

DÍOSPÓIREACHTAÍ PARLAIMINTE PARLIAMENTARY DEBATES

DÁIL ÉIREANN

TUAIRISC OIFIGIÚIL—Neamhcheartaithe (OFFICIAL REPORT—Unrevised)

Ceisteanna - Questions
Priority Questions
Employment Support Services
Enterprise Ireland Funding
Appointments to State Boards
Small and Medium Enterprises Supports
Local Enterprise Offices Establishment
Foreign Direct Investment
Online Business Voucher Scheme
Retail Sector
Trade Missions Participation
Job Initiatives
Trade Agreements
Strategic Banking Corporation of Ireland Bill 2014: Second Stage
Leaders' Questions
Order of Business
Planning and Development (Amendment) Bill 2014: First Stage
Committee of Public Accounts of Dáil Éireann (Compellability of Witnesses) Bill 2014: First Stage 53
Protection of Young Persons (Employment) Regulations: Motion
Strategic Banking Corporation of Ireland Bill 2014: Second Stage (Resumed)
Topical Issue Matters
Strategic Banking Corporation Bill 2014: Committee Stage
Business of Dáil
Strategic Banking Corporation of Ireland Bill 2014: Committee Stage (Resumed) and Remaining Stages 100
Topical Issue Debate
Schools Amalgamation
Road Toll Operators 106
Respite Care Grant Administration
Dublin-Monaghan Bombings
Forestry Bill 2013: Report Stage (Resumed)

DÁIL ÉIREANN

Déardaoin, 10 Iúil 2014

Thursday, 10 July 2014

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

Paidir. Prayer.

Ceisteanna - Questions

Priority Questions

Employment Support Services

1. **Deputy Dara Calleary** asked the Minister for Jobs, Enterprise and Innovation his plans to review the manner in which the State assists employees in companies in which management has expressed a desire to undertake a major restructuring of operations, including proposing substantial pay cuts and job losses; if his attention has been drawn to any other planned large-scale restructuring; and if he will make a statement on the matter. [30046/14]

Deputy Dara Calleary: I have tabled this question in the context of what happened at Bausch + Lomb and the manner in which a difficult and public choice was foisted on workers there. What strategies does the Minister's Department have in place to stop that process from happening in other companies? What assistance is available to workers from the Department?

Minister for Jobs, Enterprise and Innovation (Deputy Richard Bruton): A key element of the work of my Department and the development agencies is to work closely on an ongoing basis with client companies to ensure potential threats to employment in their operations are identified well in advance in order that they can be addressed before major difficulties emerge. There is a significant level of engagement with companies, quietly and behind the scenes, to address ongoing challenges and help them to develop new strategies, change their business models, where necessary, and further embed their operations in the economy. This work by the agencies includes pursuing relevant research and development opportunities, promoting training initiatives, the provision of targeted grant aid in specific circumstances, and developing capacity building and transformational management systems. A good example is a key disruptive reform set out in An Action Plan for Jobs 2014. It provides that the main development agencies

will drive a national step change for the manufacturing sector which will drive the adoption of LEAN programmes and other initiatives to improve the competitiveness of these businesses.

In addition, an early warning system is in place to flag unexpected job threats which may emerge at short notice. In such instances, the agencies, my Department and I, as Minister, work with the company to develop alternatives or mitigate the worst impact on workers. We also explore all possible supports that might be available across government. This was the approach taken in the Bausch + Lomb case in Waterford.

The services of the State's industrial relations machinery are always made available to assist parties in a dispute. It is heartening that the work of the Labour Court and the Labour Relations Commission which come within the remit of my Department has managed to resolve many apparently intractable disputes and resulted in positive outcomes in cases involving restructuring. Where jobs are still lost, despite best efforts, my Department works with other Departments to ensure services are made available to workers to clarify their entitlements and develop other opportunities for those affected.

The overall process, involving many State stakeholders, works well. It is continuously learning and responding to the changing global environment. As of now, I am not aware of any such proposed large-scale restructuring which may arise in the near future.

An Ceann Comhairle: Before calling Deputy Dara Calleary, I ask Members to turn off their mobile phones, as there is interference. We are advised by the technical staff that, if that happens, they cannot use the playback facility for use on radio or television. It is everybody's interests, therefore, to switch off all mobile phones.

Deputy Dara Calleary: I appreciate the range of responses from the Minister's Department and I am aware of the early warning system in place. The specific circumstances of the case at Bausch + Lomb were known in the Department and its agencies, but the workers seemed to be the last to know. They were then presented with a Hobson's choice and forced to take difficult reductions. I congratulate everybody involved in that process, including the Department, SIPTU and various employers, to try to achieve a resolution. However, the workers were presented with a choice of either accepting pay cuts or having the entire operation shifted. That is an unacceptable and very difficult choice to have to make and the workers were placed in a no-win situation. As I have said before, I do not think the outgoing CEO of IDA Ireland was helpful in that regard. It was his job to try to assist the company, but he told workers to take the deal on offer. This was particularly unhelpful and unfair and I do not want to see it happen again. Workers should not be placed in a difficult position in having to take decisions that will affect their personal lives. In taking such decisions they are put under the microscope and there is enormous publicity and pressure, knowing that their decision will affect 1,000 others. Is there a way by which the Department, working with various agencies, can ensure what happened will not recur?

Deputy Richard Bruton: Each case has to be treated on its merits. The company is the primary point of contact with workers. Clearly, IDA Ireland and other agencies have to respect the company's confidentiality. Such companies are often quoted on the Stock Exchange. If they indicate the direction of their thinking in confidence to IDA Ireland, giving it an opportunity to work with it to achieve the best possible outcome for Ireland, that confidence must be respected. It is not a situation where the best approach is to tell everyone what might happen in the hope one can develop a response. In the Bausch + Lomb case we had to work behind the scenes

to develop proposals to achieve the best outcome, as well as putting investment proposals on the table, with other supports, to allow a successful deal to be reached. Obviously, it is for the company to deal with its workforce. As the Deputy knows, the issue emerged from a takeover or merger that had evolved, which had created a tight timeframe.

Deputy Dara Calleary: The Minister has teed it up for me. The company involved in the merger is sniffing around - for want of a better phrase - other Irish companies. I welcome the statement that there are no large-scale redundancies on the Minister's radar. Does IDA Ireland have a strategy in place, not just for the specific company mentioned but also for the pharmaceutical sector generally? Many companies involved in the sector are, effectively, assetstripping, while floating around and looking for potentially good research and development opportunities that may result in a commercial return for their own investment companies. Is the Department aware of this and, if so, is it working on a strategy for the pharmaceutical sector to guide it through this phase?

Deputy Richard Bruton: Absolutely. Consolidation in the pharmaceutical sector is a fact of life. IDA Ireland's objective is to ensure that in any such consolidation Irish plants will be in a position to win in any restructuring. That is a continuous challenge that we are always addressing in working with companies to ensure plants in Ireland are the best they can be. We have a strategy, but, obviously, one must respond to individual decisions made by corporates.

Enterprise Ireland Funding

2. **Deputy Peadar Tóibín** asked the Minister for Jobs, Enterprise and Innovation in view of the fact that just a small number of American firms account for two-thirds of Irish headline exports and that they directly employ about 72,000 persons here, his plans to re-balance employment distribution on a sustainable level. [30183/14]

Deputy Peadar Tóibín: Foreign direct investment is good and my party welcomes it. The Government must do all it can to ensure we will continue to win high levels of it. However, over-dependence on it is a major source of concern, especially when it is based on a small number of factors such as the bargain basement corporation tax rate used by the State. A number of years ago a senior adviser to US President Barack Obama stated we had an over-dependence on foreign direct investment. I am asking what the Government will do to bring to an end that over-dependence.

Minister of State at the Department of Jobs, Enterprise and Innovation (Deputy Sean Sherlock): Is Sinn Féin now proposing that the corporation tax rate is too low? Is that the inference of the Deputy's question when he says we have a bargain basement corporation tax rate? I do not accept the Deputy's inference that US foreign investment in the economy is at an undesirable level. The activities of US owned companies represent an important source of exports and employment. They are spread across 500 companies in a wide range of sectors and have strong links with the economy. Exports from foreign owned enterprises are an important and sustainable element of the economy, as they are in other small globalised economies.

While IDA Ireland client companies play an important part in the economy, it should be remembered that employment in such companies represents less than 9% of total Irish employment. The majority of employment comes from the activities of Irish owned companies and enterprises and these are the key focus of much of our enterprise policy. Many of the propos-

als developed in An Action Plan for Jobs have been designed to assist the start-up, scaling and internationalisation of Irish owned enterprises. Measures include the roll-out of the local enterprise office, LEO, network, the establishment of the potential exporters divisions, the increase in staff assisting Irish companies to develop in overseas markets, the increase in the number of trade missions, the creation of new instruments to facilitate access to finance and the development of sectoral strategies in areas such as tourism, software and food.

There is solid progress being made. Exports by Enterprise Ireland companies are up by €3.5 billion in the past three years, while employment has grown by 14%, from 146,419 to 166,184 higher than the total employed in IDA Ireland client companies.

Deputy Peadar Tóibín: The effective corporation tax rate is too low. It is an international joke. It is a serious issue when, during the Taoiseach's travels to California, senior politicians joke that Ireland is considered to be an international corporation tax haven. Our reputation is low as a result. The Minister of State is correct in stating that, comparatively, there is a small number of employees working in the FDI sector, but this small number of firms account for two thirds of headline exports. We should know by this stage that when we localise the entire economy in a small sector, when we put all our eggs in one basket, as the previous Government did in the case of the property market, it causes problems. A healthy economy is a balanced one. It is one in which a large volume of exports come from the indigenous sector.

