, the Government's strategy for so doing is undermining its best efforts as it is more concerned with achieving savings targets through restricting eligibility rather than taking a patient-centred and needs-based approach.

Too little is happening too slowly. Although Members have been promised a White Paper on universal health care since 2011, outlining the details of the proposed universal health care system, where is it? I acknowledge a preliminary paper was published this year, namely, *The Path to Universal Healthcare*, but Members still await the actual White Paper. Although groups have been established to research and oversee the implementation of a system of universal health care, there seems to be very little action from the Government and what it is doing is undermining directly its own professed goals. How much longer must Ireland be one of the few countries in Europe without universal health care? How much longer will Members accept that people are dying prematurely and are suffering disease and injury simply because the Government is incapable of tackling Ireland's two-tier system, in which those who can afford health care pay and those who cannot suffer the consequences?

**Deputy Billy Timmins:** I wish to share time with Deputy Terence Flanagan.

**Acting Chairman (Deputy Ann Phelan):** Is that agreed? Agreed.

**Deputy Billy Timmins:** Aside from the legislation itself, one point has struck me as being extraordinary in the Chamber today. I am surprised by it because while this legislation on the surface appears to be draconian in many respects, certain aspects of the medical card regime have improved over recent years. I refer to the lack of Government speakers on the issue. While Members on this side are always arguing that they cannot get time, there appears to be no difficulty in so doing today. I am sure the Minister of State, Deputy White, must be a little perplexed that he cannot get his colleagues to come into the Chamber to speak in favour of the legislation. I am unsure whether any Government Member has spoken in favour of it. Nevertheless, I certainly am happy to go along with certain aspects of the legislation.

In the first instance, however, I note this legislation is on foot of the budgetary measure changing the eligibility for medical cards for people over the age of 70. Following the budget,

a view has formed among elderly people, who Members should recall are those who worked during an era in which they were obliged to pay more than 60% in tax and when mortgage rates were between 10% to 20%. The rates hovered around 20% for many years in the late 1970s and early 1980s. There is a certain sense that such people were perceived to be easy pickings in respect of the prescription charges, the telephone allowance or the medical card. I do not necessarily agree with this and do not believe that was the Government's intention but it certainly was the message that came across. Again, it shows the weakness in Ireland's budgetary system because it would be to the Government's advantage to come into this Chamber in the months ahead of a budget to outline the amount of funding it has available to it and its proposed allocation thereof and then to ask Members whether they could come up with a better proposal. In this context, it is easy to lament the cutbacks and is easy to lament the reduction in services or the increase in taxes. However, Ireland still is spending beyond its means and this must be addressed further. The economy will not get back into shape until the finances are back in order. This is the reason I am surprised that Government Members have not come into the Chamber to speak.

I have a number of points to make and while I am not a spokesperson for the Government, it is important to point out that notwithstanding the increase in the number of people on the live register, the numbers of medical cards issued have risen dramatically. In 2004, there were 1.14 million cards while in August 2013, there were 1.863 million cards. Notwithstanding the increase in the numbers on the live register, this constitutes a dramatic increase. Moreover, the number of medical cards in circulation has increased by 62% between 2004 and August 2013. Second, the coverage of the population for health services through medical cards has increased steadily since 2004 to reach almost 41% of the population by August 2013. When GP-visit cards are included, that figure increases to 43%. I reiterate the caveat about the economy but these basically are good news stories and I am surprised that Government Members are not in the Chamber to push them.

On the other side, in my dealings with the HSE, in general I have found its staff to be fine. Mistakes of course will be made and Members are familiar with the high-profile cases that end up on the chat shows or whatever and which are not possible to defend. Errors will happen and this is where I believe the HSE and the health services have faltered. I will cite a statistic that does not show the health service in a good light. In 2009, approximately one in 18 medical cards issued were discretionary while in 2012, the comparable ratio was 1:33. I believe medical cards should be issued for medical reasons and not as financial assistance cards. This is the reason it is really important to have consultations. The system has changed in that it is now managed centrally and, consequently, what is now missing is input from the community welfare officer, the public health nurse, the local politician, the local health board member or whoever. Previously, such people had an input into the granting of medical cards but this practice has now ceased. As society becomes more technologically advanced, lots of shortcomings emerge and in this case, the interface with people is one such shortcoming. I would be happy to support the broad principle of this legislation, were a commitment given about the discretionary card for those who are actually in need. The Government has a policy in which money follows the patient, whatever that might mean, as I am not quite sure. However, a policy in which money follows the patient and need would make a lot more sense. It is the same in respect of providing the medical card for everyone aged from zero to five. There are many children aged six, seven and eight in dire need of a medical card whose the family's earnings are over the income threshold for eligibility but, due to the special needs of the child, they are in difficulty. They will get a medical card for the child on most occasions, but not always. It would be preferable

if that cohort of people were to get a medical card than to have universal provision. I do not believe in the principle of universality because it does not address the need.

There is an anomaly in the legislation with regard to the income threshold applying to a married couple. The income threshold has been reduced to €500 per week for an individual and €900 per week for a couple. I tabled a parliamentary question on this issue, the reply to which stated that it is easier for a couple to cope with the cost of living and, to bring it down to simplistic terms, only one light bulb is needed for two people. The same argument can be applied to a sister and brother or two individuals over the age of 70 who share a house. The income threshold qualification for those individuals is €500 per week and this is the first time in legislation on this area that there is discrimination against married couples. Unfortunately, I am not a member of a committee but I will certainly consider tabling an amendment on Report Stage to restore equalisation in the legislation. This anomaly sends out a message of discrimination against married couples.

Approximately 2 million people have a medical or GP visit card and 43% of the population are in the medical card system. I would like to know what percentage of that 43% have private health insurance. In theory, there should not be any of those in that system and, if there are, it is a clear indication that there is a lack of confidence in the health service. The chief executive officers of four hospitals wrote to us recently expressing concern about the services being provided. I represent a constituency in which there is no general hospital. It is probably unique in that respect. It has not had a general hospital since the foundation of the State and prior to that. Perhaps Leitrim is the only other county in a similar boat. I am not sure if there was a general hospital in Carrick-on-Shannon but Wicklow does not have one. I have encountered a few cases involving people who have passed on where I would be almost certain - whether it was due to lack of resources or other reasons - that should not have been the case. I definitely believe there was misadventure or neglect at the heart of it, for whatever reason I do not know but it is to be hoped that, in time, it will be established.

I want to deal with the issue of the prescription charge. I was an advocate of it from the perspective that it was a quantity control measure. One would find on visiting houses that there would be lockers filled with unused medicines. The charge was to be a quantity control measure, not a revenue collecting measure. Unfortunately, the Government has developed it as a revenue collecting measure. There is a maximum charge of €25 per month, but that is a good deal of money for an elderly person. I ask the Government to reconsider the impact of that charge on elderly people in particular. The charge is €2.50 per prescription item.

I am a believer in the concept that no one should get something for nothing, notwithstanding that there are people in difficulties. I believe most elderly people would support an idea with regard to the medical card. In the case of the free travel pass, I have met several active retirement groups who expressed the view that they would not mind paying a €1 or €2 per journey, once it was not used as a revenue collecting measure. It could be a quantity control measure or a means of monitoring the position. I would not be adverse to a charge of €1 per visit for a medical card holder provided that next year the charge would not be €5 and €10 the year after that. I do not believe people by and large would have a difficulty with a small charge. While some sections of the media might hammer the Government initially for bringing in such a charge, it could explain the advantages of it and that it would put a certain status on the card. People are very fair and reasonable.

I want make a few basic points. With regard to the discretionary medical card, it is impor-

tant that the interface with and knowledge of the local person is taken into consideration. It is fine then to reduce the other sections provided the discretionary card follows the need.

We have a community first responder scheme in Wicklow. I have often raised this issue with the Minister, Deputy Reilly. The issues of concern to people who are isolated medically are meningitis in the case of a young child and cardiac arrest. The community first responders in Wicklow have 400 or 500 people trained in a voluntary capacity. When an ambulance is called out, a mobile telephone number is concurrently dialled and the local person who has been trained - there are volunteers on duty in almost 30 locations - makes their way with a defibrillator and the oxygen to the individual concerned. They get good assistance from the ambulance service. When a former Minister, Mary Harney, was in office, she launched a report on it around 2006. The scheme has not been extended nationally. It is a fantastic scheme that no one knows about other than the people who avail of it. I heard a presentation on it when the Minister, Deputy Reilly, was in opposition and I would like him to read it because, for very limited resources, it provides a fantastic facility.

**Deputy Terence Flanagan:** I thank the Ceann Comhairle for this opportunity to contribute to this debate. I share the concerns expressed that the new criteria announced in budget 2014 can be seen as discriminating against older married couples, as Deputy Timmins stated. Until now the medical card income limit for a married couple was always twice that of a single applicant. Under the new terms, the limit for a married couple is less than double that for a single person, namely, €500 for a single person and €900 for a married couple. This marks a huge decrease in the income limit for a married couple of €500 per week, when one compares the figure with the income limit of €1,400 per week at the beginning of 2013 versus the new limit of €900 on a gross weekly income limit. The Minister advised me, as he did other Deputies, that the reason for this is that “the Government recognises that the living costs of an individual living alone are more than half the living costs of a couple living together and that expenditure does not necessarily diminish relative to the number of people in the household”. I have concerns about that statement in that when one half of a married couple dies, there is no reduction in the outgoings of that household except for a reduction in basic food costs. The surviving husband or wife still has the same fixed household costs such as electricity, the property tax, television licence, home insurance and so forth. I ask that the Minister would set out the data that were used by the Department in reaching this conclusion and if those data have just become available or if they were available in the past, the reason they were not taken into consideration in the past.

I welcome the moves in this Bill to improve medical card probity measures to ensure those who are no longer entitled to a medical card or have a medical card in error and their situation has improved will no longer receive one at a cost to the State. I do not believe that anybody wants to see wastage, particularly in terms of people getting a medical card who do have a desire or a need for one. The Minister has provided reassurance that those entitled to medical care and who have a genuine case and need because of financial hardship will get a medical card. Those who no longer are eligible for a medical card as a result of changes will be entitled to a GP-visit card, and that provides peace of mind for senior citizens. Many people have been scared, uncertain and worried as a result of media reports about the new measures. I hope the reassurances provided by the Minister to address people’s fears are solid. The worst concern is fear itself, especially for older people, and we must be careful of that.

Another commitment given by the Minister is the roll-out of free GP care for all citizens, and that remains a priority for Government. We know that the cost of attending a GP and paying for a prescription is much higher in this country relative to other countries, particularly for

families whose members are sick and need to visit a doctor. Some such families are no longer attending a doctor as a consequence. The commitment of the Government to the roll-out of free GP care will help those hard-working families to be in a position to attend a GP when in need. Approximately one half of the population will have access to free GP care by the end of next year. It is important that the Government continues with its reform plans to ensure that a fairer health system is accessible to all. I welcome the introduction of the free GP card for children aged under five years which will go some way to lessening the financial burden of hard-pressed middle and lower income families. A total of 240,000 children are expected to benefit as a result of this new measure. However, I am concerned about the discretionary medical cards. There is a fear that the Department of Health is clamping down and people with terminal illnesses may not be entitled to a medical card. Other Deputies have voiced this concern. It is hoped that genuine cases will be dealt with in a humane manner and that the medical card will not be taken away.

I am concerned about the aspect of data-sharing between the Department of Social Protection, the PCRS and the Revenue. Are there any plans to enable data-sharing between the PCRS, the Department and Revenue to speed up the application process, to improve efficiency and to avoid complications, considering the large volume of applications for medical cards in recent years? I ask the Minister of State to comment on the current relationship between the PCRS, the Revenue and the Department. Are service-level agreements in place?

I understand that the HSE has endeavoured to undertake a communications campaign to inform people of the changes in eligibility. Any moves to improve communication with clients is welcome. I note that the PCRS plans to be aware of the use of language in its letters being sent to clients. This is very important in light of what happened with the Revenue and its methods for communicating about the local property tax. Lessons must be learned to ensure that the wording of letters is more clear and considerate of people's situations. I have a concern about the poor communication from the HSE about the long-term illness scheme. Twelve illnesses are covered under the scheme, including MS, for example. Many of those who apply for medical cards are already covered under the scheme and this needs to be publicised better by the medical profession and by the HSE, so as to cut down on duplication of medical card applications and so that time and money is not wasted in processing unnecessary applications. The same point can be made about the drugs payment scheme. I ask the Minister of State to comment.

I will take this opportunity to highlight my concerns about the accident and emergency department of Beaumont Hospital in my constituency. The national target for accident and emergency department waiting times is that 95% of patients must be treated within a six-hour period once they present to the department. The national target is for 100% of patients presenting at accident and emergency departments to be treated within nine hours. However, Beaumont Hospital currently treats only approximately 70% of all new unscheduled patients within nine hours, thus falling below the national target by 30%. Could the special delivery unit focus its attention on accident and emergency departments in general and on Beaumont Hospital in particular, before the winter season begins?

I have been advised by the HSE that the number of patients waiting on trolleys in the Beaumont Hospital accident and emergency department is a systemic problem and is regularly in excess of 100% capacity. This is as a result of the delayed discharges from hospital wards. Could the Minister of State investigate this situation? There has been an increase in prescription charges over the years. I hope this is not a revenue-generating policy from the Department, although it possibly is such. The limit of €25 could be looked at because it is a lot of money

for elderly people.

**Deputy Dara Calleary:** There is no doubt that this Bill will be passed, given the Government's majority. What should be noted about this debate is the complete lack of speakers on the Government side of the House over the course of the debate. They will press the buttons and support the Bill but there has been a paucity of speakers and most of the contributions have been from this side of the House.

This is the second occasion this year that the House has considered legislation to do with eligibility for medical cards. The Taoiseach and the Tánaiste revved up the crowds in 2008 but this is contrasted with the manner in which they now deal with medical card eligibility.

I ask the Minister of State to consider some aspects of the Bill in advance of Report Stage. Like other speakers I am concerned at the manner in which the figure has been arrived at. Couples living together are being discriminated against because their weekly income threshold is being reduced by €100. This is a significant departure from previous Bills amending eligibility for medical cards which gave couples double the allowance of individuals. I agree with Deputy Terence Flanagan that if the Department is using a new formula for assessing eligibility this should be explained to people. Will this formula be used for all eligibility applications? It marks a significant departure from current practice.

This is the second time that the Government has reduced the eligibility for a medical card for the over 70s. Will there be subsequent reductions? The Government is also making health insurance more unaffordable, in particular for this cohort of people. The Taoiseach spoke this morning at Leaders' Questions about older people needing more expensive policies. I agree that is the case but these are the people whom the Minister for Finance, Deputy Noonan, on budget day described as having expensive gold-plated policies. He announced the cut in the tax credit by stating that it would only affect those with gold-plated policies. However, for most older people, their policies are more expensive and they use them, but they are not gold-plated by any means. These policies provide the security of being able to obtain a bed in a ward or having timely access to services. There is nothing gold-plated about that but because of their age or condition, some people will have to pay more.

I am aware of a constituent who suffers from chronic pain syndrome at the age of 39. I spoke to her on budget night and I have referred to her case previously in the House. She has a requirement to travel from Mayo to the national pain centre at St. Vincent's hospital every six weeks to have her condition treated. Her VHI policy - which she still pays - will rocket in price because of this taxation decision. She does not have a gold-plated policy; it is a policy directly relevant to her condition. The issue of discretionary medical cards is broader than this legislation. My constituent will now be forced to defend her right to have a discretionary card because it is specific to her condition and it was given on discretion.

Even the use of the term "discretionary" is wrong. I agree with Deputy Terence Flanagan that communications about the long-term illness scheme are appalling. People do not understand it. I would not like to compare the medical card staff in the office in Finglas with the Revenue Commissioners.

*6 o'clock*

They are doing a hell of a good job currently and they are trying to deal with people. While I disagree with the reviews, the forms are clear and the staff in Finglas are trying their level best.

There were hiccups in the beginning, but they have got everything together and they are good to deal with, in my experience. The reality is that discretionary cards are being withdrawn from people who have cancer or children who have disabilities who require them to be in care. The notion of giving free GP care to under-fives while not being in position to give a guarantee to a child if he or she has a serious illness that the or she will have a medical card when he or she is six is wrong. We all aspire to free GP care for under-fives, but when children with serious or terminal illnesses cannot get that guarantee, we need to examine our priorities.

The Taoiseach referred to cancer patients and said this diagnosis no longer strikes the fear into people that it used to. He is correct but he is able to say that while looking on from a distance. When people are given that diagnosis, no matter how good the prognosis is, it strikes fear into them and their families in the days and weeks afterwards. People will have to battle and go through the process of applying for a card and that will not assist them to deal with the fear. The health services need to liaise with the Irish Cancer Society and cancer specialists regarding a fast-track system for people with serious illnesses. Motor neurone disease is another example. It is incredible that given the prognosis for sufferers and the care they need, there is no system to fast-track applications for specific conditions. That needs to be implemented.

On budget day, the Taoiseach stated that only 3% of those aged over 70 would be affected by this change. He again gave the impression, as the Government tends to do in its communications, that people should not worry because only rich, gold-plated individuals will be hit by this and everybody else will be fine. To achieve the savings target, however, 35,000 medical cards will have to be withdrawn and, therefore, either the Taoiseach is wrong or the savings target is wrong. The amount the Bill proposes to save needs to be clarified.

Probity measures are also an issue. The notion of probity suggests something is wrong with people who have a card and that they should not have it. They comprise a small cohort and some were given discretionary cards because of local knowledge and input.

It is frustrating that medical decisions are taken on the basis of a form without engaging with the applicant. Either the Minister of State or the Minister for Social Protection committed to increasing the number of doctors assessing medical card applications but it is one thing to read a form and look at a range of conditions. It is another to sit down face to face with a patient and make a call. If the Government wishes to emphasise decisions made by doctors, they must meet the people on whose applications they are deciding. One cannot diagnose a person's medical condition on the basis of a form.

The notion of a card being discretionary suggests people can do without one. I received an e-mail from a constituent a few minutes before I came into the Chamber. His mother has a serious medical condition and her discretionary medical card has been withdrawn. The husband has a small business and is struggling like all small business people and he is trying to keep his family going. The card was reviewed a few weeks ago and it was withdrawn. This is a serious condition and I have asked for the details, which I will pursue, but this person is going through incredible distress, as are many thousands of others who are getting these letters. The worst element of this is that people are attending doctors only to find out that their medical card, which might have an expiry date in 2014 or even 2015, has been withdrawn from the list. This is the first they have heard about there even being a question over the card or that it is subject to a review. Their doctor has been told that the person no longer has a card. Communications issues need to be addressed because this is wrong.

We are saying to older people that they are expendable. The statements and rabble rousing engaged in by the Taoiseach and the Tánaiste in 2008 on this issue stands in stark contrast to this legislation which will pass Second Stage later. The loudness of the silence on the Government benches has been noticeable throughout the day.

**Deputy Michael Healy-Rae:** I sincerely thank the Technical Group for time to contribute to the debate. As the previous Deputy said, when one looks around the Chamber, it is a fairly lonesome sight. I very much respect the presence of the honourable Members of the Others, so-called, who were here to say their piece on this important subject. I respect their integrity and the honourable position they have taken. They were elected under the flag of a political party but they would not be bound by that or held back in their conviction and in what they believed in their hearts to be right and wrong. I appreciate and respect their views and how forthright they were in making the sacrifice they had to make to stand up and say what they believed was right or wrong. Where are the other Others? Where are the people who went before the electorate and said Fianna Fáil had run the country into the ground? They condemned and they castigated.

I was not a Member at the time but I was not in another world. I recall what the Taoiseach said when he was leader of the Opposition and what the Minister for Health said when he attacked his predecessor. He said she was hiding behind the HSE every day and night. When Opposition Members question him now, he hides behind the HSE. God knows he is substantial enough that he should be able to stand up for himself, not to mind hiding behind anybody, but, unfortunately, he is responsible for presiding over a disastrous set of circumstances that have led us to this point. The one thing elderly people, whom we respect, hold dear in our beautiful, small country is their medical card. It did not fall into their laps; they earned it. They are our parents and grandparents who worked hard.

The Government parties had the cheek to say this change would save more than €100 million but it would not hurt or affect anybody. They said they would make these massive savings but they would not cut anything when we all knew a secret decision had been taken earlier this year by them to cut more than 40,000 medical cards. This will have a catastrophic effect on people who are vulnerable because they are living on low incomes and need every penny they have.

I have to look to my colleagues in County Kerry whom I competed against to get into the House. Where are they now? They went before the people of County Kerry and made serious promises. Where are they tonight? They will run into the House later when the division bells ring and they will vote to hurt the very people who voted for them. Fine Gael and the Labour Party secured a substantial vote, and later they will hit the very people who voted for them. If they think the electorate will forget this, they will have another think coming. The electorate will wait and bide its time and the people will have their say, in the same way as the yes men who will run into the House shortly to vote to hurt and affect these respectable people. Those respectable people will remember what was done to them. When Fine Gael and the Labour Party rang the buzzers on the doors a couple of years ago, the welcome they got was very warm. They said they would have to get rid of Fianna Fáil and they promised they would do everything better. The people will remember what better is. Better is hurting our elderly people and taking away their medical cards.

I received a heartbreaking telephone call before I came into the Chamber from the mother of a five and a half year old boy. Yesterday morning when she gave him a cuddle, she hurt him

when she put her arms around him because he is waiting for a procedure to be carried out in the children's hospital in Crumlin. Unfortunately, the nuclear X-ray machine will be out of use during January and it is in limited use at the moment. I was so upset after the telephone call that I telephoned Great Ormond Street Hospital in London to see how much it would cost for the X-ray and the procedure required to be done privately there. The parents do not have the money to pay for it but I would undertake to fund-raise for this operation.

Is it not some indictment of where we are today in terms of health care when a five and a half year old child is in pain and is sore? I cannot get it out of my head. The only alternative I can see to help this child in the immediate future is to have the X-ray and the procedure done privately in England. This is very upsetting. If it is upsetting for me, can one imagine how upsetting it is for the parents of that child who is sore and in need of a procedure which cannot be done because of cutbacks?

For the Minister to continuously hide behind the HSE is upsetting because the Government promised so much. Its members did not need to make the massive promises they made to get into power. If the members of the Government had half a brain in their heads, which I am sure they have somewhere, they would have known they would get elected. They did not need to make all these promises but they did regardless. It was like the Taoiseach saying in an after dinner speech that he wanted to do away with the Seanad in case it would get a couple of more votes for him, although knowing in his heart and soul he did not need to do that. He got a fair kick for that. It is the first of many kicks he will get and it will go on for a long time. I do not know how to express my opinion of the Government given what it is doing, but it will be remembered forever.

The cut to the telephone allowance will cost the State money. People's pendants are connected to the telephone. If somebody who has done away with the landline falls in his or her house, he or she will not have that backup service. A person might have a small incident in his or her house but by not being able to contact somebody, the situation could be fatal or the person could finish up in hospital for a prolonged period, perhaps with a broken hip or some other such misfortune. If that happens, it will cost the State a lot more money, so it will not save money by doing away with the telephone allowance.

I refer to the ambulance service and centralising the emergency call centre in Townsend Street in Dublin. That facility is not fit for purpose because it is a fire station to which minor changes were made. All of a sudden somebody decided it would be a great idea to centralise our emergency call centre. Since that happened, lives have been lost because under the previous system, people knew localities. We had a situation in County Kerry where an ambulance was called to an address in Tralee but it ended up at the same address in Cork, 60 miles away. These are the types of stupid decisions over which the Government is presiding, things which are not saving money but are leading to situations where people do not have the same delivery of service or the same confidence in the service. For anybody telephoning 999 now, it is a chance in a million that one might be seen afterwards. One might say that is an exaggeration but I could go through the mishaps, cock-ups and mistakes which have been made since the call-out centre was centralised in Dublin.

We can see what happened with our community welfare officers and centralising the processing of medical cards. I very much appreciate the work being done by the people in the centralised centre for medical cards. Those people are doing their best because this was thrown at them and it is not their fault. The Government has created a disconnect between the people

looking for a medical card, the community welfare officer who might have been dealing with the people, and the people in the locality processing the applications who had local knowledge and could telephone the community welfare officer to ask about the situation in a particular household. That has all been done away with. The Government has created a complete disconnect between the person looking for a medical card and the people adjudicating on whether the person should get a card.

Another awful dirty trick which I would like to highlight concerns medical evidence. I mentioned this in the audiovisual room a number of months ago when people from the Department gave a presentation. Again, I do not blame the people in the Department who are dealing with the deck of cards the Government gives them. When applying for a medical card, disability allowance, illness benefit or any such scheme, one is asked to give medical evidence from one's doctor, which is clearly stated on many documents. Every public representative knows that if one gives medical evidence from a doctor, one will be refused. The reply one will get is that, based on the medical evidence submitted, one is being refused because the HSE does not believe the medical evidence is good enough. What it is saying is that one should have a report from a consultant, but it does not tell one that because the Government wants applications for medical cards, disability allowance and illness benefit to be refused. This is a magic formula when it comes to issuing refusals because it catches an awful lot of people out.

A person who may be elderly or ill might not be under the care of a consultant but will get a letter from the doctor which he or she will think is the best he or she can give. If that person is refused on the basis of the medical evidence, he or she will ask what other evidence he or she can get. If he or she is not under the care of a consultant, he or she will not go to one because it will entail spending €150 or €250. A person applying for one of those schemes is looking for money and not to spend it because he or she does not have it to spend.

When the presentation was being given in the audiovisual room, I asked the following simple question. Why is it that the HSE does not tell people? Why does the Minister of State, Deputy White, not direct the people who are dealing with these schemes to state clearly that the HSE does not accept doctors' reports when it comes to applying for medical cards, disability allowance or any of those schemes? Just in case I was wrong, I asked many of my colleagues if they were having the same experiences, and they were. Besides being appointed a Minister of State, Deputy White was elected to the House, which means he has an electorate behind him and people are coming to him with their problems. The funny thing is that he knows everything I am saying is the truth and that I am right. He knows that the HSE will not accept the evidence of doctors any more. It is an absolute no-no the minute it is seen. The doctor's report might say the applicant in question is under the care of a certain consultant, but that will not be enough. The report has to come from the consultant.

I can prove that what I am saying is correct. I deal with an awful lot of people whose applications have been refused. I tell every one of them to go away and get the evidence from a consultant. When they get it, we send it in not as an appeal but as a request for a review. We are successful in the majority of those instances. The proof of the pudding is in the eating. When I follow what I am told is the correct procedure, it works. That is the proof. I am just one of 166 representatives in this House. I am sure everybody else has the same experience, regardless of whether the Minister of State wants to admit it. Maybe he cannot do so in his position as Minister of State. He might feel his job is to say I am wrong even though he knows I am right. He is shaking his head. I will be delighted to hear what he will say.

**Deputy Alex White:** I would not misrepresent something. I will tell the truth in my reply.

**Deputy Michael Healy-Rae:** I believe that 100% because I know the Minister of State is an honourable man. I appreciate that he is a respectable man. All I am saying is that he might not be able to be as forthright, now that he is a Minister of State, as he would be if he were not a Minister of State. I would not dare to question his integrity as a politician. I would not do so in a million years.

I will come back to why we are having this debate in an empty Chamber. The Chamber is empty because the people who will vote with the Government know they are wrong. They know they are betraying the electorate. They know they have been dishonest with the people they asked to vote for them. I really believe that tonight, above all nights, is a special night in this House. The Labour Party and Fine Gael are hiding. The people who made all these promises are hiding. They condemned Fianna Fáil, Sinn Féin and the Independents. They said they would do it right if they were given a chance. My God, they are making a fair mess of it. They were given a golden chance. They needed to be honest, but they were not.

I would like to make a point that I have made previously in this Chamber. I have seen a Sunday newspaper referring to the Minister for Social Protection as “Wonder Woman”. I know what Wonder Woman has presided over. I know where the leaks from the Cabinet table are coming from because there is no such thing as a free supper. There is no such thing as free publicity for those who are given titles like “Wonder Woman”. This Government will be remembered for a long time. I hope it will also be remembered that a Sunday newspaper decided, in the same week as a budget attacking vulnerable people was announced, that it was a good idea to christen the Minister for Social Protection with the title of “Wonder Woman”. It will be remembered for a long time. Somebody will remember it. If people forget it, I will remind them if I am still here. If I am not here, I will remind them from wherever I will be.

I wish to speak about the junior doctors issue. It amazes me that people can be so selective about the European directives they adopt and those they do not. Mysteriously, our Government is able to ignore the European working time directive, which dictates the number of hours people can work. It does not act in the same way regarding other issues, such as those relating to farming and other aspects of life in Ireland. If Europe tells us to jump two feet, our Government will decide to jump five feet. Why is the Government selective in its adoption of European policy? It is crazy.

**Acting Chairman (Deputy Seán Kenny):** The Deputy has 50 seconds remaining.

**Deputy Michael Healy-Rae:** Time goes very fast.

**Deputy Dara Calleary:** When one is having fun.

**Deputy Michael Healy-Rae:** Yes. The Government is suffering from selective amnesia. It remembers to do certain things and forgets to do other things. It is frightening to think that people are expected to adhere to safe work practices over extraordinarily long lengths of time. It is wrong to call the people in question “junior doctors” because, as Deputies are aware, it is not as if they are all young new doctors. The manner in which they are treated is unbelievable.

The vote that will follow this debate will be remembered for a long time. The Chamber is quiet now as I look around. I cannot wait for the bell to ring. We will see Deputies running in and falling down the steps in their haste to press the button and hurt our elderly people. I hope

the people, including elderly people, will remember Fine Gael and the Labour Party for a long time. There are alternatives.

I thank the Technical Group again for allowing me to use some of its time. I thank the Minister of State for being present. I thank the Acting Chairman for his forbearance.

**Acting Chairman (Deputy Seán Kenny):** The Minister of State, Deputy White, has the right to reply.

**Minister of State at the Department of Health (Deputy Alex White):** How much time do I have?

**Acting Chairman (Deputy Seán Kenny):** The Minister of State is entitled to speak for a period of time not less than 15 minutes and not exceeding 30 minutes.

**Deputy Peter Mathews:** The Minister of State can yield some of his time if he wishes.

**Deputy Alex White:** Okay. I wish to address the broad issue of the Government's policy on the development of a universal GP service. I would also like to respond to the suggestion that has been made during this debate that the legislative measure we are discussing is somehow contrary to the Government's policy on the universal GP service. As I have said previously in this Chamber, I do not accept that the provisions of this Bill, however they may be criticised, are contrary to the Government's policy on the universal GP service. I am not saying they cannot be criticised. The Government is protecting access to GP services for the over 70s. It is expanding access to GP services for young children. By the end of next year, almost half the national population will have access to a GP, as the first point of contact with the health system, without the financial barrier of fees in their way.

The Government is committed to introducing on a phased basis a universal GP service without fees within its term of office, as set out in the programme for Government and the future health strategy framework. The introduction of a universal GP service that will be free at the point of use constitutes a fundamental element in the Government's health reform programme and the ultimate introduction of universal health insurance. A universal GP service will underpin the delivery of health care close to people in their communities, at the lowest levels of complexity and at the lowest levels of cost. This is a critical step on the road to introducing universal health insurance and eliminating the two-tier health system that bedevils our health services.

As the Minister for Health outlined when he introduced this debate, the State's economic and budgetary situation means it has been necessary to take a number of difficult decisions to secure the savings required. Most of these savings have been designed to ensure they do not have an impact on front-line activity and protect the most vulnerable. I will come back to that point. Approximately 350,000 individuals aged 70 and over currently hold a medical card. It is estimated that the budgetary measures provided for in this Bill will move approximately 35,000 people from a medical card to a GP visit card. Deputy Calleary asked about the precise numbers involved.