An Ceann Comhairle: A question, please.

Deputy Peadar Tóibín: What will the Government do to rebalance the economy to ensure a far larger volume of exports will come from the indigenous sector?

Deputy Sean Sherlock: If the Deputy thinks the effective corporation tax rate is too low, he should tell us what his party thinks it should be, rather than merely express it as a platitude.

Deputy Peadar Tóibín: It should be 12.5%.

Deputy Sean Sherlock: Enterprise Ireland client companies have continued to generate increased jobs growth. They recorded the highest overall rise in employment levels in the past decade, with 5,442 net new jobs, some 3,620 of which were full time, at the end of 2013. Moreover, they provide employment for 175,750 persons, comprising 149,718 full-time and 26,032 part-time workers. We recorded export sales of €17.1 billion in 2013 and have set a target of €17.5 billion for Enterprise Ireland supported companies for 2014. There are 100,000 persons employed in 500 US companies here and we export goods and services worth €26 billion to the US market. Total trade between Ireland and the United States - the question relates to the US market - amounts to approximately €55 billion.

Deputy Peadar Tóibín: The effective corporation tax rate should be 12.5%, but it is not; it is far lower than this. The point is that a foreign direct investment economic model is normally seen as transitional for an economy. Normally, a country uses the FDI model to start to build its indigenous economy. While the Minister of State indicates some increase in net jobs through Enterprise Ireland companies, it is minuscule compared to what is necessary. It has been the policy of the Government to outline some successes, but these successes are small in comparison to what is needed. What is needed is far more energy in ensuring indigenous businesses are successful. The Government can do this by increasing demand in the economy and this can be helped with taxation and stimulus measures and also by a reduction of costs. Will it ensure the slide in funding, both for Enterprise Ireland which has been experienced in the past few years

and the successors to the county enterprise boards, will stop and that we will see significant funding for these two organisations?

Deputy Sean Sherlock: Enterprise Ireland's network of international offices now extends to 30. We opened two new offices during 2013, in Istanbul and Austin, Texas. Some 815 new overseas customers were secured for client companies, 38% of which were in high growth markets. In addition, 111 of Enterprise Ireland's high potential start-up companies secured their first new international reference company in 2013. There were 18 Minister-led overseas trade missions, in which more than 1,000 Enterprise Ireland client companies took part, and a further 67 international events in major target markets. We are making significant progress. There is a strong policy prerogative, since the creation of the LEOs, to support the SME sector at a local level and ensure those companies that have export potential through Enterprise Ireland will be supported. There is a broad range of supports available. I reiterate that there was €65 million in equity and venture capital, a figure of €92 million for technology and scientific infrastructure, €27 million for capability building and €19 million in capital for employment support and capacity expansion. This is taxpayers' money being invested effectively through Enterprise Ireland to support the indigenous sector.

Appointments to State Boards

3. **Deputy Shane Ross** asked the Minister for Jobs, Enterprise and Innovation the number of appointments he has made to State boards and State agencies since his appointment; the number who have gone through an interview process; the number who have been involved in an open competition for the positions; the number of appointments that have been publicly advertised; the gross cumulative value of the fees; and the average annual fee and ratio of males to females. [30332/14]

Deputy Shane Ross: The purpose of this question is to establish, in the light of recent controversies about political appointments to State bodies, whether the Government is living up to its promise that it will advertise all State board positions, that it will ensure there is free competition for these positions, that the gender basis which it set for itself is being followed and that the public can be sure appointments are not being made on a political basis, that all appointments, particularly in this Department which deals with sensitive areas, are made on the basis of merit.

Deputy Richard Bruton: Since taking office, I have made 41 new appointments to the boards of agencies within my discretion. A further 67 were either reappointments or posts reserved under legislation for various representative groups. The Department advertised all board positions in the form of a group advertisement at the start of the year.

Of the new appointments made at my discretion, 28, or over two thirds, of those appointed were selected from those who had submitted an expression of interest in response to publicly advertised calls administered in conjunction with the Public Appointments Service. This process generated a strong response in terms of the number and quality of the expressions received. In all cases the expressions were evaluated having regard to the skills, expertise and experience being offered in the vacancy being filled. The gender breakdown was 50:50, with 14 men and 14 women being appointed.

As regards fees payable to chairpersons and board members, they are paid in line with

the categories into which the agency falls under the Department of Public Expenditure and Reform's system. Of the agencies within my Department's remit, eight are deemed to be in category 2, for which the chairperson's fee is $\in 20,250$, while the fee for an ordinary member is $\in 11,970$. The remaining four are deemed to be in category 3, for which the annual fees payable to the chairperson and ordinary board members are $\in 11,970$ and $\in 7,695$, respectively. The Deputy will wish to note that fees are not paid to all appointees. In some cases members may have opted to waive their fees, while some members will be subject to the one person one salary principle and others are departmental nominees who are not entitled to fees. The cumulative annual value of fees for the agencies based on their current composition is $\in 200,070$ payable to 11 chairpersons, an average of $\in 18,188$, and $\in 847,305$ payable to 84 board members, an average of $\in 10,086$.

Deputy Shane Ross: The Minister successfully blinded me with science and I got lost when he began to speak about category this and that. I will read the printed version of his reply afterwards. I take it that while some of the positions have been advertised, others have not. I am particularly interested in the reappointments. What interview process or scrutiny did the reappointees undergo? Several of them were in IDA Ireland. Would it not have been more satisfactory if the Government had kept its promise that all appointments would be advertised and that prospective appointees come before Oireachtas committees to be subject to scrutiny by the Houses and the public? They would then be taken out of the political arena. The Minister knows what I am talking about; he has defended some of the more controversial appointments made recently in other Departments. Particularly where overseas investors and interests are concerned, I seek an assurance that all appointments in the future will be advertised and not be made on a political basis.

Deputy Richard Bruton: As I indicated, all posts are advertised. Two thirds of positions were filled by those who had responded to advertisements. However, as the Government's decision indicated, Ministers have to make decisions about suitability and, in some cases, an expression of interest does not yield the individuals required. In such cases, obviously, one needs to head hunt to fill these posts. That is appropriate.

In the case of reappointments, clearly some people have gained experience and are valuable additions to their boards. In regard to boards to which I have reappointed people such as the IDA Ireland board, the individuals concerned had lengthy and worthwhile experience and in no case would have served more than one term. I do not allow any person to serve more than two terms. My accountability to my colleagues and Oireachtas committees is open. The chairpersons whom I appoint all appear before committees for scrutiny. I consider it to be a transparent approach and I am happy to stand over the appointments I make.

Deputy Shane Ross: What happened to the proposal which, I think, was accepted by the Government in respect of the large number of attendees at the global economic summit who volunteered, to great applause and approval, to work for nothing on State boards, thereby bringing an external influence to bear on State bodies and agencies? I presume this includes IDA Ireland and Enterprise Ireland. They would bring welcome expertise to these boards. Why have these appointments not materialised? They would take the matter out of the political arena and the individuals concerned could replace the reappointed members, which is a gap or loophole that is not subject to advertising. Perhaps we might make more appointments from people living overseas who have volunteered to bring their independence to the boards of semi-State bodies.

Deputy Richard Bruton: There are appointees from overseas on the boards and such ap-

pointments will continue to be made. Anyone who expresses an interest in a board will be considered, whether he or she volunteers at the global forum or by direct response to advertisements. There is an open trawl of persons who would be suitable. Clearly, only certain posts will become vacant every year and we have to consider the suitability of those who have applied on their respective merits. We consider all offers that come our way.

Small and Medium Enterprises Supports

4. **Deputy Dara Calleary** asked the Minister for Jobs, Enterprise and Innovation his views on the main impediments to the small and medium enterprise sector's ability of firms to increase employment; the actions he is taking to resolve these issues; and if he will make a statement on the matter. [30047/14]

Deputy Dara Calleary: I ask the Minister of State at the Department of Jobs, Enterprise and Innovation, Deputy John Perry, what he regards as the main blockages to SMEs' ability to grow employment and how we can support the SME sector, our most stable sector, in its efforts to grow employment and prepare for the upturn in the economy.

Minister of State at the Department of Jobs, Enterprise and Innovation (Deputy John Perry): Since coming into office the Government has had a clear focus on assisting SMEs which make up over 99% of businesses in the enterprise economy in Ireland and account for almost 70% of people employed to establish, expand and export, with a view to driving economic recovery and creating jobs across the country. One of the priorities of the Government has been to identify and act on the impediments to the ability of small and medium enterprises to increase employment.

The advisory group on small business which I established in June 2011 reported on 23 November that year. The report identified a number of impediments ranging from weak demand, access to finance, labour costs and flexibility, the cost of doing business, competitive practices, access to public procurement, mentoring, management development, debt and insolvency to easy access to information. These impediments have been the subject of a range of actions within An Action Plan for Jobs. They include: a first stop shop through the local enterprise office, LEO, network; more accessible supports for recruitment such as JobsPlus and JobBridge; new instruments for access to finance; enhanced support in developing new markets overseas and through global sourcing; and access to information and support.

In addition, new legislation has provided for the streamlining of company law to make it easier for small and medium-sized businesses to form and operate. We have also reformed the wage setting mechanisms by removing the inflexibilities which prevailed. Legislation to strengthen competition and consumer law, including, in particular, the introduction of powers to regulate practices in the grocery sector is going through the Oireachtas.