The overwhelming majority of medical card holders over the age of 70 will be unaffected by this Bill. The budgetary measure we are dealing with will affect medical card holders over the age of 70 who have the highest incomes. Each and every one of the 35,000 people - 10% of the total - who will be affected by this measure will continue to have access to free GP services

without quibble and without needing to go through an application process. Their medical cards will be replaced by GP-visit cards. As has been mentioned, a person over the age of 70 with a weekly income of €500 will continue to qualify for a medical card. Similarly, a couple over 70 years of age with a weekly income of €900 will continue to qualify for a medical card. Given that the new income limits are more than twice the level of the basic State pension of €230 per week for an individual or €436 per week for a couple, it is clear the majority of over 70s medical card holders will not be affected. I am not trying to suggest that no one will be affected. Deputies have been very straight and I have listened very carefully to what everybody has said. I will not misrepresent any of the Bill's provisions. Some 35,000 people will be affected by the Bill and will lose an entitlement to a full medical card and have it replaced by a GP-visit card. I do not try to suggest in any way that is not occurring; it is occurring. It is important to understand that the new income limits are more than twice the level of the basic State pension. I believe Deputy Clare Daly said that 80% of pensioners live on the State pension alone. While I am not sure if she is right in that figure, if it is the case, it is important to point out that the State pension is approximately half the new income limits for the over 70s medical card.

Under the drug payments scheme, the HSE will meet the prescription drug costs of these older people without a medical card who face drugs costs higher than the drugs payment scheme threshold of €144 per month. This means that a single person aged over 70 years with a gross income in excess of €500 per week, or a couple with an income in excess of €900 per week, will have their expenditure on prescription drugs capped at approximately €33 per week. The people affected will still have access to the DPS threshold, meaning that they cannot be required to spend more than €33 per week on drugs. I do not underplay or make any value judgment or suggest that would never be a difficulty for anybody in the State. I simply lay the facts before the House in order that we have a sense of proportion and clarity about what is happening. By the end of 2014, in the region of 93% of the over 70s population will continue to have access to GP services without fees through either a medical card or a GP-visit card.

Some of the Deputies, including Deputies Calleary and Terence Flanagan, raised the issue of the differential between the gross income threshold for an individual, which is €500 per week, and that for a couple, which is €900 per week. Heretofore, the single threshold was half the couple threshold. The Government recognises that the living costs of an individual living alone are more than half the living costs of a couple living together and that expenditure does not necessarily diminish relative to the number of people in the household. This differential concept is not new and is evident in other areas of public policy to which I will briefly allude. Examples include the State pension, which is €230 per week for an individual and €436 per week for a couple; the provision of the living alone increase - an extra payment for people on social welfare pensions who are living alone; differential income limits between individuals and couples which apply for medical cards for persons aged under 70 years; the assessment for supplementary welfare allowance where a differential applies whereby the rate for a dependent qualified adult is not half the personal rate of the applicant; and various items under the Insolvency Service of Ireland guidelines, where a significant extra sum is not allowed per month after tax, PRSI, and so forth for a couple compared with a single person.

I will reply to some of the points made in the debate. Deputies touched on the issue of the discretionary medical card. I believe Deputy Timmins expressed the view, which is often expressed, that there should be an entitlement to a medical card for medical reasons. Other Deputies continue to assume a person can qualify for a medical card for a medical reason. I know there is a lot that divides us and this debate is a difficult one. Many Deputies said we

need to remember the humanity and ensure the system is applied and administered in a humane fashion, with which I entirely agree. However, the system is the one that has been in place since the 1970 Act. That Act does not allow a medical card to be allocated on the basis of a medical condition.

Deputy Healy Rae pressed me on the issue of doctors versus consultants. The involvement of a doctor, consultant or any medical person in the assessment of entitlement to a discretionary medical card is not to give a medical report as to a person's illness or a diagnosis. That does not arise in the case of a medical card. Deputy Timmins suggested that should be the case. He may be right and I can come back to that in a minute. However, that is not the position. The involvement of the doctor is to give a view or help in the assessment of the application of a person who is over the income limits but has extra expenses associated with a particular medical condition, which could include attendance at a doctor or the need to travel, for example. The doctor's involvement is essentially to help the HSE to judge whether that is fair and whether the medical condition or illness would reasonably give rise to those kinds of expenses. However, it is still an assessment of needs. We can have a discussion on whether that is right or wrong. I reiterate to colleagues that there is no medical diagnosis involved in the decision to give a medical card, discretionary or other. It is not done on the basis of a medical condition.

Deputy Timmins developed the point and suggested it should be where there is a need, which I understand. We are all human beings and can all see that where an immediate need is presented to us, the health service should react to such a need that is current and present. I understand that. It is the humane response anybody would have. As well as being humane people, I hope, we are also legislators. We need to work out what sort of system we would need to have and what kind of law we would need to introduce if we were to give medical cards on the basis of medical conditions or illnesses. First, we would need to change radically the 1970 Act. We would need to define that a person with a medical condition diagnosed in a particular manner would be entitled to a medical card. We would need a list of medical conditions to which it would apply. The diagnostic basis would need to be set out in legislation or in regulations.

I know people's eyes glaze over when we go into this part of the discussion, which I can understand. When we looked at the issue of universal access to GP services last year, people asked why we changed course given that the programme for Government contained long-term illness. We also had the other route we had proposed taking, after which we discussed chronic illness. It would have meant we would have needed to legislate in considerable detail for the awarding of medical cards to people with particular illnesses. We would have needed regulations to govern the diagnostic basis, whether it was for asthma, diabetes or various cardiovascular conditions. We would have needed very complicated legislation to allocate medical cards on the basis of a medical condition. That is why we took a different view of how we should reach the ultimate aim of universal access to GP care.

People would need to think twice about the idea of doing it through a particular illness or condition. That is not to say I disagree with people who say the humanity of the situation must constantly be before us. We have the discretionary card precisely so that it is not just the strict case of either satisfying the means test or not, resulting in either being in or out. That is why we have taken the approach to allow an extra discretion to facilitate people who, even though they do not satisfy the income limits, have a particular medical situation that is impacting on their financial situation. We cannot do it in any other way. Neither the Minister for Health or I or the HSE can override the legislation. We cannot say that from now on we will give a medical card on the basis of a medical illness or condition. We simply cannot do it and we would need

to change the law to do so. If people come forward and say that is what we should do, that is fine, but unless or until we decide to do that-----

**Deputy Billy Kelleher:** You are changing the law.

**Deputy Alex White:** We are changing the law to adjust the eligibility for medical cards. I am genuinely interested in people's views. Is it being proposed by Deputy Kelleher or anyone else in the House that we should change the 1970 Act in that radical way to move it away from an assessment of means to an assessment of medical condition? I will not press Deputy Kelleher to respond but if that is the view he or anyone else has, let us start debating it because it would be a fundamental change in the way we allocate medical cards. Maybe we should look at it. I do not think it would be the right way to proceed. I think we should go for full universal access to GP services as quickly as we can achieve it for the whole population because there is a significant public health reason for doing that as well. Ultimately, it is the only way we can get away from people having to go through mean testing and applications for discretionary medical cards when, in a civilised society, we should have universal access for all people to a basic primary care service. That is the view I have and the view I believe the Government has, which is why we are implementing the measures we have announced.

I will respond, in no particular order, to some of the issues raised. Deputy Terence Flanagan raised the issue of data sharing. I assure him that we have made considerable progress in respect of data sharing between the HSE, the Department of Social Protection and the Revenue Commissioners. The powers to do that were in the parallel legislation from earlier this year arising from last year's budget when we made changes affecting the over 70s. The Deputy may recall that there were provisions in that legislation facilitating the exchange of data between those bodies, and that is moving ahead. It is good that this opportunity exists.

Deputy Calleary was very fair in what he said. He accepted that while there are sometimes difficulties in respect of the administration of the scheme, the HSE and PCRS staff who are administering it are working well, are approachable, are doing the best they can to administer the system and are doing so professionally. I thank him for acknowledging that. He again raised the issue of cards being taken away. He said someone, possibly a constituent, went to the doctor and was told their card was gone. It really troubles me if this is happening. There is no reason somebody should be surprised by an announcement by their doctor that their card has been taken away because people are written to three months in advance of there being any change and again a month in advance. I will not stand here as Minister of State and say this would never happen because I know it is a human situation and things go wrong, but it should not happen as long as the person who receives the letter engages with the HSE, and there seems to be no reason it should happen.

A constituent of mine contacted me in recent weeks with a similar situation but it turned out that it was simply a bureaucratic mistake. The person had been in hospital for a lengthy period, came out, went to see her doctor and was told she had gone off the system. Due to the fact that she had been in hospital, she presumably had not been receiving mail and there had been no engagement. There was no loss in that situation.

It is important that people engage with the system and I think people are doing so. Deputy Calleary said that the PCRS should ensure it contacts the Irish Cancer Society and motor neurone disease advocacy groups, and this is happening. I encourage this to continue happening and I agree with him that it is important. In respect of medical decisions being made without

the doctor ever seeing the patient, I repeat the point I made earlier. It is not a medical examination in the way we understand it for the purposes of a diagnosis or medical report. That is not the involvement of the doctor in the system of discretionary medical cards. For the purposes of clarity, the discretionary medical card may be awarded to an individual in circumstances where paying for his or her medical costs may cause undue financial hardship, for example, an ongoing medical condition that requires exceptional and regular medical treatment or visits to the doctor or hospital. If doing so would cause undue financial hardship, because this is still the test, a card may be granted by the HSE on a discretionary basis even though the person is in excess of the income guidelines. The HSE set up a clinical panel at the Minister's request some time back to assist in the processing of applications for discretionary medical cards where there are difficult personal circumstances which ensure the applications by those diagnosed with ailments such as cancer are assessed and addressed in the most expeditious and sensitive way. In respect of what Deputy Calleary said, it is not about a medical decision or diagnosis *per se*. Input is probably a better word to describe it. It is the medical input of a doctor to endorse the fact that the medical expenses are reasonably associated with a particular medical condition the person has.

Deputy Healy-Rae made many points and I listened carefully to him. He alleged that a secret decision had been taken to take 40,000 cards out of the system. I am not aware of any secret decision. I suppose if it is secret, I probably would not know about it but I certainly was not let in on any such secret. A decision was taken last year which had an impact on 40,000 medical cards. Of these, 20,000 belonged to over 70s - this was last year's change relating to the over 70s - and 20,000 belonged to the under 70s where certain adjustments in respect of the allowable expenditure in the assessment of under 70s were made. Perhaps that is the 40,000 to which the Deputy is referring. If it is, it was no secret and it was certainly no secret in this House because it was debated and we were criticised for it many times.

Deputies Wallace and Lowry referred to the following point. Deputy Wallace thinks that what we are doing is contradictory and confusing. He mentioned the views of certain organisations, including some doctors, that we should not be doing this. I am not sure if this is Deputy Wallace's view because he then agreed with the value of a universal system. Some people have said we should not be giving medical cards to children under six whose parents are wealthy. The majority of people who will benefit from under-sixes getting the medical card are not wealthy people. They are not millionaires. They are people on low and middle incomes. If one looks at the profile of those who qualify for medical cards at the moment and the profile of people above that who do not qualify, one will see that the majority of the people in this State whose children will benefit from the medical card are very far from being millionaires.

We come back to the point about targeting and universality. It is a discussion we need to have in this House about the medical service. Do we want to have universal access? Do we believe a properly functioning primary care service and health system should contain access to one's doctor without having to pay fees with all that can entail for improving one's own health, preventative health strategies and the management of chronic illnesses - all the things we have been talking about in this House for more than ten years or perhaps 20 years? They include the necessity of promoting primary care. We need to take away the barrier of fees. We will never solve the problems in the health service if we do not reallocate resources and adjust our perspectives towards primary care. Everybody in the House agrees with that. If we agree with that in principle, we must start the process of achieving it. I sometimes pause when people say this is not the right time to do it. Deputy Kelleher might not have said it but others have. They

say we should do it in the future. I disagree passionately with that because I think that even though we are facing financial constraints and must make these decisions in this legislation and other things that nobody likes, we should make a start on this big project of universal access to primary care.

I see the decision on the under six year olds as part of that. I do not see it as a political stunt, a once-off or a sop, as it has been described by some, because it is not. It only makes sense as part of a project to extend universal access to primary care services to the entire population, and I passionately believe that is what we must do as a Government and Oireachtas. We must start to deliver on this policy imperative and principle that we all say we share, so it is not contradictory. It is true we are obliged to plug many leaks in the existing system and that there are many pressures and difficulties in that system, but we must start looking to the future as well and try to do the two at the same time. I believe we should make a modest start on this, then look to see where we go next and find the best way to deliver the laudable objective of universal access to primary care. There is no other way to solve the problems in the health service. No country in the world would be able to solve the problems in the health service and the challenges of an aging population, chronic illnesses and the other problems that already exist, with more coming down the tracks, without doing this. The very welcome decision by the Government on the under six year olds is a key step towards delivering that.

Deputies Shortall, McConalogue and Keaveney referred to the arrangements for the over 70 year olds not taking account of medical expenses on the basis that it is a gross income assessment. A person over 70 years of age who faces large medical expenses can also apply to be assessed under the standard means assessment for medical cards for the general population. That assessment takes account of housing, travel to work, child care and medical expenses.

I dealt with the point raised by Deputy Clare Daly. Deputy Browne said it is very difficult or impossible to obtain an end-of-life medical card within one to two weeks. The HSE has special arrangements in place to issue an emergency medical card for a person in palliative care with a terminal illness. It will be issued within 24 hours. It would trouble me if there were cases where that is not occurring. I cannot swear, hand on heart, this always works as well as we would like on every occasion, but I know from the many cases of which I am aware that it is working. I hope that is so generally and that it remains to be case.

I will conclude with the remarks made by Deputy Cowen. His critique of the Government in the broader sense, and Deputy Healy-Rae and others made similar points, was largely about what was said before the election and what is happening now. It was in that category of contributions. It is difficult for Deputy Cowen to criticise the Government in one sense because, in the next breath, he or his colleagues say we are implementing the agreement made by the last Government before the election. It is difficult for people to criticise us for doing something they say they would have done anyway.

**Deputy Billy Kelleher:** It is the choices.

**Deputy Alex White:** Social protection is an interesting example of the choices. We know from the Fianna Fáil numbers in the four year plan prior to the last election that the people were far better advised to choose this Government in respect of social protection. If the party opposite had gone into government, the cuts that would have occurred in social protection - this is from its own words before the election - would have been many hundreds of millions of euro worse. Not to choose the Fianna Fáil way, which would have been deeper social welfare cuts

than would ever have happened under this Government, was a very good choice by the Irish people. That is not just rhetoric on my part but is based on that party's own numbers. Deputy Kelleher is right in respect of choice.

**Deputy Billy Kelleher:** We were honest about it.

**Deputy Alex White:** I can agree to an extent with Deputy Cowen in respect of the discussion on the future and how we approach it. Deputy Cowen probably does have a point with regard to how we all debate and discuss the future, now that we are emerging from the traumatic crisis we have been in for the past number of years. We must think more carefully about what we say we can achieve in the future and what is achievable in the country. We must look at what undertakings we make in future election campaigns. All of us need to take care with regard to how we assess the possibilities and how we say we will raise revenue to provide certain public services. The politics of the promise is an interesting concept for examination by all sides of the House. Perhaps we all need to look at how best we can have a good public political discourse in the future. I have no difficulty with that. A certain amount of humility all around the House might go a long way. As we look to the future we should do so in an honest fashion and we should be able to show people precisely how we will achieve what we want to achieve, such as, for example, universal access to primary care.

I am still waiting for Deputy Kelleher to say whether he agrees with the announcement on children under six years of age. I know Deputy Ó Caoláin agrees with it, but I am not sure yet about Deputy Kelleher. Perhaps he will tell us one of these days whether he agrees with it. Regardless of whether he does or not, he will agree that we must be careful and honest with the people in terms of looking to the future.

I believe this Government has striven effectively to limit the worst excesses of what could have occurred and was intended to happen in the bailout years. We have achieved a great deal in terms of taking the worst edges off the cuts and revenue increases that were necessary to bring the public finances into order.

*7 o'clock*

The measures in this legislation are not ones that anybody wishes to be obliged to propose, to row back on an entitlement that was given to a certain group. However, it has been done in the best possible way in terms of ensuring fairness. A relatively small number of people are affected and, most importantly, 93% of the over 70 years of age cohort will still have access to free GP care.

Question put:

<i>The Dáil divided: Tá, 79; Níl, 46.</i>	
<i>Tá</i>	<i>Níl</i>
<i>Bannon, James.</i>	<i>Boyd Barrett, Richard.</i>
<i>Barry, Tom.</i>	<i>Broughan, Thomas P.</i>
<i>Bruton, Richard.</i>	<i>Browne, John.</i>
<i>Burton, Joan.</i>	<i>Calleary, Dara.</i>
<i>Butler, Ray.</i>	<i>Collins, Joan.</i>
<i>Buttimer, Jerry.</i>	<i>Collins, Niall.</i>

<i>Byrne, Catherine.</i>	<i>Colreavy, Michael.</i>
<i>Byrne, Eric.</i>	<i>Cowen, Barry.</i>
<i>Cannon, Ciarán.</i>	<i>Daly, Clare.</i>
<i>Carey, Joe.</i>	<i>Doherty, Pearse.</i>
<i>Coffey, Paudie.</i>	<i>Donnelly, Stephen S.</i>
<i>Collins, Áine.</i>	<i>Ellis, Dessie.</i>
<i>Conaghan, Michael.</i>	<i>Ferris, Martin.</i>
<i>Conlan, Seán.</i>	<i>Flanagan, Luke 'Ming'.</i>
<i>Connaughton, Paul J.</i>	<i>Fleming, Sean.</i>
<i>Conway, Ciara.</i>	<i>Fleming, Tom.</i>
<i>Coonan, Noel.</i>	<i>Grealish, Noel.</i>
<i>Corcoran Kennedy, Marcella.</i>	<i>Halligan, John.</i>
<i>Coveney, Simon.</i>	<i>Healy, Seamus.</i>
<i>Creed, Michael.</i>	<i>Healy-Rae, Michael.</i>
<i>Daly, Jim.</i>	<i>Higgins, Joe.</i>
<i>Deasy, John.</i>	<i>Kelleher, Billy.</i>
<i>Deenihan, Jimmy.</i>	<i>Kirk, Seamus.</i>
<i>Deering, Pat.</i>	<i>Lowry, Michael.</i>
<i>Dowds, Robert.</i>	<i>Mac Lochlainn, Pádraig.</i>
<i>Doyle, Andrew.</i>	<i>McConalogue, Charlie.</i>
<i>Durkan, Bernard J.</i>	<i>McDonald, Mary Lou.</i>
<i>English, Damien.</i>	<i>McGrath, Finian.</i>
<i>Feighan, Frank.</i>	<i>McGrath, Michael.</i>
<i>Fitzgerald, Frances.</i>	<i>McGuinness, John.</i>
<i>Fitzpatrick, Peter.</i>	<i>McLellan, Sandra.</i>
<i>Flanagan, Charles.</i>	<i>Martin, Micheál.</i>
<i>Griffin, Brendan.</i>	<i>Mathews, Peter.</i>
<i>Hannigan, Dominic.</i>	<i>Moynihan, Michael.</i>
<i>Harrington, Noel.</i>	<i>Murphy, Catherine.</i>
<i>Harris, Simon.</i>	<i>Ó Caoláin, Caoimhghín.</i>
<i>Hayes, Brian.</i>	<i>Ó Cuív, Éamon.</i>
<i>Howlin, Brendan.</i>	<i>Ó Fearghail, Seán.</i>
<i>Humphreys, Heather.</i>	<i>Ó Snodaigh, Aengus.</i>
<i>Humphreys, Kevin.</i>	<i>O'Brien, Jonathan.</i>
<i>Keating, Derek.</i>	<i>Ross, Shane.</i>
<i>Kehoe, Paul.</i>	<i>Shortall, Róisín.</i>
<i>Kelly, Alan.</i>	<i>Smith, Brendan.</i>
<i>Kenny, Seán.</i>	<i>Stanley, Brian.</i>
<i>Kyne, Seán.</i>	<i>Troy, Robert.</i>
<i>Lawlor, Anthony.</i>	<i>Wallace, Mick.</i>
<i>Lynch, Ciarán.</i>	
<i>Lyons, John.</i>	
<i>McCarthy, Michael.</i>	

<i>McEntee, Helen.</i>	
<i>McGinley, Dinny.</i>	
<i>McHugh, Joe.</i>	
<i>Maloney, Eamonn.</i>	
<i>Mitchell O'Connor, Mary.</i>	
<i>Mulherin, Michelle.</i>	
<i>Murphy, Dara.</i>	
<i>Murphy, Eoghan.</i>	
<i>Nash, Gerald.</i>	
<i>Neville, Dan.</i>	
<i>Nolan, Derek.</i>	
<i>Noonan, Michael.</i>	
<i>O'Donnell, Kieran.</i>	
<i>O'Donovan, Patrick.</i>	
<i>O'Dowd, Fergus.</i>	
<i>O'Mahony, John.</i>	
<i>O'Reilly, Joe.</i>	
<i>O'Sullivan, Jan.</i>	
<i>Perry, John.</i>	
<i>Phelan, Ann.</i>	
<i>Phelan, John Paul.</i>	
<i>Rabbitte, Pat.</i>	
<i>Reilly, James.</i>	
<i>Ryan, Brendan.</i>	
<i>Spring, Arthur.</i>	
<i>Stagg, Emmet.</i>	
<i>Stanton, David.</i>	
<i>Tuffy, Joanna.</i>	
<i>Walsh, Brian.</i>	
<i>White, Alex.</i>	

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

Question declared carried.

### **Health (Alteration of Criteria for Eligibility) (No. 2) Bill: Referral to Select Committee**

**Minister for Health (Deputy James Reilly):** I move:

That the Bill be referred to the Select Sub-committee on Health pursuant to Standing Order 82A(3)(a) and (6)(a) and 126(1) and the Standing Orders relative to public business.

Question put and agreed to.

### **Local Government Bill 2013: Second Stage (Resumed)**

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

**An Leas-Cheann Comhairle:** The next speaking slot is shared by Deputies Joe Carey and Eoghan Murphy. There are 20 minutes in this speaking slot. Anyone who is not participating in the debate should leave the Chamber. I call on Deputy Joe Carey.

**Deputy Joe Carey:** I welcome the opportunity to contribute to this important debate. The "Putting People First - Action Programme for Effective Local Government" was published in October 2012 by the Minister for the Environment, Community and Local Government. It sets out a wide range of actions, to deliver reform across key areas of local government in order to address weaknesses, to enhance effectiveness and accountability, and to improve performance across the entire system. This Bill gives legislative effect to those proposals.

Reform of local government is a difficult, complex issue and there is no shortage of opinion on how it should be tackled. The current Minister for the Environment, Community and Local Government must be congratulated on bringing this and other reforming pieces of legislation before the House.

This Bill represents an important step towards a more streamlined and sustainable model of local government. The most significant change arising from the Bill is the reduction in the number of councillors from 1,627 to 949.

I want to acknowledge the work over many years of town councillors and town councils on behalf of their areas and constituents. Like many in this House, I have been made aware in no uncertain terms of their displeasure with the Bill. However, this legislation ensures and delivers a more coherent and involved system for any geographical area with the new municipal districts being fully representative of the population.

For many years, the business community has shouldered responsibility for funding local services through the rates system. Concern has been expressed about the differential between the rate of the old town council and that of the corresponding county council. I am pleased that, in drafting the Bill, this concern has been explicitly addressed with a standardised commercial rate across each county to be introduced over ten years.

I have received a number of representations on the Bill's provision to introduce a 50% rate on unused commercial buildings. I ask the Minister to change this provision, as such a measure would place a huge financial burden on business people at a time when they are stretched to the limit. Business people have informed me that this provision will lead to commercial buildings being knocked to the ground or their roofs being removed. Some have said they would hand back the keys of their buildings to the county managers. I, therefore, ask the Minister either to remove this element of the Bill or to come up with another option to exempt unused commercial buildings from the rates system.

In essence, the Bill deals with local authority functions, structures, funding, performance and governance. As regards functions and structures, I am pleased that future appointments to the office of county manager - henceforth to be known as the chief executive - will be subject

to the positive approval of elected members.

The Bill spells out in detail all 160 functions that are reserved by law to elected members. They are now explicit and form a cornerstone of the legislative framework in how our councils will work, which is to be welcomed. If we are to have effective local government we need a rebalancing of the relationship between councillors and the executive.

This Bill provides for the realignment of local development companies which administer the Leader programme in the local government system. This specific issue should be teased out more substantially on Committee Stage. The Leader programme and its administrative bodies have, in the main, served rural Ireland well in the past 25 years. I would not like their experience and abilities to be lost or subsumed. Even though times are now vastly different, it must be remembered that these groups emerged from the voluntary sector and in many instances this ethos is still strong in their board structure.

The issue of fiscal power and funding in local government is an old chestnut about which councillors have complained since the abolition of rates in 1977. With the discretion from 2015 to vary the rate of local property tax, elected members will have more say in how the affairs of their counties are run. This can be only regarded as a significant improvement or enhancement of local government.

The adage “follow the money” in seeking an answer will now mean that in the mid-west region one will travel to Ennis, Limerick or Nenagh, rather than to the Custom House in Dublin. The Bill fundamentally changes for the better the relationship between people and their local government. I welcome the Bill as a major reform measure which will enhance the local government system and determine how it operates throughout this century.

**Deputy Eoghan Murphy:** I welcome Bill and the reform it envisages. Local government is one of the most important areas of reform because of the democratic deficit that exists there. Local elections will be held next year. People elect councillors to represent them in their local areas but once people are elected they often do not have the necessary powers to deal appropriately with local issues. This is evident in cases where an executive manager takes on many of the functions that one would expect a councillor to have. Councillors, therefore, are not able to act accordingly on behalf of citizens. That is what I mean by having a democratic deficit.

When the dual mandate was abolished, TDs were no longer allowed to serve as councillors. What that is a welcome development, we did not give councillors enough powers when we made that separation. We did not remove TDs far enough from the work of local councils. A great deal more reform is needed to make that separation true and proper. In terms of the democratic deficit, I will give an example. No elected person in my constituency supports the Poolbeg incinerator project yet the city manager, for more than a decade, has presided over the spending of €90 million on that project with nothing yet built. A recent judgment from Europe states that one of the contracts in respect of that project, which is over-spent by more than 300%, is an illegal contract. This project cannot be stopped even though it is the mandate of the locally elected representatives to do so. Their voices are not heard because they do not have sufficient powers which, in effect, is a democratic deficit. The constituents do not want the project to go ahead and neither do local representatives or the city council but the city manager does and, therefore, it is going ahead. In this case, the city manager is not accountable to the Minister for the Environment, Community and Local Government. We do not know to whom that person is accountable. It appears he is not accountable to anybody, including to the people

he is supposed to represent.

This is not just a local issue but one that should be addressed by the Committee of Public Accounts in terms of Government spending. When we try to investigate these areas of Government spending we are faced with another problem in that we cannot appropriately investigate how Government money, which amounts to more than €5 million per annum, is spent by local government. If we are to ensure proper oversight of how public money is being spent and to ensure value for money, we need to provide the Comptroller and Auditor General's office with sufficient powers to investigate this spend.

It is important in seeking to reform local government that we devolve powers. According to various polls and recent referenda results, trust in Government is at a low level. If we are to ensure greater trust in local government, it is important that we devolve more powers to our councillors and local authorities. We must also devolve revenue raising powers. That the Government has rowed back on its commitment that 80% of the property tax raised locally would be spent locally is a mistake. It is imperative that funding is put in place for 2015 and that 80% of the money raised in local areas, be it in Dublin or any other part of the country, is retained locally to be spent on local services. That is what we told the people we would do and the Government should honour that promise.

On the revenue raising abilities of councils, we need to look again at the issue of commercial rates with which businesses have been burdened for so long. In introducing a new revenue stream, such as the local property tax, we should be helping businesses in terms of rates. I agree with Deputy Carey that the section of the Bill that deals with this issue needs to be improved to ensure we do not damage businesses at a time when we need them to survive and to thrive if the domestic economy is to pick up and move into growth next year, as it needs to if all the other assumptions underlying our budget correction are to be true.

I would like also to comment on the Part of the Bill that deals with the size of a local electoral area, which proposal has been brought forward in previous Bills. I believe a local electoral area that comprises eight seats, of which there is one in my constituency, is too big. I do not believe there is anything local about that type of politics. If we want local people to represent their localities and communities then size in terms of geography does not work in the best interests of local government. This is an issue we will need to look at again in the future.

Dublin needs a directly elected mayor. One of the good things about the reform being introduced is that, along with the local elections next year, we will hold a plebiscite of people in the Dublin regions on the issue of a directly elected mayor, hopefully along the line adopted in London. London is the economic engine for the UK and Dublin is the economic engine for Ireland. We need a strongly elected person with a mandate to move on issues such as planning, transport, waste infrastructure and so on in order that we can have a competitive city, one in which people want to live. The Government's proposal to move to a directly elected mayor for Dublin is a positive one.

I congratulate the Dublin Chamber of Commerce on its good work in promoting Dublin as a region for the country and on trying to bring in those aspects of political accountability that are necessary in a capital city.

**Deputy John McGuinness:** I question the Minister's commitment to local government as he was so out of touch he could not understand the furore in Kilkenny in regard to the definition

of cities in Schedule 5 of the Bill. How could he be so out of touch in regard to the pride, status, symbolism and heritage enshrined in the corporations of Kilkenny, Sligo, Clonmel, Wexford and Drogheda? I compliment the five mayors who waged a major campaign to force the Minister to give a commitment to retain the status of these corporations in the Bill. Perhaps he will indicate if an amendment will be introduced on Committee Stage to ensure the commitment given by him and the Taoiseach will be upheld.

Kilkenny was established as a town in 1230 and granted city status by King James in 1609. I acknowledge that in Cromwell's aftermath, the status of many places, including Kilkenny, was uncertain. However, Kilkenny received a second city charter in 1687 from King James. A royal charter signed by Queen Victoria in 1862 refers to the city of Kilkenny. In 2001, Deputy Hogan, now Minister for the Environment, Community and local Government, stated, "I want the status of the city of Kilkenny acknowledged by the Government on Second Stage tonight." At that time, he was telling the people of his county that he would stand up for what he believed in. He spoke about the public institutions, traditions and civic ceremonies of Kilkenny but this was before he was elected. Since then, he has changed his spots. He is now proposing major changes in local government, which he assures the people of Ireland will put people first. In terms of what he said in 2001 and the promises he is now making, why should the people believe him? If he misled his county in what he said in the Dáil in the debate of 2001 and burned the black and amber in the process, the promises he is now making in terms of putting local government first and having a better democratic representation at local level cannot be believed. Of course, breaking promises is nothing new in the context of this Government. There is little difference between the Labour Party's red kettle and Fine Gael's blue pot. Both are emitting huge clouds of obfuscatory steam while the people of Ireland are roasted on bonfires of taxes, indifference and political ineptitude.

In terms of the argument put forward in 2001 by Deputy Hogan, now Minister, this Bill completely ignores all of the commitment and time served by people who have gone before him, including people like Kieran Crotty who chaired Fine Gael's parliamentary party and Paul Cuddihy, mentioned by Deputy Hogan in 2001 as having made a sound contribution to the defence of city status and local democracy. Was he genuine about that defence? I do not believe he was. The cock that crowed three times for Peter must certainly be hoarse in relation to the Minister, Deputy Hogan.