A further major source of jobs growth in the SME sector is start-ups. The establishment rate of new businesses fell by 30% in the crash. A key challenge we are addressing is to create an environment in which more start-ups will occur, survive and grow to scale. The recent forum on entrepreneurship is a major contribution to this objective. As a follow-on to the forum, the Department shall shortly publish Ireland's first policy statement on entrepreneurship.

Deputy Dara Calleary: On the 2011 report, I ask the Minister of State to outline the issues

that remain to be addressed. We could beat each other over and back on access to credit which is not yet available for many businesses which want to expand. Banks are in the habit of lending to safe businesses, but businesses with good plans to increase employment which might be risky are not finding a home. The Joint Committee on Jobs, Enterprise and Innovation will be publishing a report on the issue next week and will make some suggestions in that regard.

The Minister of State also mentioned the issue of procurement, which remains a major source of frustration for small businesses, in particular. They are not given access to procurement. This is an area on which I ask the Minister of State to work in conjunction with the LEOs, now that they are linked with local authorities. The announcement made yesterday by the Minister of State at the Department of the Environment, Community and Local Government of funding to renovate local authority housing stock is an example of where small companies and trades people can make a difference and create employment. However, many of them will be restricted in tendering because of the current position on procurement. I ask the Minister of State to update us on the issue.

Deputy John Perry: On procurement, last week we had a meeting with Mr. Vincent Campbell. We have also met Mr. Quinn.

10 o'clock

We had a discussion about how best to deal with this through collaboration and ensure smaller companies can avail of major opportunities in the procurement sector. There is a demand to ensure small companies can be included in that very essential process. That is very much the Government's current task. I assure the Deputy we will provide an update and we look forward to reading the report next week. Procurement must involve smaller companies submitting joint bids, and such a process is now being examined. Procurement is about getting the best value for money, but it must equally bring quality. There is ongoing discussion with the Office of Government Procurement on the best way to proceed, and I will update the Deputy when that is concluded.

Deputy Dara Calleary: There is also the matter of bureaucracy and red tape. Work has been under way in the Department for some time to address the number and type of regulations. How effective has that been in the past three years since the issue was identified in November 2011? Is it now easier for companies to do business with regard to licences, etc.? Will the Minister of State provide an update on the work done on the one-stop shop for retail licensing?

Deputy John Perry: That is going to EU tender at the moment. A review has been done of the 159 licences within the State and we expect that in the final quarter of this year the EU tender process, involving up to 40 different licences and 15 State authorities, will be complete. There will be a single portal for the issuing of licences. Within our Department there is a highlevel group on business regulation and we have cut over €200 million from the cost of doing business. The establishment of local enterprise offices and easy access to setting up businesses through incoming company law will provide opportunities and ensure the laws of the State are proportionate to the size of the company. The high-level group has been very effective in many ways and we have a very effective committee that is representative of all sectors in the economy. We have taken many of the recommendations on board, particularly relating to the time taken to set up a company. The portal for licences will be on stream by the end of this year.

Local Enterprise Offices Establishment

5. **Deputy Peadar Tóibín** asked the Minister for Jobs, Enterprise and Innovation the educational processes that have been put in place to ensure local authority staff are qualified to deal with clients of the new local enterprise offices, LEOs; and the training that has been put in place to ensure seamless delivery between the LEOs and Enterprise Ireland. [29882/14]

Deputy Peadar Tóibín: Bhí an-áthas orm fáilte a chur roimh an Aire Stáit, an Teachta Perry, go dtí An Uaimh Dé Máirt seo caite. I am sure the Minister of State is busy going around the country launching the local enterprise offices, LEOs, in each country and city. One of the major worries for us and enterprise organisations at the start of the process was that the LEOs would not sit well within the local authorities and the appropriate culture would not exist. This question pertains to the training provided to allow for proper integration with local authorities.

Deputy John Perry: I was delighted to see the Deputy on Monday in Navan. Anybody who met the county chief executive, Ms Jackie Maguire, and Mr. Hugh Reilly, the LEO chief operating officer, would know they do not need much training. I was very impressed with the efficiency with which the launch was made and the team working in the LEO office. It is a fantastic facility in Navan, including an incubation unit with business supports. If Meath is an example of the service that will be seen around the country, I will be very happy. Coming from Meath and seeing what he did on Monday, the Deputy should have no concern about the operation or capability of the staff in Meath.

A comprehensive programme of training for all LEO staff has been put in place. This includes training in the area of entrepreneurship and enterprise, agency and local authority services at local level, revenue supports and change management. Ongoing training throughout 2014 is also planned across a range of service level issues. The new LEOs operating with local authorities are the first-stop shop through which all information on State supports for small and micro-businesses can initially be accessed, and this represents a significant and ambitious transformation of the support structure for enterprises across every county. The LEO staff cohort is composed of both former county enterprise board staff and local authority staff to ensure a totality in the service provided to LEO clients.

The service level agreement between Enterprise Ireland, whose representatives were in Navan on Monday, and the local authorities provides for Enterprise Ireland to support the developmental needs of LEO staff. In his first question the Deputy asked about us depending too much on foreign direct investment. We now have the tools to support indigenous small companies. Enterprise Ireland has a very clear mandate in promoting high-potential start-up companies and emerging and indigenous Irish companies.

Additional information not given on the floor of the House

In this regard, Enterprise Ireland has already begun, in collaboration with the local authorities, to deliver training to all LEO staff. A training and development plan for LEO staff was scoped in advance of the establishment of the LEOs, and all local authority staff designated to join the LEO were invited to attend a one-day information day, which was attended by staff and senior personnel from the new LEOs and other stakeholders. Topics included entrepreneurship, enterprise at local level and delivering excellence in customer service. In addition, presenters covered general areas such as the role of Enterprise Ireland and the centre of excellence, LEO brand management and communication protocols, enterprise support services and

local authority business development services, as well as partnership with other agencies such as the Revenue Commissioners and Microfinance Ireland, where new protocols have recently been developed. As a follow-up, the Revenue Commissioners provided a one-day tailored programme for LEO staff.

The training programme is continuing, with two change management programmes about to commence for LEO staff of all levels to ensure they are equipped to meet new challenges. In addition, a customer engagement and services training day has been scheduled to commence in September. This will be an interactive one-day workshop for all staff. The aim of this programme is to develop both core customer service skills and behaviours within the LEO that are conducive to achieving the LEO mission and purpose.

Deputy Peadar Tóibín: I have no doubt the Minister of State is correct and that the two officials, Mr. Hugh Reilly and Ms Jackie Maguire, will do a tremendous job. My concern is with the whole of the State, which has seen a transition period. From what I hear, that has not been completely smooth, with LEOs not being able to communicate and engage with entrepreneurs and citizens for a number of weeks as they tried to access the service. My major concern is not necessarily about the staff of the LEOs but rather the staff of local authorities where the LEOs are located. The local authorities will now perform a pivotal role with regard to enterprise development. Everything from the planning process to financing to county plans will be taken in, so it is really important for the Government to do a job of work in training the staff of the local authorities in enterprise matters so they can better serve and work with LEOs in future.

Deputy John Perry: Both I and the Minister, Deputy Bruton, as well as the Minister of State, Deputy Sherlock, have been all over the country visiting local authorities, and I have no doubt about what we have seen. They are totally committed to promoting entrepreneurship and self-help, and the LEOs are now a first-stop shop for those beginning a new business. The Deputy must remember that there has been a transformation in local authorities, with the executive officer taking over the role of county manager. They will deal with combined direct grants, mentoring and training, utilising local business expertise to evaluate projects, enhanced advice on signposting services, direct referral of clients to Enterprise Ireland, which is very important, and referral to supports from the Revenue Commissioners, the Department of Social Protection, Microfinance Ireland, the Credit Review Office, Skillnets and education and training boards. Direct advice and guidance on local authority rates, procurement and regulation effects on business are also relevant. There will continue to be three types of grant available from LEOs, including priming and business expansion grants. The criteria for receipt of those grants will remain the same as county board criteria.

I have seen commitment from the local authorities in how they can they can help establish businesses. I have no doubt this process will be a big success story. There is a level of participation by local authority staff, and the locations of offices will help. They are not upstairs or in a back room but at the front of house in order to deal with clients, as the Deputy saw in Navan.

Deputy Peadar Tóibín: I want the Minister of State to focus on the key question. What educational process will be put in place to ensure that the staff of a local authority are at one with the LEOs in an enterprise culture? This should be seen as a major opportunity to orient the entire local authority. For years, many would have been of the view that some local authorities around the country had a culture of going against enterprise. When businesses engaged with such authorities about rates, charges or planning, they would have experienced very negative feelings. The Irish Small and Medium Enterprises Association and the Small Firms Associa-

tion, which are representative of small businesses, have indicated that they feel the culture of the LEO would be swamped by the culture of the local authority. Does the Minister of State see this as an opportunity to orient local authorities on an enterprise basis?

Deputy John Perry: Yes; there will be reorientation of staff and a customer service charter. There will be training for all staff, with a focus on enterprise, job creation and recognition of an enterprise culture. One must remember that the job of the elected councillors - some of whom we saw the other day in Meath - concerns business in the county. In the motions at council meetings, there must be value to the county in how jobs are created in villages and towns in places such as Meath. That is the focus of training. The new system will also incorporate an evaluation committee and community based enterprises.

This change gives autonomy to every chief executive officer to create an enterprise culture. The best example of this is in County Meath where the chief executive of Meath County Council, Ms Jackie Maguire, will work with the head of the local enterprise office, Mr. Hugh Reilly. This position is replicated elsewhere in the country. The local enterprise offices are an extraordinary vehicle involving training, an evaluation board and community and social enterprise. The 40 elected members of Meath County Council have a major responsibility in this regard as they now have a mandate to drive business in the county. The Government cannot create jobs. It is, therefore, a matter for every elected representative and official to promote enterprise in their respective counties. If they produce enterprise ideas, they will receive State support.