To show how far since 2001 the Minister has moved from his beliefs, roots, history, community and defence of all that was good in local government, corporations and mayors, in answer yesterday to a parliamentary question from my colleague, Deputy Tom Fleming, he stated, "The Local Government Bill 2013 does not provide a special exemption for Kilkenny in relation to the position of its mayor." He has offered no defence for the city he represents or in relation to the comments he made in 2001 which are not reflected in this Bill. The title of "mayor" is one that can be adopted by anybody. It makes no difference, they are six a penny so we should ignore history, what was handed down to us and local democracy.

Westport town council and other councils throughout the country have made submissions which, by and large, have been ignored. Submissions have been made on a cross-party basis to defend local democracy and its job in representing people. The Minister has, by and large, ignored all of this.

Debate adjourned.

**Access to Credit: Motion (Resumed) [Private Members]**

The following motion was moved by Deputy Dara Calleary on Tuesday, 12 November 2013:

That Dáil Éireann:

notes that:

— accessing credit remains very difficult for businesses and personal customers throughout the country;

— the continuing decline in the number of banks operating in the Irish economy, particularly in retail banking, will increase costs and reduce choice for businesses and consumers;

— there is a significant rise in the number of people accessing credit by means of expensive moneylenders;

— non-bank funding in Ireland is low by international standards; and

— there is a commitment in the programme for Government to establish a strategic investment bank;

recognises:

— the importance of credit for the small and medium enterprise, SME, sector in sustaining an economic recovery and supporting job creation;

— that competition and strengthened regulation are essential to a properly functioning banking sector; and

— that increased bank fees and charges are placing a significant burden on business and personal customers; and

calls for:

— the Central Bank to examine the competitive state of the Irish banking sector;

— action to encourage non-domestic banks to establish a retail presence in Ireland;

— verification that the State-supported banks are fully meeting lending targets;

— action to improve non-banking sources of funding for the SME sector;

— improved regulation of licensed moneylenders to protect consumer interests, and measures to tackle illegal moneylenders;

— a State-owned enterprise bank to be established as a permanent solution to the lending gap which exists in Irish banking; and

— action to be taken to ensure the long-term stability of the banking sector, taking into consideration the imminent report of the Committee of Public Accounts on bank stabilisation.

Debate resumed on amendment No. 2:

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

“notes that, in order to ensure an adequate flow of credit to viable companies, this Government in 2011 imposed challenging targets on AIB and Bank of Ireland for lending to small and medium businesses, and continues to monitor the banks’ progress in meeting these targets;

acknowledges that the Credit Review Office is available to businesses refused credit by Bank of Ireland and AIB and has overturned over half of the cases referred to it and encourages businesses to use this important facility;

notes that:

— both AIB and Bank of Ireland have stated that they have set aside €2 billion each for new mortgage lending in 2013, while Permanent TSB has indicated that it is prepared to lend over €300 million in this area; and

— this Government inherited an economy with a severely impaired banking system but has moved to ensure, through the implementation of effective policies to promote economic growth, that Ireland remains an attractive location in which foreign banks can operate;

acknowledges that, while the number of consumers choosing to make use of the services offered by licensed moneylenders has increased by 20% since 2005, the majority of moneylenders’ customers reported high satisfaction levels regarding service and believe that they are treated fairly when in arrears;

notes that:

— moneylenders are licensed and regulated by the recently-strengthened Central Bank and that consumers continue to be protected by the Central Bank’s Consumer Protection Code for Licensed Moneylenders; and

— Ireland is leading the dialogue across Europe on how best to expand market-based non-bank financing and that the recent budget included initiatives to encourage equity investment in Irish businesses;

further acknowledges that:

— the programme for Government contains a clear commitment to creating a strategic investment bank that will become a provider of finance to large capital projects, a conduit for venture capital, and a lender to small and medium enterprises, SMEs; and

— while the Government’s priority at present is the creation of the Irish strategic investment fund and the reorganisation of the National Pensions Reserve Fund, which can make investments more quickly than would be possible were the Government to establish a bank for this purpose, it is intended, in parallel, that the strategic investment bank concept will be further considered;

recognises that the National Pensions Reserve Fund has established funds that support both strategic projects and a number that support SME financing;

accepts that SMEs are the engines of economic growth providing over two thirds of employment in the State and that the Government has charged the SME State bodies group with the task of implementing initiatives aimed at meeting the needs of Irish businesses for access to a wide range of bank and non-bank finance as set out in the Action Plan for Jobs;

further recognises that Ireland, in the course of its recent Presidency of the European Union, played a key role leading the debate at EU level to ensure that banks in Europe will be well regulated, well capitalised and sufficiently robust to withstand economic cycles;

notes that a number of significant legislative reforms have been undertaken since the financial crisis aimed at building a strengthened regulatory framework for the Irish financial services sector and responding to the pre-existing shortcomings that had been identified in our system of financial regulation;

further notes that these legislative reforms have been supplemented by a significant increase in regulatory activity by the Central Bank with a corresponding increase in staff numbers and powers; and

notes that section 149 of the Consumer Credit Act 1995, as amended, provides that credit institutions and bureaux de change must notify the Central Bank if they wish to introduce any new customer “charge” for providing a service or increase any existing customer “charge” for providing a service.”

- (Minister for Finance, Deputy Michael Noonan).

**An Leas-Cheann Comhairle:** Deputies Ross and Wallace are sharing time and have five minutes each.

**Deputy Shane Ross:** This motion is particularly appropriate, because it is proposed at a time when the banking landscape is moving very quickly. Two recent events highlight the need to look at the Government’s lack of vision for the banking sector, and the lack of success it has in moving nimbly within that context. The most significant events which have happened in banking recently have occurred in the last few weeks, namely, the departure of some foreign banks. I refer to ACC and Danske Bank. That is a disaster for the banking system in Ireland. The Government’s amendment displays its lack of vision for the banking sector. The amendment states, somewhat farcically, that “Ireland remains an attractive location in which foreign banks can operate”. Foreign banks have voted with their feet. Bank of Scotland (Ireland) is gone. Danske Bank is gone to all intents and purposes. ACC is also gone. To say that Ireland is an attractive location for foreign banks when they are all leaving is absurd.

The skimpy presence of others is also alarming. Ulster Bank, which is owned by its parent, RBS, declared dismal figures two weeks ago and unconvincingly asserted its intention of staying in Ireland subject to a review, which is also ominous. The Government’s response to this departure is not to encourage foreign banks to come here, but to bolster the failed policy of the pillar banks. When we heard that the Government was introducing this policy of two pillar banks over a year ago, many of us said this would lead to less competition and to a bigger cartel. What is happening now is that the two big banks are already shaping up for a new cartel. They cannot believe their luck. Government policy has led to a lack of a friendly climate for foreign banks and has sent the foreign banks home, and is leaving it all back to Bank of Ireland and AIB. What happens next is quite simple. The consumers are going to suffer as the cartel is back. They will crucify their customers and bolster their reserves. The policy of pillar banks

must be reviewed because that simply is leading to a cartel.

The one strength of the pillar banks is that they are too big to fail. We are back to that scenario. The Government cannot let them, under any circumstances, collapse or deteriorate in any way. Therefore, they have the sort of power that banks had in the past when a duopoly or a monopoly existed. It is unhealthy when the banks cannot be allowed to fail and they know this. The people who suffer will be the consumers and citizens.

The other event which has recently happened is also alarming, and I would like to hear the Minister's comments on it. Two events ask questions of the regulator and about what is going on. First, a big hole in Royal and Sun Alliance was announced last Friday. The facts of that are not known, but it is known that RSA is regulated by the Central Bank. We must know why the Central Bank did not spot that earlier. We must know if the Central Bank was doing its duty. We must know if it was setting the sort of claims ratios which are necessary and if it was monitoring that institution properly. The second event which alarms people about the regulator is the story of Newbridge Credit Union. That credit union is also regulated by the Central Bank and we must ask questions about what the Central Bank was doing in allowing a credit union to make loans which would make bankers blush. How has that been happening on the watch of what the Government claims to be a new and strengthened regulator?

**Deputy Mick Wallace:** The majority of people in this country work in the domestic economy, but sadly, the domestic economy has not been the priority of this Government. Its members have spoken about growth, GDP and the economy coming around, but it must be hard to tell that to people whose living standards are continuing to fall. It is not right to say that austerity has worked when the majority of people have suffered more and more with every passing year.

The lack of access to lending has been dramatic for most businesses in the domestic economy. It has been an absolute killer. The Government owns a large portion of the pillar banks - nearly all of AIB and 15% of Bank of Ireland - but it cannot instruct them what to do. They would be out of business if the Government had not rescued them. It was an inevitable collapse, but the Government saved them yet still cannot tell them what to do. It is hard to credit the idea that anybody could buy out a company and not be able to dictate what the company does.

**Deputy Shane Ross:** Hear, hear.

**Deputy Mick Wallace:** That is a new one in the world of business.

We have been told for a long time that these banks were of strategic importance, but they were closed for four years. I challenged a banker in AIB about 18 months ago about this. I asked him to tell me the truth on whether the banks were open or closed. He said that if I wanted the "Goddamn truth", then yes, the bank was closed. He said that they would not dare risk giving money to anybody in this country at the moment, unless they were gold-plated. The truth is that they have failed to deliver and have not been of service to the people.

In its programme for Government, the governing parties stated that they would bring in a strategic investment bank. This evening I got my parliamentary assistant to check how many times I raised the issue of a strategic investment bank in this House, and I found out that I have asked 11 times whether the Government would deliver on this promise. Every time I asked, I was told that the Government would do so, but it is now two and a half years later. I am not a fan of Francois Hollande, but when he stood for election, he told the French people that he would introduce a strategic investment bank if he was elected. He was in power five months

when he set up a strategic investment bank with a lending facility of €42 billion. This Government is in power for two and a half years, but we have no strategic investment bank. Such a bank would mean so much to Irish business.

The Government set targets for the banks for lending to small and medium businesses. A friend of mine had an overdraft of €50,000 with one of the pillar banks. A few weeks ago he got a letter in the post from his bank manager telling him the overdraft was cancelled, and that he would have to arrange a meeting about it. He spoke to the bank manager within a week. The overdraft was reinstated and this qualified as new lending for the bank. That €50,000 overdraft was cancelled and then reinstated, and it qualifies as new lending. This allows the banks to claim they are lending. Most of the SME owners that I know get loans simply to pay off debt. So little money has gone into investment in the domestic economy in the last four or five years. It is frightening.

We often talk of a lost generation due to emigration of young people, and this is true. However, there is also a lost period for the domestic economy over the last five years that will have repercussions for a long time. It is lost and it is not coming back. The domestic economy will recover to a degree in time. Of course it will, as night follows day. It has to recover some time but we have lost five good years. The Government could have had a strategic investment bank in place and could have done a lot to help those people, but it did not.

**An Leas-Cheann Comhairle:** I call Deputy Paul Connaughton, who is sharing time with Deputies Joe McHugh, Dan Neville, Peter Fitzpatrick and Anthony Lawlor.

**Deputy Paul J. Connaughton:** I thank the Leas-Cheann Comhairle for the opportunity to speak on this motion. I support the Government's counter-motion as I believe that the work done to date to address the weaknesses exposed by the banking collapse needs to continue and be built upon.

I acknowledge that people are concerned at the number of recent withdrawals from the Irish market and are worried about the implications this will have for competition in the banking sector in the future. This must be a cornerstone of Government banking policy. Bank of Scotland (Ireland) announced its decision to exit the Irish market some months ago, but the recent decision by ACC Bank, followed closely by the decision of Danske Bank, has caused alarm in the minds of many members of the public.

With a financial crash of the magnitude of that experienced in Ireland, financial retrenchment was somewhat inevitable. Restructuring, cost-saving and the re-design of products are issues that all banks operating in Ireland have had to face in recent years. As the banking landscape continues to be moulded, products and services will change and price transparency will be key to ensuring customers get good value for money from their banks. Bank charges are a cause of concern for many people, and with a shrinking number of players in the banking market, much needs to be done to educate consumers to ensure they are fully aware of what their banking service is costing them and how those charges can be reduced.

Much work has been done in recent years to allow customers to switch their accounts between banks, and this will have to be enhanced in coming months. Customers also need to be made aware that in the current business and banking climate, there is little to show for being a loyal customer. Those who shop around in banking terms are rewarded for their efforts, and more must be done to make consumers aware of this. This Government is encouraging new

entrants to the Irish banking market and many of the problems experienced by banks that have exited the market related to reckless lending during the property boom. New entrants can look forward to a much more stable and profitable banking landscape in Ireland, should they decide to enter the market.

The announcement in June of this year that the Government is to establish a strategic investment fund, which will absorb the National Pensions Reserve Fund and make the €6.4 billion resources in that fund available for commercial investment to support economic activity and employment in Ireland, is very welcome. Several constituents have suggested to me that the existing structure of ACC Bank should be used for that purpose, a suggestion with real merit as the ACC was established with the aim of providing investment to the agricultural sector and small business to support economic activity and employment, so this would be a natural fit for 21st century conditions.

There were few winners in the crippling recession that Ireland has endured, but one group that benefited significantly from the economic misery caused by job losses, income drops and shorter working hours was Ireland's moneylenders. In the past eight years the number of people using moneylenders has increased by 20%. I know there is a licensing system in place for moneylenders and this was recently strengthened by the Central Bank, but more work remains to be done to protect people who use moneylenders. Many European countries have much lower ceilings on the levels of interest that can be charged by moneylenders and we should consider reducing the highest interest rates, while at all times being mindful of the dangers of pushing Ireland's poorest families away from licensed moneylenders into the even more dangerous embrace of unlicensed moneylenders. To combat the lure of the moneylender, we need a working credit union system and I know the Minister is making every effort to ensure a vibrant credit union is kept in place, one which individuals and families feel they can approach in times of need.

Another issue that must be addressed is the future of banking for people who live in rural areas. The population levels in Dublin and the surrounding commuter counties justify the provision of a significant level of broadband, but many swathes of Connacht are without proper broadband access and thus online banking is not a viable option. Added to this is the closure of many bank branches and a message from banks that they do not want to see customers in branches and instead want them to do their banking online. The reality, however, is that this is not an option for a great many people in this country, not simply an older cohort who are unfamiliar with online banking or those who are reluctant to have all their bank details online - a reluctance that is even more understandable and justifiable given the events of this week and the data protection issues experienced - but also the many thousands who live in areas without access to high speed broadband.

This has serious implications, not just for individuals, but also for many small businesses who are forced to hold cash on the premises because of the closure of local bank branches. This Government has introduced significant legislative changes to build a strong banking sector in light of the serious deficiencies exposed in the financial sector. We are working to ensure householders and businesses, small and large, have access to the credit they need to manage and grow their activities, while at the same time ensuring the proper oversight systems are in place to ensure the collapse of recent years is never repeated. This is why I support the Government's counter-motion on this issue.

**Deputy Joe McHugh:** As the Leas-Cheann Comhairle is aware from the work he does with

me as a member of the Oireachtas Joint Committee on the Implementation of the Good Friday Agreement, when we go to communities in Northern Ireland and speak to people from Northern Ireland, there is a recurring theme - the past. It keeps coming back to bite us and people want to know how the past affects their everyday lives. People in Northern Ireland have a burning desire to deal with that past in order to move forward. The big question on everybody's lips is how that will be addressed. The US envoy, Dr. Richard Haass, is moving between London, Dublin and Belfast, working on a formula to address the terrible atrocities and damage done to the communities in Northern Ireland and the devastation whose legacy weighs on many individuals there.

The Leas-Cheann Comhairle may wonder why I refer to this when talking about this Private Members' motion on banking and credit flow to small and medium enterprises. I mention it because I want to know whether we can seriously and legitimately, as a group which represents the people, talk about banking without talking about the past. Can we move forward from the damage and the devastation caused to individuals, parishes, communities, families and society by poor judgment, lack of transparency and regulation and disregard for the way in which we should lead our lives? The perpetrators of this long-term damage have contributed to a lost generation and decade. We will lose a decade as a result of the decisions and irresponsible behaviour of people who were in charge of banking, be it in the banking sector or government.

To move forward we need a formula and we do not have one. We are grappling with ideas and asking how we deal with the banking past because we have to learn from the mistakes of the past and we cannot repeat them. One thinks of sayings such as "past performance is obviously a good indicator of future performance", and "it will happen again" and "there are bubbles and bursts", but we owe it to the lost generation to deal with the devastation this has caused for many individuals, such as those in the Mayo constituency of the Minister of State for Transport, Tourism and Sport, Deputy Ring, who have to fly from Knock to London every Monday morning, leaving their families for five days, and fly home on Friday to see them. Young people in my county are going to Boston and Australia to find work because there is none here because of the devastation caused by the past. People do not forget what has happened to them and will not forget it. They need justice for themselves and to see justice done to people in positions of responsibility. Who takes responsibility?

There is an underlying or perhaps an overarching theme relating to the way our democratic system works in this country. If individuals in a position of responsibility do something wrong, what are the consequences and repercussions for them? Irish people do not ask for much. They simply want justice, fairness and answers. Each Member of the House has a responsibility in this regard. I do not say this in a party political way because we were not in government when this happened. Our responsibility is to come up with a formula to deal with the legacy issues of banking, the consequent devastation and the resulting damage.

Let us consider the plight of a couple now living in a two-bedroom apartment somewhere in this city, who took out a mortgage for €600,000 and have three children ranging between four to eight years of age. They are living in a two-bedroom apartment because they cannot get out of negative equity or move on to buy a new house. We owe it to the lost generation and we also owe it to the people who have been placed in an unenviable position whereby their lives have been devastated and their opportunity has been taken away. That is our job as legislators. Some of us in the body politic may believe we are constantly being castigated and people in the House can give out about various shows on the radio. However, there is an anger among people and our job is to deal with that anger. We must come up with a formula because the people are

owed that if nothing else.

**Deputy Dan Neville:** I welcome the opportunity to discuss this important issue relating to the future of our country, our people and employment. While we are creating jobs by attracting investment from overseas there is a gap in respect of the creation of jobs in small and medium sized businesses and indigenous businesses. Credit for such firms is vital to maintain and develop business and to create employment opportunities. It is important that all feasible businesses in the country should have the opportunity to access sufficient funds to meet their enterprise needs because that approach supports growth, employment and economic development. One of the key issues is economic growth and the small and medium-sized enterprise sector has a key role to play in creating the economic growth which is necessary for the future.

The role of the banks is vital; they have a key role to play in making credit available to support economic recovery. Let us consider the role of the Credit Review Office, which was established to help SMEs or farm borrowers who have had an application for credit declined or reduced and who believe they have a feasible business proposition. The promotion of the office is not strong enough. Everything possible should be done to promote the office now that the upper limit has been increased from €500,000 to €3 million. That is a significant development in respect of the role of the office in the credit situation.

It is interesting that 55% of those who requested a review have had their applications overturned. This should be seriously examined. Why are such a high number being overturned? What are the different criteria applied by the banks and the Credit Review Office? Is better communication possible between the banking sector and the Credit Review Office to inform, advise and perhaps put pressure on the banks to apply similar criteria so that people can secure credit? It is important that the workings of the Credit Review Office are recognised. We would all like complete success but the office must build on the success it has had and encourage people who have been refused to obtain advice and discuss the matter to establish whether the case can be re-examined.

The motion calls for the introduction of a strategic investment bank. The Government has committed itself in the amendment to creating a strategic investment bank to provide finance to large capital projects. It will also fund small and medium enterprises. A level of urgency should be introduced to ensure such a bank can be introduced to play a role. As the last speaker said, we must never again have the experience that we have had.

Those of us in public life with constituency offices at the coal-face have a feeling for how desperate many people are. What are the main issues on which we are asked to make representations? I am unsure whether I share this with others but in the main the requests relate to medical cards and social welfare issues, whereas some years ago it was mostly planning and other areas, including housing and so on. Those have gone down the list now and the other issues have been resurrected. That is an indication of the change.

We have seen young people emigrating and we are seeing the devastation that unemployment is creating for people at home. We have seen businesses crash. In a debate on mortgage arrears on 10 July, I raised the issue of the distress that those in serious mortgage difficulty are enduring. I consulted MABS on the issue and therefore my views were not simply hearsay. My statement was based on research done by MABS in this area. I stated, "Most of the people involved, although not all, are male clients of the banks who are dealing with debts that are out of control". I further stated, "People who are in long-term distress are tired and weary, lack

confidence, have lost self-esteem and have lost hope". These people are not in a suitable state to negotiate with the banks. I am hearing from more and more people in difficulties with the banks. They come to me not to sort out the difficulty but to know whether I can get the banks to discuss solutions to their problems on a face-to-face basis.

**Deputy Peter Fitzpatrick:** The negative consequences of the recession have hit our city centres and rural towns hardest. Towns play a vital role in the social, cultural and economic life of communities throughout Ireland. Many shops and businesses, new enterprises and even some that have been in operation for decades or generations, have been unable to survive the downturn in economic activity, resulting in an increasing number of shop closures and vacant units in our town centres.

The retail sector combined with the wholesale sector play an important part in the domestic economy representing more than 50% of the workforce. In addition to the impact of the recession, upward-only rent, parking charges, commercial rates, rising energy costs and online trading are factors adversely contributing to the feasibility of small and medium-sized businesses in the retail sector. This, in turn, is threatening the fabric of our urban centres.

The Credit Review Office helps SMEs and farm borrowers who have an application for credit declined or reduced and who believe they have a feasible business proposition.

*8 o'clock*

In budget 2014, the threshold has been increased from €500,000 to €3 million for loan appeals to the Credit Review Office from small to medium-sized enterprises, SMEs. This will facilitate requests from a broader range of SMEs, as well as large requests for refinancing.

A full suite of developmental business supports, totalling approximately €2 billion, is available from State bodies and agencies. The Government is developing a comprehensive communications strategy to increase awareness of these supports. This strategy will encompass the revised credit guarantee scheme, with a view to increasing awareness among SMEs. In an effort to improve the framework of credit supports available to SMEs, a new two-day programme with expert mentoring support is being introduced to enhance the financial and business capacity of SMEs. The objective of the initiative is to equip SMEs with the necessary tools to improve their ability to secure financing for their businesses. The programme will be launched on a pilot basis with 1,000 SMEs taking part next year. Work is ongoing with the European Investment Bank, EIB, in developing a tailored and customising trade finance initiative to support the growth of the export sector, to provide much-needed finance to exporters and to restore confidence, support trade and foster growth and employment. Its purpose is to address specific challenges of funding international trade through a broader suite of financial products.

The initial 30% relief available for investment under the employment and investment incentive is being removed from the high-earners restriction for a period of three years. This restriction limits the amount of tax reliefs that can be claimed by high-income individuals. The employment and investment initiative provides that a maximum of €150,000 per annum can be invested by an individual. Therefore, by lifting the restriction on the initial 30% relief, these investors should be encouraged to invest more funds in the employment and investment incentive and to improve the availability of funds to SMEs. The target is to increase investment in Irish SMEs that are focused on job creation and expansion. SMEs are the engine of economic growth, providing more than two thirds of employment in the State and the Government has

charged the SMEs State bodies group with the task of implementing initiatives aimed at meeting the needs of Irish business for access to a wide range of bank and non-bank finance, as set out in the Action Plan for Jobs.

**Deputy Anthony Lawlor:** First, I welcome the opportunity to speak on this motion. I always welcome an opportunity to speak on a motion tabled by Fianna Fáil pertaining to the country's economic situation, as it gives me a great opportunity to remind its members and the people of who precisely put us into the position in which we find ourselves today. While some people quote literature, I love to quote banking reports and I have to hand the report of the Commission of Investigation into the Banking Sector in Ireland. Its first sentence, which is indicative of what went on in Ireland at the time, states: "Systemic financial crises, like the recent Irish one, require a great number of institutions, enterprises and individuals to simultaneously follow unsound policies or practices." As stated earlier, I welcome the opportunity to speak in the Chamber to be able to remind people precisely who caused the crisis we currently face, as well as to be able to speak on aspects of the motion before Members this evening. It galls me to see a sentence that states Fianna Fáil calls for "improved regulation of licensed moneylenders to protect consumer interests". Had that party done this at any stage between 2000 to 2008, the country would not be in this mess. While Fianna Fáil may mean specific moneylenders as being high street moneylenders, some Members recognise that a bank is also a moneylender, albeit one coming under a different category altogether. Had Fianna Fáil done anything during that period, Members would not be obliged to listen to Deputies McHugh or Neville outlining to the House this evening the impact of the crisis on the ordinary man and woman in the street. This is the reason I love to stand in the Chamber reminding people of exactly what Fianna Fáil's legacy to this country has been.

The strange thing about it is that as a member of the Joint Committee on Jobs, Enterprise and Innovation, I can see what the Government has done since coming into power. I remind the Deputy opposite that on the day this Government came into power, no Irish bank could borrow money in the financial markets. They were completely dependent for their cash on the cash given to them by the European Central Bank, ECB. Only two weeks ago, Bank of Ireland was able to sell a bond worth €500 million that was five times oversubscribed at an interest rate of approximately 3.25% over a seven-year period. AIB has also been in the market accessing credit through the sale of bonds and I reiterate that when this Government came into office, no banks, including Ulster Bank, which has been nationalised by the Government of the United Kingdom, could access credit in the financial markets. Such things have changed. The Government has also introduced a variety of schemes through which funding has been made available for SMEs. If I have a single criticism of the Government, it is its failure to get out the message that so many schemes are available. Representatives of Microfinance Ireland appeared before the aforementioned joint committee earlier this week and the numbers currently accessing those funds are very small at present. On their return to their constituencies at the weekend, I encourage Deputies to take this on board and to promulgate the message that funding of up to €25,000 is available for individuals in microfinance. Moreover, funding is available for SMEs under the various initiatives and schemes that have been introduced by both the Minister for Jobs, Enterprise and Innovation, Deputy Bruton, and the Minister for Finance, Deputy Noonan. I need not list them all out at this point. I reiterate that far better communications in this regard are required.

While it galls me to so do, I agree with Fianna Fáil in its reference in this motion to the increase in bank fees and charges on SMEs and customers. This is having a detrimental effect

on small businesses and something should be done in this regard. The unfortunate point in this regard is that during the boom period marshalled by Fianna Fáil, no fees were charged and that was not sustainable either. Again, the Government of the day should have stepped in through the Financial Regulator or the Central Bank to force banks to charge for products. While they should not have done so at the levels they are charging at present, a fee certainly should have been levied because what was going on at the time was completely unsustainable. Since coming into power, I believe the Government has ensured that a crisis that was mitigated and allowed to happen by the previous Administration, led by Fianna Fáil, will not happen again. The Government has put in place strong regulation through a number of legislative items that have been passed since 2011 and this year. In addition, to ensure that a watchful eye is kept, I welcome the choice by the Government of another outside person to replace the outgoing Financial Regulator. I welcome that the person in question has no connections with any banking institution in Ireland and one must ensure that what is being put in place and what is being done at present does not allow the crisis that happened previously to happen again.

**Acting Chairman (Deputy Catherine Byrne):** I call Deputy Kitt, who has five minutes.

**Deputy Michael P. Kitt:** I understand I am sharing time with Deputies Kelleher, Troy and another Deputy. I commend Deputies Michael McGrath and Calleary on tabling this motion proposing the establishment of a State-owned enterprise bank as a permanent solution to the lending gap which exists in Irish banking. They did this most ably yesterday evening. The Small Firms Association has called for the creation of a bank for entrepreneurs and its chairman, Mr. A. J. Noonan, spoke of the major concern affecting his members since the departure of Danske Bank and ACC Bank. Danske Bank has 100,000 personal customers and 10,000 business customers in Ireland. It was the second bank within a week to announce plans to close, after ACC Bank had made an announcement stating it was handing back its banking licence and closing its remaining branches in Ireland.

I had an approach from a third party in the ACC Bank, an employee representative organisation, suggesting that the Government could in some way benefit from the acquisition of ACC's banking architecture and employee skill-set. I put this to the Minister for Finance by way of a parliamentary question to which I received a reply that the officials in the Department of Finance are examining the correspondence and they will respond in due course. The proposal is that the State would buy back ACC Bank from Rabobank. Rabobank purchased ACC Bank from the State in 2002. It has now announced that it will close ACC Bank next year. ACC Bank has a head office and nine regional offices with a total staff of 470 people. It has a big volume of property loans which are in difficulty and it seems that Rabobank plans to outsource these loans to a collection agency. ACC Bank has small business and farmer loans of €310 million covering 2,900 customers and deposits of €110 million covering 5,000 customers. The property loans are additional. The programme for Government provides for the setting up of a strategic investment bank with funds coming from the National Pensions Reserve Fund. The proposal is that ACC Bank has a structure in place that should accommodate the immediate start up and functioning of such an investment bank.

The current state of banking in Ireland cries out for a new initiative, not only to provide finance to small and medium sized business but also to become a competition lever to force the major banks to improve their services. There is widespread public support for action on this issue. It would create a culture of "get up and do" rather one of "wait and see". A Government initiative to take back ownership of ACC Bank and enter negotiations with Rabobank would be welcomed on all fronts. This is the proposal that has been put forward by the employees'

representative organisation.

The Small Firms Association has stated that one in four firms is still finding it challenging to access credit. The association has questioned whether the troika's departure will lead to an improved situation for entrepreneurs and small business in being able to access finance and credit. In this regard Deputy Michael McGrath is correct in saying that there should be an examination of the competitiveness of the Irish banking sector. Its current position is bad news for both business and personal banking customers because fewer banks means higher borrowing rates, increased charges and reduced rates for deposits. The Small Firms Association questioned the claim that AIB and Bank of Ireland are lending and promoting what they call "huge grant approved rates". The association has said that banks should re-examine their lending policies and ask why so many loans are approved but not drawn down.

Our motion also refers to the regulation of licensed moneylenders to protect consumer interests and measures to tackle illegal moneylenders. Figures show that 360,000 people have borrowed from licensed moneylenders. They indicate that the number of people taking out high cost loans with moneylending agencies has gone down by 20% since 2007, despite the number of licensed moneylenders having fallen from 47 to 40 in the same period. I support the proposal that the imposition of a cap on interest rates on loans could resolve some of the issues around these high interest lending rates. Research has shown that a quarter of people who use moneylenders run into problems paying them back. Outstanding loans are now worth approximately €200 million. We have seen a growth in the number of people taking out loans where the interest rate is above 23%. We should listen to organisations such as St. Vincent de Paul and MABS, who know about the increased number of people who are in difficulty because of moneylending.

**Deputy Billy Kelleher:** I welcome the opportunity to speak on this Private Members' motion and compliment Deputy Michael McGrath on tabling it and having this important and timely discussion. It is taking place against the backdrop of a credit union having run into major difficulties recently and the problems that exist in accessing credit. We have had a debate for a number of years on how to get credit flowing in a sustainable way into the broader economy, not only to small and medium sized businesses, which are the lifeblood of economic activity, but to people who wish to take out a mortgage to purchase a home, and on the difficulties people have in accessing credit for the purchase of a home or for small and medium sized business investment and sustainability.

There is no doubt that our banking system is very impaired. One need only consider the recent withdrawal of banks from Ireland and the revocation of their banking licences. It sends out a very strong message that we are in a perilous state when it comes to competitive activity in the banking sector.

The Government's policy is the pillar bank system with AIB and Bank of Ireland, and the role envisaged for Permanent TSB. It is critically important that we have competition not only in the area of basic charges to customers for handling loans, providing overdrafts, credit cards and so on, but in terms of the competition being dynamic with regard to innovation in how they provide funding to small and medium sized businesses and to people who may want to purchase a home. We can no longer pretend that there is improvement. Of course we want to see the two pillar banks achieve the success that they have been having to date in that their share prices have risen a small bit and there is a small degree of confidence flowing into the economy, all of which is welcome. However, when there is potential growth in an economy there is also a need for credit to fund that growth. We are not talking about bubbles but about a sustainable

economic system whereby credit is available to small and medium sized businesses to enable them to invest and reinvest. That is not possible at present.