Foreign Direct Investment

6. **Deputy Peadar Tóibín** asked the Minister for Jobs, Enterprise and Innovation the new direction he will give to the new chief executive officer of the Industrial Development Agency to improve the geographical distribution of foreign direct investment here. [29881/14]

Deputy Peadar Tóibín: A two-tier economy is developing, with people in the Border, midlands and west region much more likely to experience poverty and unemployment or have a family member emigrate. The most recent census found a general increase in the population of the State and a decrease in population in many rural areas. This trend can be ameliorated through good Government policy, especially on enterprise. The majority of new jobs announced by the Industrial Development Agency in the past five years have been located in Dublin and Cork, with a small minority located elsewhere. The question asks whether the position will change under the new regime in place in the IDA.

Deputy Richard Bruton: In 2013, for the first time in many years, every region experienced employment expansion. It is noteworthy that this included the south east and Border, midlands and west regions.

This year, 2014, is the fifth and final year in IDA Ireland's Horizon 2020 strategy, which has been in place since 2010. One of the high level targets of the strategy was that 50% of all investment would be located outside of Dublin and Cork. Although IDA Ireland did not achieve this target, there were nevertheless a number of substantial investments in regional locations during the period. Between 2010 and 2013, some 35% of all foreign direct investment, FDI, announcements related to locations outside of Dublin and Cork, while 40% of all IDA Ireland sponsored site visits by potential investors were to locations outside of Dublin and Cork. Overall, 72,500 people or roughly 44% of the total employment in IDA Ireland's base

of companies, including those that were former clients of Shannon Development, are located outside of Dublin and Cork.

I am determined to optimise the potential contribution of foreign direct investment to regional economic development as part of a cohesive regional strategy. To this end, I was pleased to secure agreement on new European Union state aid rules, under which we have secured regional aid status for the south east, County Kerry and the Border, midlands and west region and the capacity to provide aid to large enterprises in these areas. In addition, Kells, Athy and Arklow have been designated under the new regional aid map.

Work is now nearing completion on a new foreign direct investment policy statement, as committed to in the Action Plan for Jobs 2014. This follows an in-depth analysis by Forfás of Ireland's foreign direct investment strategy in light of a changing global environment to take account of factors such as key trends emerging in FDI best practice internationally, Ireland's strengths in attracting FDI and the new state aid rules, which came into effect on 1 July 2014.

In addition, the 2014 Action Plan for Jobs includes a commitment to develop a framework for a regional enterprise strategy to better integrate the plans of the enterprise development agencies and enlist the support of regional stakeholders in supporting the development of the competitive strengths and opportunities of the regions. My intention is that the framework will be rolled out on a progressive basis, starting with one or two regions and focusing, in particular, on co-ordinating the efforts of the agencies under the remit of my Department, namely, Enterprise Ireland, IDA Ireland and the new local enterprise offices. The overarching objective of the framework is to ensure the agencies work together on a common strategy to support their client companies and work with other key stakeholders to maximise the potential for job creation in the regions. My Department is developing this framework in collaboration with Enterprise Ireland, IDA Ireland and Forfás. This policy framework will guide the new chief executive of the IDA as the agency develops its new strategy from 2015 onwards.

Deputy Peadar Tóibín: I am glad there will be a new emphasis in IDA Ireland's strategy because, while its job creation efforts have been positive and successful in recent years, the regionalisation aspect of its strategy has been a disaster. The figures speak for themselves. In 2010, some 37% of inward investment was located outside Cork and the greater Dublin area. This figure fell to 27% in 2011 and declined further to 23% in 2012. I understand it increased to approximately 30% in 2013. This imbalance has a significant impact on rural communities. According to Irish Rural Link, for example, nine out of ten of the young people it deals with are considering emigration. It also has the effect of emptying rural areas, by which I do not mean the countryside but small and medium sized provincial towns where services such as post offices, schools and Garda stations are closing. This trend creates further pressures on cities. Will the Government ensure that the new emphasis becomes part of the IDA's strategy from 2015 onwards?

Deputy Richard Bruton: I am pleased to note the Deputy is changing his view of the role of foreign direct investment in the economy because he suggested, in an earlier question, that FDI was somehow undesirable and unsustainable. Foreign direct investment is an important element in the economy. There are, however, limits to what one can do in terms of regional location. IDA Ireland does not choose what areas of investment are mobile - certain sectors are clearly more mobile than others - nor does it decide where companies choose to locate. A range of measures is required to build up the competitive offering of different regions, to play to their strengths and to use these strengths as a magnet for attracting foreign direct investment.

While IDA Ireland plays an important role in regional development, as the Minister of State, Deputy Sean Sherlock, pointed out, 91% of all employment is in non-IDA areas of activity. We must work on these areas as well as on those where IDA Ireland attracts investment. It is for this reason I have located this focus in a broader regional enterprise strategy, rather than in one agency.

Deputy Peadar Tóibín: The Minister may have been concentrating on more important matters when I asked my earlier question on foreign direct investment. My first point was that foreign direct investment is positive and necessary and we must fight for more of it. I pointed out, however, that the imbalance in our exports on the FDI side is dangerous and implored the Minister to seek to rebalance the position.

For two years, the Government's Action Plan for Jobs included a target of having 50% of all investment located outside of Dublin and Cork. Having failed to achieve this target in the first two years, it dropped it in the third year of the action plan. My objective is to ensure the Government refocuses on achieving this target, which must be its paramount objective. The imbalance in investment is having serious effects on the west where and entire GAA generation is being lost. It is also causing significant problems on the east coast.

Deputy Richard Bruton: The Deputy is trying to have it both ways. Speaking out of one side of his mouth, he pretends that we have an excessive reliance on US companies and foreign direct investment and, speaking out of the other side of his mouth, he craves more foreign investment in particular regions.

Deputy Peadar Tóibín: I seek balance.

Deputy Richard Bruton: We need to win all the mobile foreign investment we can because emigration and unemployment are high. This investment strengthens certain sectors of the economy and builds clusters. We also need to develop a credible regional strategy within which IDA Ireland investment is only one part. We must have a credible and wide regional strategy that builds up the competitive advantage of regions, identifies the sectors in which they have an edge and builds on their strengths. Many of these will be in life sciences, tourism and food and not always in the sectors where there are flows of foreign direct investment from time to time.

We need to have a balanced debate on this issue and ensure all of our agencies, not only IDA Ireland, focus on maximising the regional spread of development. That is the approach I will take in respect of this matter.

Online Business Voucher Scheme

7. **Deputy Peadar Tóibín** asked the Minister for Jobs, Enterprise and Innovation the annual trends regarding the level of investment in e-commerce by indigenous Irish business; and the numbers of persons employed in the sector. [29883/14]

Deputy Peadar Tóibín: Retail is one of the forgotten sectors of the economy, although it has probably suffered the most outside of construction in recent years. It has lost approximately 50,000 jobs recently and representative organisations state those in another 30,000 are clinging on by their fingertips. We are seeing a radical reorientation of people's spending patterns from the shop to online purchasing and my concern is that 75% of the business is going abroad. The

Government must have a clear strategy to ensure Irish retailers start to use the service.

(**Deputy Sean Sherlock**): In the past decade the influence of the Internet on the economy has been growing steadily, about which there is no doubt. In 2013 Indecon Consultants estimated that digital □ related activities contributed 4.4% of GDP to the economy. The consultants predicted that this contribution would increase by 16% year on year. Almost 95,000 jobs are already supported by digital-related activities in the economy.

Notwithstanding this trend, CSO data suggest only 23% of small companies in Ireland are engaged in sales through e-commerce. The proportion is considered to be even lower for companies with fewer than ten employees. These companies are potentially losing valuable sales opportunities in both the Irish market and in selling overseas. It is estimated that Irish consumers spend just under €6 billion online annually, of which 60% to 70% goes overseas.

Encouraging more indigenous companies to engage in e-commerce is, therefore, a key objective of the Government's national digital strategy and An Action Plan for Jobs. The 2014 action plan includes a commitment to roll out a trading online voucher scheme to 2,000 micro and small businesses by the end of 2015. The scheme is intended as a catalyst to support businesses to start trading online or improve their current online trading offering, rather than simply having an online presence and there is a qualitative difference. It provides successful applicants with a voucher up to the value of €2,500 to help meet these objectives. The value of the voucher must be matched by the applicant company. The trading online voucher scheme falls within the remit of the Department of Communications, Energy and Natural Resources. However, the vouchers will be administered by the local enterprise offices.

Following a piloting of the scheme by the Dublin City Enterprise Office at the start of the year, the Minister for Communications, Energy and Natural Resources announced the national roll-out of the scheme last week. Applicant businesses will be selected on the basis of their project plan, including their expected growth in jobs and exports as a result of trading online.

Deputy Peadar Tóibín: The Minister will agree that the figures are startling. People are spending €8.5 million every day online; while 43% of the population had bought something online. Millions of Irish people now regularly orientate towards online shopping. The figure of €6 billion given in the Minister of State's reply is up from €2.9 billion in early 2012 and it is reckoned that it will grow to €21 billion by 2017, which means it will be an enormous chunk of the figure for the retail sector. That a figure of 75% in this fast-emerging sector is being lost to the country means that thousands of jobs are being lost. The Minister of State mentioned the roll-out of a trading online voucher scheme, but the numbers are not high enough. What is his objective regarding the amount of money he will spend on the project into the future and how many retailers does he expect to be affected annually?

Deputy Sean Sherlock: There is strong recognition by the Government of the size of the spend and its impact on GDP. The advent of the online trading vouchers through the local enterprise offices, LEOs, is a concrete policy intervention in recognising this trend and providing funding towards supporting businesses.

On the eligibility criteria, the vouchers will be available to a maximum figure of $\in 2,500$. Approval must be obtained prior to incurring any expense and third party costs only will be considered. All third party supplier invoices must contain proper business details. This is a robust document that greatly encourages businesses that may have had an online presence but

which were not trading online. It will be for the LEOs to advertise locally to ensure businesses will come into them.

Deputy Peadar Tóibín: We are talking about an annual spend of approximately €32 billion. We expect €21 billion of this to be accounted for by the spend online by 2017, with 75% of it going abroad. It is reckoned that every 1% of that spend we win back boosts the local economy by approximately €40 million. Every time we have this debate the Government rightly states it is doing something about it, but there is a mismatch between the level of the Government's response and the size of the problem. Exactly how much will the Minister of State spend in the coming years in focusing on this crisis within the retail sector? How many businesses does he expect to reach and how money jobs does he believe will be created?

Deputy Sean Sherlock: The important point is that we have recognised the potential value and created a solution through the roll-out of the trading online voucher scheme. In terms of the early results under the pilot scheme, seven out of ten companies stated the voucher application process had already helped them to determine how online trading would fit into their businesses. Some 70% of the companies involved in the pilot scheme in Dublin had received more customer inquiries, while 55% had had more sales. There is a provision within the LEO infrastructure to allow those companies that wish to trade online do so and we are already seeing a positive impact. It is impossible to give the exact figure for how much the State will spend in supporting this activity, but there is a provision available and it has been rolled out across the State in the piloting of the scheme. The demand from small local businesses to participate has been extremely high. It will take us a little time to have data on the numbers of businesses that have come in and how this has had an impact on their businesses.

Retail Sector

8. **Deputy Seán Kyne** asked the Minister for Jobs, Enterprise and Innovation if he will provide an update on the progress of the commitment in An Action Plan for Jobs to deliver an integrated licensing application service for the retail sector; when the service will be introduced; and if he will make a statement on the matter. [29922/14]

Deputy Seán Kyne: I ask the Minister, with regard to An Action Plan for Jobs, to speak about the ambition to deliver an integrated licensing applications service and portal for the retail sector.

(**Deputy John Perry**): The Forfás report, The Review and Audit of Licences, carries the findings of an audit of 159 licences in the State across key sectors of the economy and recommends the introduction of an integrated licensing system. The Government considers this project to be of significant importance and has positioned it as one of the disruptive reforms in An Action Plan for Jobs. Such an integrated licensing system which will streamline the licensing applications process is a reformative step in reducing the administrative burdens on business. A key goal of the proposed system is to support the licence applications process through the provision of a single portal or website through which businesses will be able to apply for and renew a multiplicity of licences. The new licensing system will be developed for the retail sector in the first instance and rolled out to other sectors of the economy thereafter.

The delivery of an integrated licensing applications system for business offers real potential to ease the process of starting up a business in Ireland and significantly reduce the work

involved in the annual renewal of licences. It will also contribute to maintaining Ireland's position at the forefront of delivering advanced e-government services and using information technology to reduce costs for business and improve the delivery of services to business.

The integrated licensing applications system should also provide productivity and efficiency gains in the public sector by streamlining the administration of licensing processes and the potential for more integrated inspection and compliance systems in the future and better application of risk-based enforcement. A statutory instrument, SI No. 83/2014, was signed by the Minister for the Environment, Community and Local Government in February 2014 to designate my Department as a body to which the Local Government Management Agency, LGMA, can provide services. This will enable the LGMA to act as the contracting authority for the licensing application system. The drafting of the request for tender for outsourced provision of an integrated licensing application system involved extensive consultations with the Office of the Chief State Solicitor, in conjunction with the Office of the Attorney General.

A request for tender for a single supplier framework agreement for the provision of an integrated licensing application service was issued through eTenders and in the *Official Journal of the European Union* on 21 February 2014 with a closing date of April 2014. An evaluation panel, chaired by the LGMA, has been established and the evaluation phase is ongoing. Subject to the successful awarding of the services contract to an appointed provider, the system should be delivered in the autumn.

Deputy Seán Kyne: I thank the Minister of State for his comprehensive reply on an important initiative. The Minister of State, the senior Minister and the Department's representatives have attended a number of regional meetings. I attended one in Galway where a number of business owners commented on the time it takes to fulfil regulatory requirements and said that the time could be spent more efficiently. I welcome the fact that this was published on the eTenders site. Does the Minister of State anticipate that this can be rolled out to businesses in 2015? How long will the development of software for the integrated portal take?

Deputy John Perry: Roll-out will be attempted by the end of this year. We met the State licensing authority bodies. The project is on the eTenders site and, subject to the successful awarding of the service contract to an appointed provider, the integrated licensing application system will be delivered in the autumn. By the start of 2015, this will be up and running.

With regard to the question about the simplification of licensing, this deals with 28 licenses and 15 State authorities. We looked at the cost of doing business across the economy of Ireland and it involves 159 licences across key sectors of the economy. We hope that, once this is successfully operational, we can roll it out to other sectors of the economy. The Minister identified that this is one of the key disruptive changes in the Government's plan. We are delighted it has moved to this level and we are confident this will be operational from January and will benefit restaurateurs, hoteliers and everyone in the retail sector. It should be of huge benefit.

Deputy Seán Kyne: I hope it can be developed by January of next year and that it can be rolled out to other sectors in the business community, because it is important. Were there any issues or problems with State agencies in developing this?

Deputy John Perry: We brought together the licensing bodies and I thank them for their co-operation. I compliment them on their willingness to participate in the integrated licensing system, which is one of the first in Europe. It will be the first of its kind and we are happy with

the co-operation, the statutory instruments, and the fact that it has done to tender. The Office of the Chief State Solicitor was helpful and the Attorney General ensured that difficulties were overcome. The support of everyone to ensure this happened and its inclusion as a measure in the Action Plan for Jobs is an indication of the commitment to the plan. As a measure incorporated into the plan, the Minister and the Taoiseach were determined it would be delivered in autumn. We are on schedule. The determination of everyone to deliver this was clear. I thank officials involved, including Forfás and the other teams, who worked to ensure we are at this point.

Trade Missions Participation

9. **Deputy Noel Harrington** asked the Minister for Jobs, Enterprise and Innovation the number of trade missions undertaken by his Department since 1 January 2013 including those organised by the Industrial Development Agency Ireland and Enterprise Ireland where there was an involvement by companies based in west Cork; and the benefits accruing to these companies and the west Cork region as a result of those trade missions. [29849/14]

Deputy Noel Harrington: I tabled this question because of the frustration many people feel. Cork is a large county and west Cork suffers from having the city in the same administrative area. When the IDA and Enterprise Ireland present figures, they present them for the whole county in the round. Cork city attracts a lot of investment and often west Cork does not attract the same attention from Enterprise Ireland and the IDA. Given the difficulty of attracting Enterprise Ireland and the IDA to Cork, can the Minister outline how Enterprise Ireland and the IDA can bring companies from west Cork to the market?

Deputy Richard Bruton: There have been 29 ministerial-led trade and investment missions since 1 January 2013. Normally, IDA investment missions would not involve Irish companies, so half of them are not relevant. Enterprise Ireland trade missions are open to all Enterprise Ireland companies. A full listing of events is published so that companies can participate. Since 1 January, 30 Cork-based companies participated in trade missions. I will obtain the breakdown for the Deputy in respect of how many came from west Cork. Trade missions help to win orders and achieve export sales. Commercial confidentiality governs individual deals, but notable deals have been secured by Cork companies, although some of them are not from west Cork. GTSS secured a contract at the National Maritime College in Cork and Digisoft secured an IT contract in South Africa. I shall obtain information for the Deputy.

Apart from trade missions, Enterprise Ireland works with approximately 700 client companies in County Cork and almost 20,000 people in sectors such as food and drink, consumer products and internationally traded services. Ministerial-led trade missions in the past 18 months have focused particularly on emerging markets. Such markets can be more challenging for companies that need scale, market presence and resilience to succeed. Ireland needs to develop these markets, where 90% of future trade growth is likely to be. It is important to recall that Enterprise Ireland has a network of 28 overseas offices that are available on a year-round basis to companies in west Cork and elsewhere. They provide a range of services to meet client needs in internationalising, including market knowledge, incubation and hot-desk facilities.

Deputy Noel Harrington: The reply identifies the problem. Each of the companies the Minister mentioned is based in Cork city. West Cork is the size of a mid-sized county. Using Cork-based figures does not give the same appreciation of the challenge we have in attracting

Enterprise Ireland industrial and commercial activity to an area the size of an ordinary county. The figures mask the reality or make interpretation difficult. In the Minister's answer, west Cork is lumped in with Cork city, and this does not provide a true picture of what is happening in west Cork or north Cork. Perhaps we need a more nuanced approach.

Deputy Richard Bruton: Enterprise Ireland works with any company, no matter where it is based, and if companies need to see products developed through research or need to implement lean techniques, we will support them. This year we are introducing a step change for manufacturing, examining companies and auditing them to try to lift their capabilities. If companies in west Cork have ambitions that are not being fulfilled, we will be happy to support them. Counties are the usual boundaries under which we publish data but I can seek a breakdown of the data. Our agencies respond to companies and provide start-up grants for anyone who wants to start a business. These grants are available to all companies, no matter where they come from or where they choose to locate. We do not have the ability to tell someone who wants to start in Cork City to start in west Cork. We will support any companies and if the Deputy feels some companies are being overlooked, I would be happy to deal with that.