While the pillar banks are advertising that they are open for business, supporting enterprise and available to provide mortgage facilities for people who want to purchase a family home, that is not evident on the ground. Any cursory look at the statistics with regard to access to credit would show that there is still a deficit of credit available to sustainable business models.

Having learned from experience, banks are trying to extend their capabilities in terms of their personnel. Enterprise Ireland has worked with the two pillar banks on training personnel to be able to access a business plan presented by a small or medium sized business or a company in terms of its sustainability, cashflow, balance sheet and projections as to what it can achieve over a number of years. However, there is a dearth of experienced personnel in the banks to access that. There is still a latent hangover of business plans being assessed on one thing only, namely, its property as opposed to its business model. Even though banking personnel have been moved from A to B and C to D, there is a huge difficulty in our banking system, particularly in AIB and Bank of Ireland, in that area. I urge that this issue be brought to the attention of the banks. They say that they are open for business but the only way they can be there for business is if there have experienced personnel who can assess a business proposal, examine its need for credit and assess its viability, as opposed the current position where it seems that if one is unsure about a proposal or there is a lack of experience in terms of assessing it, the easiest thing to do is to refuse the credit in the first place.

The motion refers to the small and medium sized business sector. The difficulties people have in accessing credit to purchase a home is an indication of the difficulties the banks are in. It is not only anecdotal evidence as it is clear that families are having difficulties in accessing mortgages. What the banks are doing is trying to repair their impaired balance sheets. They are fighting for their lives. AIB wants to get out of State ownership and Bank of Ireland wants to unshackle its connection with the State; they want to return to a position of independence in terms of ownership in order that they will not have to take any more direction from the Government. In the meantime, when they are trying to repair their damaged balance sheets they are sucking the lifeblood out of the economy. They are required to retain very high capital reserves for lending which gives them a disincentive to lend in the first place. We went from requiring tier one capital of 3% up to 10% or 12% at this stage. That policy is very welcome and is being enforced by the Financial Regulator but it damages the ability of the banks to provide credit because of the capital ratios they are required to retain.

I ask the Government to consider the proposal in the motion. We are only calling for what has been committed to in the programme for Government. We recommend that the Government should carry out its commitment in the programme for Government to establish an access to credit for small and medium businesses by establishing a business bank. To date this commitment has not been honoured. Deputies on all sides of the House agree that we must have a sustainable growth path over the next number of years so that small and medium businesses can access credit if they have a sustainable business plan which stands up to scrutiny. That will force the pillar banks to put their houses in order with regard to providing credit.

The motion calls on the Central Bank to examine the competitive state of the Irish banking sector. It asks for action to encourage non-domestic banks to establish a retail presence in Ireland. It asks for verification that the State-supported banks are fully meeting lending targets. I was on that side of the House for some time and we know and appreciate the difficulties faced

by any Government and that there is no quick-fix solution. When a bank is fighting for its survival its only loyalty is to its shareholders and its only interest is to repair its balance sheet. However, there is a broader remit because the banks have received so much State support under the bank guarantee scheme and because they are partially owned by the State. There is a social obligation on banks. The Credit Review Office was established to assess whether banks were meeting their lending criteria as laid down by the guarantee. There needs to be an examination of how banks are performing and meeting the commitments which they are obliged to meet with regard to lending to small and medium businesses and in the area of mortgages, in case that issue is forgotten.

The motion calls for action to improve non-banking sources of funding for the SME sector and for improved regulation of licensed moneylenders in order to protect consumer interests and measures to tackle illegal moneylenders. Credit unions were established in communities throughout the country many years ago in order to allow people to access credit and to prise them away from the grasp of moneylenders, to allow short-term borrowing at affordable rates to alleviate cash flow problems which families encounter from time to time. I accept the credit union movement may have moved away from that policy to a certain extent but the licensing of moneylenders and the inspection of money lending practices must be a priority because many citizens could find themselves in a parlous state if money lending practices are not controlled.

**Deputy Seamus Kirk:** I wish to share two minutes of my time with Deputy Peter Mathews.

**Acting Chairman (Deputy Catherine Byrne):** That is agreed.

**Deputy Seamus Kirk:** Fianna Fáil calls for the establishment of a State-sponsored enterprise bank as a means of addressing the permanent funding gap in the banking sector. This was a commitment in the programme for Government but it has not been delivered. Efforts to encourage non-bank funding has been completely inadequate to date. The high profile announcements about seed capital, loan guarantees and micro-finance have not been matched by delivery of funding. The growth in money lending identified by the recent Central Bank report highlights the need for accessible credit for low income families in particular. Small and medium enterprises are the lifeblood of the economy, representing 99.8% of active enterprise, nearly 70% of all employment in the State and 46% of gross value added in the economy.

Employment in SMEs for the total business economy fell from 1,045,000 in 2006 to 839,000 in 2011 or 80.3% of the 2006 levels. The construction sector was most badly affected where SME employment in 2011 was only 38.9% of the 2006 level, with almost 120,000 job losses. The domestic SME sector is diverse in nature and employs workers with a much wider range of skills than the multinational sector. SMEs can range from a small welding business to a local supermarket employing 100 people. The jobs crisis cannot be solved by focusing on foreign direct investment alone. By supporting the SME sector we are ensuring job opportunities for those with traditional skills as well as for people with technical qualifications.

Another recent budget proposal for a statutory sick pay scheme is impacting on small businesses in County Louth. Viable small businesses in the county are already being strangled by a deepening credit crisis in the sector. A statutory sick pay scheme can only lead to higher employment costs for the 200,000 small businesses in this country employing more than 655,000 people. To impose higher costs on SMEs at a time of an escalating credit crisis in the sector can only mean job losses.

**Deputy Peter Mathews:** I thank Deputy Kirk and the Fianna Fáil Members for this brief two minutes speaking time. This is a very important and relevant motion. Credit is creative because credit actually gives the energy to business to do what it does, which is to produce goods and services. Debt, by contrast, is usually dead weight and depressing. What has happened in this economy is that we have legacy debt. As I have explained on a few occasions and tried to make the point come home to the Minister for Finance, the dead weight of debt over households, SMEs and other businesses and the Government debt, combined, puts Ireland at the top of a very challenging table. That is what is depressing things.

I worked with ICC Bank for 20 years. It was the development bank which gave money to SMEs under various types of credit such as fixed asset credit and working capital credit and all the rest. The board of the bank did the engineering of that balance sheet correctly. The loans to deposits were correct. When the bank was taken over by Bank of Scotland (Ireland), all those rules of prudential banking were thrown out, as happened in the main banks in this country. As the previous speaker said, they are trying to correct their balance sheets. They are trying to walk through a swamp but the swamp has to be drained and there has to be creditor compression. That means that the legacy creditors, including the eurozone and the euro system, have to do some restructuring and write-down, otherwise the new credit requirements will be snuffed out and smothered.

There is lots more to say but I do not have time. When the foreign banks are exiting that does not bode well. If everything had turned the corner they would be staying here because their historical losses are historical. It begs a question. I say to the Government, to the Taoiseach and to the Minister for Finance, that when they go to Brussels to speak to people like Draghi, they should tear up the long-dated bonds that replaced the promissory notes because that will concentrate their minds. It would be a justified tearing up. It is not doing something wrong; it is morally, financially and in every way justified. Otherwise, as Stiglitz rightly said, because the bankers caused it, we will have ten years of stagnation.

**Deputy Robert Troy:** I intend to share time with my colleague, Deputy John McGuinness.

**Acting Chairman (Deputy Catherine Byrne):** That is agreed.

**Deputy Robert Troy:** We are all agreed that a well-functioning banking sector is critical to any economy. While there has been massive State support by way of capital, the country still does not have a functioning banking system. I will focus in my contribution on competition and support for SMEs. A Department of Finance study in 2000 reported that more than 80 credit institutions were offering banking services in Ireland of which 11 had a significant involvement in retail banking with branch networks. In recent weeks, Danske Bank and ACC Bank closed and this followed the closure of Halifax, Postbank, Anglo Irish Bank, Irish Nationwide Building Society and the EBS. We now have a cosy cartel involving two main banks, AIB and Bank of Ireland. This will not be good for business or personal customers because a lack of competition will ensure higher fees and charges, lower deposit interest rates and higher borrowing costs. All we have to do is consider the unprecedented low ECB interest rate, yet variable rate mortgages have increased time and time again in recent years to make up for loss making tracker mortgages.

The problem of tracker mortgages should be tackled as part of an overall review of the future of our banks. The Government should put a case to our European partners for the transfer of these mortgages to a special purpose vehicle with a long-term funding arrangement backed

by the ECB. These mortgages pose a particular problem for Permanent TSB, which has an overhang in the region of €15 billion. Perhaps if this was sorted, the revised restructuring plan for the bank, which has been put to the EU Commission, would be approved and we would have a properly functioning, sustainable financial institution with the potential to fill the void in the domestic banking sector.

I refer to the lack of support for the SME sector, which contributes to 70% of all employment and 46% of the gross value added in the economy. This sector has been abandoned by the Government parties. Do they remember their pre-election promise to the retail sector to abolish upward only rent reviews? Like many other promises, that has been broken. There was also a promise to tackle the archaic mechanism for calculating commercial rates but this was also broken. The Government has given a free hand to the energy regulator and there have been three increases in energy prices, which is another cost stifling businesses. It decimated redundancy payments and the sick pay scheme with an increase from three to six in the number of days that employers must cover sick pay. Despite the large scale support the State has given banks, they are not supporting businesses. The Government repeatedly points to all the initiatives it has introduced. To date the microenterprise loan fund has lent a mere €1.62 million. The €415 million credit guarantee scheme was expected to provide €150 million a year lending to small businesses but in the first ten months it has lent only €8.5 million.

I acknowledge progress has been made by way of foreign direct investment but this should not be made at the expense of SMEs, which are the lifeblood of our economy. Funding must be forthcoming to viable and sustainable businesses and the Government should examine our proposal and explore the possibility of establishing an enterprise bank in recognition of the importance of the SME sector to the economy. It is not just our suggestion, as this was promised in the programme for Government. This should be delivered to support SMEs.

Only this week in my constituency the largest exporter of cattle, sheep and pigs, TLT International, went into receivership. The company has operated for 30 years but in the past three years it was unable to access credit from any Irish financial institution and was left with no option but to go to the Hong Kong Shanghai Bank in England to avail of credit. The bank, which is eager to get away from dealing with businesses in this economy, pulled that credit line in the past few days and this has put the company into receivership with the loss of 30 jobs directly and many more indirectly. This is a clear example of how our financial institutions are not working with businesses in the State. Captains of industry and entrepreneurs have ideas. They want to generate employment and create wealth but they are not being supported by the Government or financial institutions. The Government needs to give a clear commitment that it will explore the possibility of establishing an enterprise bank to ensure good ideas are matched with relevant funding.

**Deputy John McGuinness:** During this and the previous Dáil, the Government parties made promises to establish a good bank that would fund business but nothing has happened. We went down the road of providing money for the pillar banks and encouraging them to sort out the mortgage issue and to fund the SME sector but the message is coming back to every Deputy and Senator in their clinics that this is not happening. People involved in business say they cannot sort a deal with a bank. They cannot get bank officials to understand the new economy in which they are operating and they cannot get them to deal in a meaningful way with the legacy debt some of them have. They got into difficulty but the business proposal is still sound and the banks refuse to look at them.

Other major banks have left the country. I have not heard a Minister, in particular, the Minister for Finance, advising businesses through the media or any other forum on what to do about new banking arrangements. The Government has not encouraged AIB or Bank of Ireland to look at all the different businesses in difficulty because they need to change banks. KBC Bank advertised in last weekend's *Sunday Independent* how easy it is to get into a commercial arrangement with a new bank. That is a serious flaw in Government policy. It ignores the plight of small businesses. In America, they are at the centre of the economy. Young enterprises with two or three members are the equivalent of businesses here that have been in families for generations. They are in trouble but while the Government says they are at the centre of economic activity and they are central to the way the economy will rebound to build jobs, it refuses to support them.

Government Members pay lip service to them in the House. When one comes in here from the coalface, one realises it is a bubble of nonsense, spin and whitewash. The Government is not helping the SME sector. Families and individuals are providing sound employment in every parish and town but the State does not support them. We say we do but when we examine the fine print, there is an IDA or Enterprise Ireland client above and beyond the SME sector.

The Government has crucified the retail sector. It has done nothing. A local government Bill is going through the House which will double rates in some county towns. The Government parties have no plan and if they do not bring one forward with money behind it, they will fail all the risk takers who are trying to create wealth and jobs. On every high street, premises and commercial units are boarded up unable to be rented because there is no confidence in the country and it is not being restored among those who have discretionary wealth.

I appeal to the Government to do something for the SME sector. It should act on its words and protect those who are creating jobs and wealth.

**Minister of State at the Department of Arts, Heritage and the Gaeltacht (Deputy Dinny McGinley):** I assure the House that this Government will continue to work hard to create an environment conducive to the entry of new entrants to the banking market in Ireland. To ensure there is a level playing field for potential new entrants to the Irish market so that they can compete, this Government has clarified to the markets that we do not want or plan to support the State-supported banks beyond what is absolutely necessary. The industry-wide credit register will allow for the appropriate measure of risk in lending, allowing incumbent and new lenders to lend with full visibility of the risk of that lending. The switching codes for bank customers enhance competition and force banks to work hard to retain their customers. We have encouraged risk sharing partnerships to encourage new lending, such as the AIB-European Investment Bank lending initiative. The Government actively supports potential new entrants and will be open to all inquiries on that front. Competition for banking services is evolving and the Government will continue to lead the debate at EU level on the mechanisms to promote alternative sources of financing.

The Minister for Finance last night outlined the measures taken by this Government to improve access to credit. It was clear that no single measure would provide the silver bullet and so in budget 2014, the Minister for Finance announced a number of new measures to add to and to leverage existing measures, all with the shared goal of improving access to finance for SMEs.

A key announcement in budget 2014 was a comprehensive communication strategy which over the coming months will be rolled out and will raise the level of awareness among SMEs

and entrepreneurs of the full suite of developmental business supports available to them. To improve the framework of credit supports available to SMEs, the Minister also announced a subsidised financial training programme for small businesses. This programme will be carried out in conjunction with the Skillnets management works programme and is designed to improve the financial capability of SMEs. Approximately 1,000 SMEs will benefit from this programme in 2014.

As the economy recovers, the Government expects increased demand for the services of the Credit Review Office, which fulfils an important role in assisting borrowers who have been refused credit by the banks. The limit for loan applications that can be appealed to the Credit Review Office was, therefore, raised from €0.5 million to €3 million to facilitate requests from a broader range of SMEs and a larger team of reviewers is now in place. The Credit Review Office is available to assist businesses which have been refused credit and it is currently overturning 55% of the refusal decisions referred to it. Anyone who has been refused credit by the banks should avail of the services of the office.

We will continue our engagement with SMEs to ensure we are making the changes that they need to see in order to grow. The Government's engagement with SMEs comes not only from the views of various representative bodies, but also through the direct access afforded by the credit demand surveys. They use direct and comprehensive contact with SMEs throughout Ireland and across the various sectors of the economy.

In June, the Government announced its decision to establish the Ireland Strategic Investment Fund which will absorb the National Pensions Reserve Fund and activate the NPRF's €6.4 billion of resources, making it available for investment on a commercial basis to support economic activity and employment in Ireland. The Minister for Finance anticipates the enabling legislation will be enacted early next year. Using the Ireland Strategic Investment Fund, we will maximise our resources to enhance growth in the Irish economy and improve key infrastructure to maintain Ireland's attractiveness as a place to do business and to create employment.

Already, in the lifetime of this Government, the NPRF has established funds that support both strategic projects and a number that support SME financing that collectively involve commitments of €375 million. The role of a strategic investment bank over and above the contribution expected from the Ireland Strategic Investment Fund will be informed by the requirements of the economy once the Government's key immediate objectives for the repair of the banking system have been completed.