Job Initiatives

10. **Deputy Dara Calleary** asked the Minister for Jobs, Enterprise and Innovation the actions that have been taken in response to the analysis of the action plan on jobs carried out by the OECD; and if he will make a statement on the matter. [29937/14]

Deputy Dara Calleary: This question seeks the reaction of the Minister in regard to the recent OECD report on the action plan on jobs.

Deputy Richard Bruton: The OECD published a preliminary review of the action plan for jobs on 22 April this year. The review examines some key elements of the action plan and found that the plan's focus on private sector-led, export-oriented job creation by getting framework conditions right and continually upgrading the business environment is a sound approach, particularly given fiscal and credit constraints. The review endorses the strategy of the action plan in getting the framework conditions right to support enterprise-led, export-oriented job creation. The focus on building and strengthening linkages between domestic SMEs and the FDI sector is also welcomed in the review.

The OECD review recognises that the action plan's co-ordination mechanism, robust monitoring system and whole-of-government engagement is an important step in addressing the gaps that previously undermined successful policy implementation. However, the review also suggests a number of areas where we can make improvements, including ensuring that high unemployment does not become structural and persistent; stepping up efforts to improve access to finance for SMEs; ensuring that investment in basic research is translated into commercial products and services; and, introducing a performance assessment framework to measure progress towards achieving the action plan's strategic objectives.

We have already taken on board some of the OECD's suggestions in 2014 as part of the Action Plan for Jobs and Pathways to Work processes. For example, the Government has increased its focus on activating those most vulnerable to being distanced from the labour market through Pathways to Work and the Youth Guarantee. Further efforts are being made to increase new lending to SMEs, drawing on both bank, and non-bank, sources of funding, while the es-

tablishment of Knowledge Transfer Ireland last May will make it easier for companies to leverage the commercial potential of Irish research and innovation.

The development of a performance assessment framework to measure progress on the action plan's strategic objectives is included in the work programme for the senior officials group on economic recovery and jobs for the second half of 2014.

Deputy Dara Calleary: One of the criticisms of the report was that the overall strategy was too centralised and needed to be adjusted and that bodies representing different industries and sectors in different regions of the country would be involved in it. This would support the ever and ongoing discussion on regional investment. Has the Minister any thoughts of a departmental review of regional policy?

I welcome the performance assessment framework, but what has the Minister in mind for that? Will it, for example, involve a role for the Joint Committee on Jobs, Enterprise and Innovation or will some element of this House contribute to that framework? How spin proof will it be?

Deputy Sean Sherlock: Is the Deputy speaking from experience there?

Deputy Richard Bruton: The monitoring is centralised in the Department of the Taoise-ach, which oversees every Department. The merit of this lies in the fact that it tries to span the whole area. Both I and the Ministers of State travel continually to the regions to hold meetings on the Action Plan for Jobs in order to get regional feedback. We are open each year to public contribution and ideas from anyone in any part of the country. As the Deputy knows, this year I am developing, for the first time, a regional enterprise strategy framework to try to bring the different pieces together, the EI piece, the IDA piece, the LEO piece and the wider stakeholders who can help to make this a success. As I indicated earlier, this framework will be rolled out this year, starting in just a couple of regions.

What we are trying to do in regard to performance indicators is to develop indicators that are SMART - specific, measurable, attainable, realistic and timely. We will look at the issue from the birth of businesses right through development. It will not be just about employment. We will look at a wider range to see how we are doing at start-up level, how we are doing at scaling companies and so on. That is the approach we seek to adopt. We are working on that and would welcome the committee's participation.

Trade Agreements

11. **Deputy Dara Calleary** asked the Minister for Jobs, Enterprise and Innovation the employment opportunities and challenges arising from the transatlantic trade and investment partnership talks; and if he will make a statement on the matter. [29941/14]

Deputy Dara Calleary: This question seeks to establish the position in regard to the transatlantic trade and investment partnership, TTIP. I notice the Taoiseach is getting very involved in that area this morning, in the context of one transatlantic project. This is an area that is hugely important for Ireland and the Minister puts a lot of store in it. What exactly does the partnership mean for us?

Deputy Sean Sherlock: During the Irish Presidency in June 2013, the Minister, Deputy

Bruton, secured the agreement of all trade ministers in the EU Council, to formally open negotiations with the US on a transatlantic trade and investment partnership, TTIP.

At a time of high unemployment we must grasp every opportunity that adds to the momentum of recovery that Government policies are achieving. In particular, huge potential is offered by TTIP to accelerate economic growth, and expand trade and export opportunities. These give us the potential to create more jobs so that the already falling unemployment rate can be more quickly reduced.

Ireland has particularly strong economic links with the US, with over 100,000 people employed in 500 US companies here and with Irish companies exporting over €1 billion in goods and services to the US every year. If we add in exports from foreign companies located here, over €26 billion in goods and services are sold to the high value US market. This gives a clear indicator of the opportunities we can leverage from fewer barriers to transatlantic trade.

The Department recently engaged Copenhagen Economics to examine the economic and other impacts of TTIP and related potential opportunities. Some tentative and preliminary findings suggest that the impact on our economy might be as large as an additional 1.1% increase in GDP. This is higher than the estimated 0.5% GDP gain from TTIP for the EU as a whole. In employment terms, this could lead to an additional 8,000 jobs for Ireland over the agreement's implementation period. However, considerable further analysis needs to be done by the consultants to clarify what the impact of TTIP will be.

In terms of employment, benefits are likely to accrue, particularly to sectors such as life sciences, ICT, food and manufacturing. These include a large number of SMEs. I hope these would gain disproportionately because the type of barriers that TTIP aims to tackle, are more costly for small companies to deal with.

Deputy Dara Calleary: What are the downsides and what work is under way in the Department to look at the downsides?

Deputy Sean Sherlock: We are looking at this from the point of view of the upsides and are not viewing it from the point of view of the downsides. We will do a proper analysis, but it is being undertaken with a view to an economic win.

Written Answers follow Adjournment.

Strategic Banking Corporation of Ireland Bill 2014: Second Stage

Minister of State at the Department of Education and Skills (Deputy Ciarán Cannon): I move: "That the Bill be now read a Second Time."

I am pleased to present the Strategic Banking Corporation of Ireland Bill to the House. This is a significant Bill, providing for the establishment of the Strategic Banking Corporation of Ireland, or the SBCI. By increasing the availability of longer term flexible debt finance, which is appropriately priced, the establishment of the SBCI will provide SMEs with access to the type of patient intelligent capital that will increase productive investment, encourage growth and generate additional employment opportunities. In this way the SBCI will play a key role in reinforcing Ireland's economic recovery.

As a wholesale lender, providing funds to on-lending institutions, the SBCI will enhance the supply of funding by both using existing channels and encouraging new entrants into the market. The provision of loans that are designed to meet the customised needs of SMEs should incentivise demand and build confidence in the SME sector, thereby encouraging investment in growth and employment.

The Government recognises that SMEs are the backbone of the economy employing nearly 70% of the total labour force.

Deputy Stephen S. Donnelly: On a point of order, the Minister of State's speech contains a great deal of important detail. Will copies be supplied to Members?

Deputy Ciarán Cannon: Yes.

Deputy Stephen S. Donnelly: Are they available now?

Deputy Ciarán Cannon: Yes.

Deputy Stephen S. Donnelly: I thank the Minister of State and apologise for interrupting.

Deputy Ciarán Cannon: That is not a problem.

A stable and appropriate supply of credit to the SME sector promotes growth, encourages start-ups and enables incumbent firms to grow by taking advantage of trade and investment opportunities. It is accepted that regardless of the economic and financial cycle, there always will be structural problems in the market that constrain SMEs in accessing credit. This is a feature of SME funding across the OECD. In particular, innovative firms, small firms and firms early in their life-cycle would appear to be more affected by such market imperfections. These imperfections or constraints also tend to be exacerbated by financial crises, as was the case with the impact of the international financial crisis which began in 2008. Furthermore, crisis-enhanced constraints may also persist beyond the return of broader financial stability. In the years since the outbreak of the international financial crisis, Irish SMEs, like their counterparts across Europe, have been obliged to operate in a more challenging and difficult environment.

In light of the importance of the SME sector, the Government has responded to this challenge by articulating a clear vision that SMEs should have the opportunity to access sufficient finance to meet their enterprise needs in a manner that enables them to fulfil their growth potential, thereby supporting growth and employment in the economy. In particular, Government policy has focused on ensuring that micro, small and medium-sized enterprises have access to capital, equity and debt funding from a more diverse range of bank and non-bank sources.

The Government's medium-term economic strategy, MTES, sets out the ambition of developing a more diversified, competitive and responsive financial infrastructure that can finance growth in the SME sector as we move into a new phase of economic recovery and growth. The Action Plan for Jobs 2014 builds on the previous plan and contains an integrated suite of measures and initiatives that are designed to enhance access to finance for micro, small and medium sized enterprises. The establishment of the SBCI will be a key element in this new and evolving financial architecture and will build on and reinforce the concrete measures that the Government has already put in place to support employment and growth in the SME sector. This active policy intervention in the credit market for SMEs is justified not only by the importance of the sector but also by the fact research demonstrates that enterprises, including export-orientated

firms, which face real or perceived credit constraints are less likely to participate in growthenhancing activities such as investment, recruitment, exporting, importing and marketing.

The establishment of the SBCI follows directly from the announcement by the Taoiseach in November 2013, when we successfully exited the EU-IMF programme, that he had held discussions with Chancellor Merkel to specifically find ways to reinforce Ireland's economic recovery by improving funding mechanisms in the real economy, including access to finance for Irish SMEs. This announcement followed early discussions during the summer of 2013 between officials of the Department of Finance and the German state's promotional bank, Kreditanstalt für Wiederaufbau, KfW. The German Government asked KfW to work with the German and Irish authorities to deliver on this initiative at the earliest possible date. Officials at the Department of Finance, with the assistance from staff of the National Treasury Management Agency, NTMA,, have worked quickly to establish the most appropriate way to maximize and sustain the benefits to Irish SMEs of this enhanced co-operation.

The SBCI will be established as a private company in the first instance. Shares in the corporation will be owned by the Minister for Finance who will be empowered to change the ownership structure if it is deemed appropriate or necessary to enable the intended expansion of the SBCI. Although the initial operations of the SBCI will focus on supporting SMEs, other strategic sectors could be also supported in the future. With this possible expansion in mind, the corporation is being structured so that it is as flexible as possible. The SBCI will be a for-profit company but will not aim to maximise its profits at the expense of passing benefits to the SME sector. Rather, it will cover its own costs while ensuring that it maximises its economic impact for SMEs. The objective of the SBCI will be to increase the availability of loans of greater duration, with enhanced terms and potentially at a lower cost to the SME sector. To achieve this objective the SBCI will operate as a wholesale lender and will provide funds to on-lending institutions, which will be required to transmit the benefits of the more favourable funding terms to their customers - the SMEs. On-lenders will include not only the Irish commercial banks but also foreign banks, specialist funds or other qualifying providers of finance. The tangible benefits to the SMEs will be additional availability of funds, with improved and flexible terms that are more tailored to their ongoing business needs.

The SBCI will be financed from the outset by a mix of funding from KfW, the European Investment Bank, EIB, and the directed portfolio of the National Pension Reserve Fund, NPRF. The NPRF will provide €10 million in equity capital and a loan facility of up to €240 million, which can be converted to equity if necessary. KfW and the EIB combined will more than match that amount and, therefore, the combination of the three initial sources of funding will provide a pool of more than €500 million for the SBCI to use in its start-up phase. Further details will be released as and when the funding contracts with the EIB and KfW are finalised. This can only occur once the SBCI has been established as a company.

Both KfW and the EIB have indicated that they are willing to provide low-cost funding to the SBCI for up to a ten-year term. The locking in of this lower cost supply of funds for this extended period is a major benefit for Irish SMEs because it can mitigate the disproportionate funding risks that SMEs face. It will ensure that they will have access to a steady and secure supply of lower cost funding, which is a major competitive advantage. Another key advantage of the SBCI will be its capacity to extend to SMEs loans of longer duration and with enhanced and more flexible terms and conditions attached than are typically available in the market at present. Specifically, the SBCI will provide funding to on-lending institutions that will enable them to offer SME loans of a longer tenure, for example, five to ten years, and with more flex-

ible conditions attached, for example, capital repayment breaks or interest holidays.

This combination of longer tenure and customised conditions and potentially lower cost pricing will provide SMEs with access to patient intelligent capital that will support their long-term development, stimulate increased investment in growth and generate additional employment opportunities. SMEs will have a greater capacity and incentive to make investments on the basis of improved cash flow that is more tailored and customised to their business needs. This type of financing is an integral feature of countries with robust and dynamic SME sectors and it is essential, from both a growth and employment perspective, that the development of the Irish SME sector is supported in a similar manner. Facilitating access to funding with more attractive terms and conditions will also assist in enhancing the competitiveness of SMEs in a context where Irish SMEs have been, since the onset of the financial crisis, disadvantaged by the increased fragmentation within the Single European Market.

In the initial phase, loans from the SBCI will fund loans to SMEs for investment purposes. The range of financial products available to the SME sector will grow during the first year of the SBCI's operations and we will be working with the European Commission's Directorate General for Competition on this matter. To date, the directorate has been very supportive of this innovative initiative and we will continue our proactive engagement with it. Similar to how KfW operates in Germany, the SBCI, acting primarily as a wholesale lender, will lend to on-lenders who will then on-lend to SMEs. That will enable SMEs to access finance facilitated through regulated providers from the earliest possible date. This indirect approach will not inhibit the SBCI's ability to enhance the provision of credit in the marketplace and improve the funding environment for SMEs. The strategic role of on-lending development institutions is a well-established model that is both effective and successful in other markets such as Germany, Spain and France. It is also the operational model that is traditionally used by Europe's development bank, the EIB. Experience in other countries indicates that any on-lending facilitated by a state-sponsored financial institution such as the SBCI is generally complementary to the SME lending that is offered directly by private financial institutions.

The challenges facing SMEs in Ireland accessing credit are the product of a complex interplay of demand and supply side factors. Significantly, the SBCI has been designed in a manner that will assist in improving both the supply and demand side elements of SME access to finance. As already outlined, on-lending institutions will include not only the Irish commercial banks but can also include foreign banks, specialist funds or other providers of credit in the market. The provision of a steady supply of low cost funding from the SBCI should lower the barriers to entry for any new providers of funding and, therefore, has the potential to increase competition in the provision of finance to SMEs and other strategic areas of the economy.

11 o'clock

Existing or new entrant market participants will be required to meet prescribed criteria which will be set by the SBCI to ensure the on-lender can lend prudently to the targeted market. Less concentration and increased competition in the provision of financing clearly will be beneficial to not only SMEs but also to the wider economy, and accords with the overall Government policy objective of creating more diversified and balanced sources of financing for the real economy.

The SBCI also has the potential to incentivise demand for credit from the SME sector. As the Department of Finance's credit and demand surveys demonstrate, despite tangible improve-

ments in business performance, demand for credit from the SME sector remains somewhat muted. By ensuring financing of a longer tenure and with more flexible conditions attached and potentially at a lower cost, the SBCI will provide an important signalling effect on releasing any latent or pent-up demand for finance from the SME sector. The expanded pool of lending products from a potentially broader range of credit providers could also serve the needs of a wider cohort of SME customers than is served at present by lending institutions.

A more stable supply of lower-cost funding from the SBCI will also assist in building confidence within the SME sector as it increases the certainty of financing to that sector, even in adverse financial market conditions. An institution with a clear SME lending focus will also serve to raise awareness levels regarding the availability of financing, which could also encourage more would-be borrowers to apply for funds.

The SBCI will, at one level, operate in a counter-cyclical manner in seeking to compensate for any constraints in the provision of financing to enterprises and in particular SMEs. It will also, however, operate with a broader developmental mandate that will enable it to channel investment towards key strategic sectors of the economy.

That many states, for example Germany, France, Spain and Canada, have long-standing national development or promotional banks, highlights the role such state-sponsored financial institutions play in pursuing broader public policy objectives, such as enhancing access to finance for SMEs or for particular strategic sectors. In the aftermath of the financial crisis, it is evident that a growing number of governments have sought to use national development or promotional banks to support the SME sector in particular. Countries where such institutions were already in place, such as Germany, France and Spain, have expanded their roles and remits to address cyclical financing constraints, while in other countries, such as Portugal and the UK, new financial institutions have been or are being established. At the same time, these national development and promotional banks have continued to undertake their broader developmental role of channelling investment towards specific sectors that are considered to be of particular strategic importance to the economy and broader society. KfW, for example, has implemented promotional programmes to support SMEs in the renewable energy, energy efficiency and wind energy sectors.

The Finance for Growth report of the European Council's Economic and Financial Committee's high level expert group, which was co-chaired by the Secretary General of the Department of Finance, clearly identified that national development or promotional institutions should play an increased role in providing finance for SMEs within their own countries and in other jurisdictions. The SBCI's support from the EIB also shows that Europe's investment bank has taken a more proactive role than in the recent past. This approach has been championed by officials from the Department of Finance in its engagement with the EIB. Given this evolving financial architecture throughout the EU, it is important that SMEs in Ireland have access to financial products similar to those available to comparative enterprises in competitor states. Otherwise they will operate at a serious competitive disadvantage that will constrain their capacity to take advantage of broader economic recovery. The SBCI, with its concentrated focus on improving the supply and availability of financing to the SME sector, will ensure that Ireland will have in place a State-sponsored financial institution capable of supporting long-term investment in the SME sector.

The establishment of the SBCI entity will also mean that Ireland will have in place an institution that can serve to facilitate direct EU financing from multilateral bodies, such as the

EIB and the European Investment Fund. The nature and remit of the SBCI will also enable greater co-operation by the Irish State with other European national and multilateral development financial institutions.

I will now turn to the detail of the main provisions of the Bill, which has seven parts. Part 1 of the Bill, containing sections 1 to 4 sets out the preliminary and general provisions. Section 1 merely provides for the short title of the Bill and allows the Minister for Finance to commence the Bill or particular parts of the Bill at different dates. Section 2 sets out the purposes of the Strategic Banking Corporation Bill. The main purpose of the Bill is to improve the availability of credit to enterprises and other persons in a manner that benefits the economy and the economic well-being of the State. This will be achieved by the establishment of a new company, the strategic banking corporation of Ireland, SBCI, which will avail of credit and make credit available through on-lending to enterprises, in particular SMEs. The Bill empowers the Minister to guarantee the borrowings of the SBCI and to provide funding to it, although it is hoped that in time the SBCI will be able to fund itself without the need for either further loans from the Government or the need to guarantee all of its borrowings.