The rise in people using moneylenders could be a cause for concern taken out of context. However, the Government is conscious that increases in unemployment and reductions in income have impacted on credit worthiness and collateral values, making it more difficult for individuals to obtain loans from conventional sources. In some circumstances, these individuals may turn to moneylenders and it is important that regulators can provide the necessary protections for those consumers.

It should be clear that this Government does not in any way take this issue lightly. This Government has worked hard to introduce measures to ensure that viable businesses, in particular SMEs, have access to credit from a broader range of sources. We will always maintain an open dialogue with SMEs to ensure that their voice is heard and that the correct and most effective solutions are being implemented. The Government is committed to ensuring that an adequate supply of finance is available to meet the requirements of SMEs and households as

the economy recovers.

**Deputy John McGuinness:** There is not a word in that speech for SMEs.

**Acting Chairman (Deputy Catherine Byrne):** Excuse me, Deputy. The next speaker is Deputy Ó Cuív.

**Deputy John McGuinness:** As far as the Government is concerned, they are out of business.

**Deputy Dinny McGinley:** They were mentioned-----

**Deputy John McGuinness:** They were mentioned. That is all the Minister of State did. Give them the money.

**Acting Chairman (Deputy Catherine Byrne):** I call Deputy Ó Cuív.

**Deputy Éamon Ó Cuív:** I can understand the frustration of my colleague, Deputy McGuinness, because it is clear the Government has never set up or run businesses. Many of the solutions put forward as solutions to the business sector strike me as being way too timid and do not face up to the real issue. If we are serious about creating employment, we want money, and I am not talking about microfinance. One will not set up serious businesses with microfinance. Setting up businesses is an expensive business, and I know that from practical experience.

I do not understand the antipathy towards having a State bank. It is not only among this Government but it has been there within this great system which seems to run this country and which Governments fall for. I would go as far as to say that one of the great mistakes of the past 20 years was to get rid of the ACC and the ICC.

**Deputy Peter Mathews:** Hear, hear.

**Deputy Éamon Ó Cuív:** I will tell a little story with a funny twist in the tale. When I went to Connemara, I wound up as a co-op manager with a committee and €3,500. We got a grant to set up the co-op and a business to try to get a good market for hill lamb. We applied to the bank - I think it was AIB - but even though we were getting a substantial grant, we were refused. We then applied to the ACC. I realised that unless the State bank was a little bit more adventurous than the private bank had been, my goose would be cooked before I got anything going in the co-op and I did not like that prospect. I was very young at the time; I was in my early 20s.

I decided not to take any chance the second time, so we made the application to the ACC but I decided to go one step further and telephone the chairman of the ACC whose day job was managing director of Clover Meats.

**Deputy Dinny McGinley:** Collins.

**Deputy Éamon Ó Cuív:** The Minister of State got it in one but he is pre-empting me. I said to the secretary who answered the telephone that my name was Éamon Ó Cuív and I asked to speak to Mr. Michael Collins. I started to explain to him that I was a co-op manager in Connemara but he interrupted me and asked me if I was Emer's son. I said I was and he told me to tell my mother he was asking for her because the two of them knew each other when they were children growing up in Blackrock. That Michael Collins, of course, was a nephew of the Michael Collins whose picture hangs in the front hall of this House. Luckily for us the ACC

gave us the money.

Members will have heard of the acorn. The site we bought for £1,250 now supports over 300 jobs. The company has moved on into all kinds of other areas. The Minister of State will have heard of ECC Teoranta, which is one of the bright lights of this sector. In fact, the central part of its building is the lamb-fattening station we built. It is one of the success stories of Údarás na Gaeltachta, Connacht Gold, P. J. Fahy and all the other co-op businesses in Corr na Móna.

It is interesting to think that if we had not had a State bank, we would not have those jobs now. P. J. Fahy would not have been able to build up the hugely successful industry that has developed since he took over TDS from the co-op many years ago and started ECC Teoranta. If somebody had not taken a chance, the jobs at the top of the hill at the back of the mountain in Connemara would not exist. That is why I strongly believe there is a need for somebody to put it up to the private banks in this economy. That need was there in the past. I am sure that many businesses would not exist if they had not been supported by the ACC and the ICC. Many farmers were able to develop their businesses because they were given prudent loans by those institutions in circumstances in which the private person would not have gone in. I know I am not the only person who went to a State bank and made a success that continued into the future.

The money does not have to be that big. When I was in government, I argued with my colleagues that we should take some money from the National Pensions Reserve Fund and give it to the good bank part of the IBRC to start lending into the productive sector. I said there should be an absolute ban on using that €2 billion or €3 billion in State money for lending for property for property's sake. In other words, no loans should be provided in respect of a building unless it is connected to a productive unit. Until we provide for such a system, we will continue to be at the mercy of the over-conservative view of the two so-called pillar banks. A small amount of money would make a significant difference in this area, as in all areas of life. I have no doubt that such a bank would put it up to the pillar banks to compete because that is the nature of life.

I would like to mention a second matter I consider vital on the basis of my experience of trying to develop businesses without having enough capital. One cannot develop any substantial type of business from nothing without share capital. It is often the case that young, vibrant, educated and creative people with the best of ideas do not have cash or capital. They cannot do it all on borrowings because borrowings require immediate repayment and accrue interest. The second big thing I learned was that one needs investment funds. There is no point in going to investment bankers in private investment funds when one has a start-up business because one might as well forget it.

Tá áthas an domhain orm go bhfuil an tAire Stáit anseo anocht. I put it to the Minister of State, in light of all the talk about the use of the National Pensions Reserve Fund to invest in the economy, that the western investment fund, under the Western Development Commission, has been one of the most successful investment funds in terms of creating jobs. I would like to repeat here tonight the suggestion I made last summer that the Government should immediately give €100 million from the National Pensions Reserve Fund to the western investment fund of the Western Development Commission, to be drawn down by those involved as they need it. A modest sum of money would keep them going for a long time. We know that the Western Development Commission's investment fund is operating entirely on the basis of returns from previous investments. They are getting their money back from investments that have been successful and they are recharging it.

If we want rapid growth in investment in the western region, we need to build a good working model of how this can work. I suggest that we already have experts who have shown their skills in picking enough winners. One picks losers as well as winners. If one does not pick some losers, one will not pick any winners. We know they have had enough success in picking winners to get money coming back in at a sufficient rate to enable the money to go around in a circle. If there is €4 billion or €5 billion left in the National Pensions Reserve Fund, €100 million is a drop in the ocean. Having succeeded in accessing that money, it would be very simple to say to the western investment fund that it will be given €100 million. Those involved in the fund would probably tell us it would take three or four years to draw those moneys down, but they would get working immediately on locating developers. In such circumstances, we would have the two things that are needed - loan finance and, equally importantly if not more importantly, investment finance. Then all that would be needed are people with ideas and energy.

The final thing we have to learn in this economy is that we are not always going to get winners. It all has to be worked on a margin. If one is investing money, one has to allow for winners and losers. If we are going to continue with a policy in this State that everybody must be a winner, we will have no winners because nothing will get off the ground.

**Deputy Sean Fleming:** I welcome the opportunity to speak at the conclusion of this debate. The message from the beginning of the debate right through to the end is that we all recognise that accessing credit remains very difficult for businesses and personal customers throughout the country. The continuing decline in the number of banks operating in the Irish economy, particularly in the retail sector - it has decreased again recently - will increase costs for businesses and individuals and will reduce choice and competition in the banking sector. Most people recognise the importance of credit for small and medium sized businesses, which have a key role in sustaining economic recovery and supporting job creation. I will not repeat the statistics about the number of jobs created in small businesses compared to large businesses. Everybody knows that hundreds of thousands of people are working in small and medium sized enterprises.

It was troubling in recent days to read about the release of a report by ISME suggesting that 57% of its members have been refused credit in recent months. ISME has also reported that the average time taken to process loans has increased from four weeks to five weeks. That is difficult, but the real difficulty is that 31% of ISME members have had their overdrafts reduced. That is the real sickener. If a company is operating on an overdraft of €50,000 and is working up to that limit, it will not be able to pay the following week's wages if that limit is suddenly cut to €30,000. Such actions on the part of the banks are squeezing businesses and business owners. The reality is that in these circumstances, the banks tend to seek more guarantees. They will seek a personal guarantee before they agree to increase or extend an overdraft. They will seek to bring under guarantee any personal assets that are not under guarantee. That gives them more collateral to back up their loans. When they have people fully on the hook with nothing left, they can do what they like and many of them do.

The withdrawal from the Irish market of Danske Bank and ACC-Rabobank has resulted in a loss of competition. We have been left with three banks - AIB and Permanent TSB in one group, Bank of Ireland and Ulster Bank, which is part of the Royal Bank of Scotland group. That group is currently assessing its business model in Ireland. I hope it will stay here because it has had a good history in this country. Ulster Bank should have a bright future here. We know that Permanent TSB is struggling with its tracker mortgages.

A normal competitive banking situation no longer exists in Ireland. That is the most im-

portant statement that people have to recognise. The economy is on the mend but the banking system is not matching that. A new force is needed in Irish banking, especially to assist small businesses.

My colleague, Deputy Ó Cuív, mentioned the role of the ACC, which provided great assistance to people in the agriculture and food sectors. I remember when the ICC used to help small businesses. Fóir Teoranta also helped many small businesses through difficult periods and they came out successfully at the far side. They are all gone now. We need a State-backed bank for enterprise to help growing businesses to invest. We need to close the lending gap that now exists in Ireland. There is also an experience gap in the banks because so many of them were heavily involved in the property market for a long time. They have been trying to deal with the mortgage arrears issue for the last couple of months. They do not have the business expertise they used to have many years ago.

*9 o'clock*

Many small businesses have a considerable number of non-core business loans. They may have taken them out for property development, which perhaps they should not have done, but they are tied with them now. These non-core business loans are crippling their businesses and they need to give personal guarantees. Many are having trouble keeping up repayments on these non-core business loans and it is making it difficult even to keep their tax up to date. These loans are starving companies of working capital. We need a mechanism whereby the property loans that are not connected to the day-to-day activity of the business are separated from the business activity, allowing the business to continue to work.

We need a new enterprise bank that concentrates on small businesses and lends up to approximately €5 million. It should not be a grant-giving organisation. It should provide advice to customers on the business environment. There should be a rigorous assessment of the economic prospects of the companies involved. There would be no soft money here, but money available for good and viable businesses. No property loans should be given. It is important that it would be strictly for the core business to ensure businesses can thrive and employment can grow.

Amendment put:

<i>The Dáil divided: Tá, 77; Níl, 51.</i>	
<i>Tá</i>	<i>Níl</i>
<i>Bannon, James.</i>	<i>Adams, Gerry.</i>
<i>Barry, Tom.</i>	<i>Boyd Barrett, Richard.</i>
<i>Bruton, Richard.</i>	<i>Broughan, Thomas P.</i>
<i>Burton, Joan.</i>	<i>Browne, John.</i>
<i>Butler, Ray.</i>	<i>Calleary, Dara.</i>
<i>Buttimer, Jerry.</i>	<i>Collins, Joan.</i>
<i>Byrne, Catherine.</i>	<i>Collins, Niall.</i>
<i>Byrne, Eric.</i>	<i>Colreavy, Michael.</i>
<i>Cannon, Ciarán.</i>	<i>Cowen, Barry.</i>
<i>Carey, Joe.</i>	<i>Daly, Clare.</i>
<i>Coffey, Paudie.</i>	<i>Doherty, Pearse.</i>

<i>Collins, Áine.</i>	<i>Donnelly, Stephen S.</i>
<i>Conaghan, Michael.</i>	<i>Ellis, Dessie.</i>
<i>Conlan, Seán.</i>	<i>Ferris, Martin.</i>
<i>Connaughton, Paul J.</i>	<i>Flanagan, Luke 'Ming'.</i>
<i>Conway, Ciara.</i>	<i>Fleming, Sean.</i>
<i>Coonan, Noel.</i>	<i>Fleming, Tom.</i>
<i>Corcoran Kennedy, Marcella.</i>	<i>Grealish, Noel.</i>
<i>Creed, Michael.</i>	<i>Halligan, John.</i>
<i>Daly, Jim.</i>	<i>Healy, Seamus.</i>
<i>Deasy, John.</i>	<i>Healy-Rae, Michael.</i>
<i>Deenihan, Jimmy.</i>	<i>Higgins, Joe.</i>
<i>Dowds, Robert.</i>	<i>Keaveney, Colm.</i>
<i>Doyle, Andrew.</i>	<i>Kelleher, Billy.</i>
<i>Durkan, Bernard J.</i>	<i>Kirk, Seamus.</i>
<i>English, Damien.</i>	<i>Kitt, Michael P.</i>
<i>Feighan, Frank.</i>	<i>Lowry, Michael.</i>
<i>Fitzpatrick, Peter.</i>	<i>Mac Lochlainn, Pádraig.</i>
<i>Flanagan, Charles.</i>	<i>McDonald, Mary Lou.</i>
<i>Griffin, Brendan.</i>	<i>McGrath, Finian.</i>
<i>Hannigan, Dominic.</i>	<i>McGrath, Mattie.</i>
<i>Harrington, Noel.</i>	<i>McGrath, Michael.</i>
<i>Harris, Simon.</i>	<i>McGuinness, John.</i>
<i>Howlin, Brendan.</i>	<i>McLellan, Sandra.</i>
<i>Humphreys, Heather.</i>	<i>Martin, Micheál.</i>
<i>Humphreys, Kevin.</i>	<i>Mathews, Peter.</i>
<i>Keating, Derek.</i>	<i>Moynihan, Michael.</i>
<i>Kehoe, Paul.</i>	<i>Murphy, Catherine.</i>
<i>Kelly, Alan.</i>	<i>Nulty, Patrick.</i>
<i>Kenny, Seán.</i>	<i>Ó Caoláin, Caoimhghín.</i>
<i>Kyne, Seán.</i>	<i>Ó Cuív, Éamon.</i>
<i>Lawlor, Anthony.</i>	<i>Ó Fearghail, Seán.</i>
<i>Lynch, Ciarán.</i>	<i>Ó Snodaigh, Aengus.</i>
<i>Lynch, Kathleen.</i>	<i>O'Brien, Jonathan.</i>
<i>Lyons, John.</i>	<i>Pringle, Thomas.</i>
<i>McCarthy, Michael.</i>	<i>Ross, Shane.</i>
<i>McEntee, Helen.</i>	<i>Shortall, Róisín.</i>
<i>McGinley, Dinny.</i>	<i>Smith, Brendan.</i>
<i>McHugh, Joe.</i>	<i>Stanley, Brian.</i>
<i>Maloney, Eamonn.</i>	<i>Troy, Robert.</i>
<i>Mitchell O'Connor, Mary.</i>	<i>Wallace, Mick.</i>
<i>Mulherin, Michelle.</i>	
<i>Murphy, Dara.</i>	
<i>Murphy, Eoghan.</i>	

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<i>Nash, Gerald.</i>	
<i>Neville, Dan.</i>	
<i>Nolan, Derek.</i>	
<i>Noonan, Michael.</i>	
<i>O'Donnell, Kieran.</i>	
<i>O'Donovan, Patrick.</i>	
<i>O'Dowd, Fergus.</i>	
<i>O'Mahony, John.</i>	
<i>O'Reilly, Joe.</i>	
<i>O'Sullivan, Jan.</i>	
<i>Perry, John.</i>	
<i>Phelan, Ann.</i>	
<i>Phelan, John Paul.</i>	
<i>Rabbitte, Pat.</i>	
<i>Reilly, James.</i>	
<i>Ring, Michael.</i>	
<i>Ryan, Brendan.</i>	
<i>Spring, Arthur.</i>	
<i>Stagg, Emmet.</i>	
<i>Stanton, David.</i>	
<i>Tuffy, Joanna.</i>	
<i>Walsh, Brian.</i>	
<i>White, Alex.</i>	

Tellers: Tá, Deputies Paul Kehoe and Emmet Stagg; Níl, Deputies Seán Ó Feargháil and Aengus Ó Snodaigh.

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, 14 November 2013.