Section 3 is a standard provision providing definitions for certain words and terms used in the Bill. Section 4 provides that expenses incurred by the Minister in the administration of the Act will be sanctioned by the Minister for Public Expenditure and Reform and paid out of the moneys provided by the Oireachtas. Essentially, this covers the expenses of the Department of Finance in working to establish the SBCI rather than the operating costs of the SBCI. Costs directly attributable to the SBCI will be the liabilities of the SBCI and not the Minister or the Department of Finance.

Part 2 of the Bill, containing sections 5 to 10, provides for the establishment of the strategic banking corporation of Ireland, SBCI. It provides for the formation of the SBCI and group entities. It sets out the functions of the SBCI and outlines the composition of the SBCI board and the SBCI's relationship with the NTMA.

Section 5 enables the formation of a private company under the Companies Act, called the strategic banking corporation of Ireland, SBCI. The SBCI will be independent in carrying out its functions under this Act. This section allows the company to use the word "banking" in its name by disapplying sections 7(1), 8 and 15 of the Central Bank Act 1971 and exempts the SBCI's name from having to end in the suffix "Limited".

Section 6 provides for the SBCI to be able to form, promote or take shareholding in various types of subsidiaries, such as companies or joint ventures, and sets out the terms on which this can be done. These will be known collectively as SBCI group entities. The SBCI is not permitted to guarantee the borrowings or liabilities of any of its subsidiaries without the approval of the Minister. A definition of the SBCI's group entities is given in section 3.

Section 7 provides that the memorandum and articles of association of the SBCI will be consistent with provisions of the legislation. It establishes that no alterations to the documents will be valid without the prior approval of the Minister.

Section 8 sets out the functions of the SBCI. The main functions of the SBCI will be to provide and promote, in a prudent manner, the availability of additional credit in the State suitable to the needs of borrowers, in particular SMEs. The SBCI will encourage more competition in the provision of credit in the State and greater diversity in the types of finance available. The

functions of the SBCI will also include sourcing international and domestic funding to facilitate lending and providing finance to projects that contribute to national economic development.

Section 9 provides for the SBCI to have a board of not more than nine members including its chairperson. It sets out that the first directors on incorporation will be appointed by the Minister and that subsequent boards and the position of company secretary will be appointed by the SBCI in accordance with the terms and conditions of appointment set out in the memorandum and articles of association of the SBCI. The Minister will continue to appoint a chairperson from within the board.

Section 10 provides for the SBCI's relationship with the NTMA. It sets out that the NTMA will provide the SBCI and any of its subsidiaries with business and support services and systems that are considered necessary for the SBCI to perform its functions. It will allow these services to be provided either directly or indirectly. The section also provides for the NTMA to assign staff to the SBCI to enable it perform its functions under the Bill. Under this section the NTMA may also supply the SBCI with treasury services and advice in connection with debt securities and borrowings of the SBCI. The NTMA may also enter into transactions of a normal banking nature as an agent of the SBCI. The NTMA will be reimbursed by the SBCI for the costs incurred under this section. The NTMA will be also able to perform similar functions for subsidiaries of the SBCI.

Part 3 sets out the funding arrangements of the SBCI. Section 11 provides for the determination of the authorised share capital of SBCI by the Minister for Finance, and for the initial issue of shares in the new company to the Minister. It also provides that the SBCI will issue shares to the value of €10 million to the Minister. This €10 million of equity capital will come from the NPRF.

The authorised share capital will be €250 million or a higher amount as the Minister may decide. However, the authorised share capital may never go above €1 billion. If the strategic banking corporation of Ireland, SBCI, determines that further equity is required to meet its financial obligations as they fall due, it may issue further share capital to the Minister in exchange for the conversion of the outstanding loans from the NPRF, the Central Fund or a combination of both. Any change to the share capital will be laid before the Oireachtas. It is not intended that all borrowings of the SBCI will need to be guaranteed by the State.

The Bill provides flexibility around the value of the SBCI's share capital and gives the Minister the power to pay in authorised share capital at the request of the SBCI. This is being done to facilitate a flexible capital structure known as callable capital. It is used by the European Investment Bank, EIB, among others to facilitate funding of an institution without the need to guarantee all borrowings. This model will be beneficial in the medium term but will not be used in the initial year of the SBCI. Callable capital involves an agreement with the lenders to a company that, should a certain balance sheet position be reached, the borrowing company will increase the amount of its issued and paid-in capital to a pre-agreed level. In the interim, the lender will lend to the borrower on the basis that the authorised share capital has been set to at least that level, and it is usually happy to lend even if the paid-in capital is a fraction of the authorised capital. This has a potential benefit in that there is no need to issue a guarantee for further borrowings.

Section 12 provides that the Minister can dispose of shares in the SBCI as he sees fit. Any fund received in respect of the shares will go to the Exchequer - for example, proceeds of sales

or redemptions of shares. If the Minister is disposing of shares in the SBCI, the reasons for the disposal must be given to the Oireachtas. It is not intended that the Minister for Finance will sell shares, but flexibility to do so has been included.

Section 13 provides that the SBCI may borrow money in any currency through any type of debt it sees as appropriate. This section limits the amount of borrowings that the SBCI can have outstanding at any particular time to €4 billion. If the SBCI were to borrow in a foreign currency, those borrowings would be valued using the European Central Bank's published exchange rates. This section also allows the SBCI to engage in transactions of a normal banking nature for the purposes of carrying out its functions.

Section 14 provides for an amendment to section 54 of the Finance Act 1970. This amendment allows the Minister to engage in normal banking transactions with the SBCI. Under this section, he may issue funds from the Exchequer for the purposes of those transactions and any associated cost arising out of same. Broadly speaking, this is an enabling provision and is common when introducing a State entity that involves borrowing.

Section 15 provides for the Minister to give directions to the National Pensions Reserve Fund Commission with which the commission must comply. This section provides the Minister with the power to direct the commission to provide credit to the SBCI and to provide funding to same to fund the subscription of the Minister's shares in the company. The Minister may also exercise any right based on a direction or terminate the terms of a direction.

Section 16 sets out the maximum amount of funding that the SBCI can be given by the State, which is €5 billion. It explains that the funding of the SBCI includes any loan, investment, exchange of assets, subscription for securities, debt securities, issued share capital and callable capital.

Section 17 allows for the SBCI board to decide what dividends are to be paid to the Minister. It also provides that any money received by the Minister in respect of his share in the company, including dividends, shall be paid into the Exchequer in such a manner as the Minister directs.

Part 4 provides for the issuance of guarantees by the Minister. Section 18 gives him the authority to guarantee any money borrowed by the SBCI up to a maximum of €4 billion aggregate of all guarantees outstanding. Accrued interest does not count towards this maximum amount. The details of any guarantee provided for by this section shall be laid before the Houses of the Oireachtas as soon as may be after it is given. Guarantees would only be used when specifically required to enable borrowings from external providers of loans to the SBCI.

Part 5 sets out the procedures for ensuring the public accountability of the SBCI. Section 19 provides that the SBCI must submit its accounts to the Comptroller and Auditor General for audit within two months of the financial year to which they relate. The audited consolidated accounts will also be presented to the Minister and laid before each House of the Oireachtas.

Section 20 provides that a senior member of the staff of the SBCI nominated by its chairperson will, whenever required by the Committee of Public Accounts, give evidence to that committee on the accounts and reports of the Comptroller and Auditor General into the SBCI.

Part 6 sets out two miscellaneous provisions. Section 21 provides that the Minister, the National Treasury Management Agency, NTMA, and the latter's employees and staff are not to be considered either shadow directors under section 27(1) of the Companies Act 1990 or *de facto*

directors of the SBCI. It is intended that the board of the NTMA be covered in this respect, ensuring that the Minister and the NTMA can carry out their various other functions without their involvement with the SBCI being a block on that work.

Section 22 provides that certain provisions of the Companies Acts will not apply to the SBCI. These provisions ensure that the Minister's relationship with the SBCI does not prevent him from carrying out any of his other functions and avoids redundant reporting requirements in the administration of the SBCI.

Part 7 contains one section, section 23, which sets out a number of tax exemptions that will apply to the SBCI and any subsidiary wholly owned by same. This section is a standard provision for all companies and subsidiaries wholly owned by the Minister for Finance. It is valid as long as the Minister remains the sole shareholder and, therefore, is the sole beneficiary of such tax exemptions. This section also provides that income and gains arising to the SBCI or a wholly owned subsidiary of same will be exempt from dividend withholding tax, corporation tax, DIRT, interest withholding tax, capital gains tax and stamp duty.

A robust, dynamic and innovative indigenous small to medium-sized enterprise, SME, sector is key to ensuring sustained economic recovery and employment growth. Micro, small and medium-sized enterprises need access to a steady and secure supply of credit if they are to fulfil their growth potential, take advantage of business and investment opportunities at home and abroad and create employment for our citizens. The proposed establishment of the SBCI builds on the measures and initiatives that have already been put in place by the Government to enhance SME access to finance and can be considered to be a major milestone in our continued economic recovery. By ensuring the provision of improved credit that is tailored to the business needs of enterprises, particularly SMEs, the SBCI will make an important contribution to stimulating economic activity, enhancing competitiveness and generating employment across the State. I commend the Bill to the House.

Acting Chairman (Deputy Liam Twomey): I call Deputy Michael McGrath, who I understand is sharing time with Deputy Calleary.

Deputy Michael McGrath: I will take up to 15 minutes and he will take the balance.

I welcome the publication of the Strategic Banking Corporation of Ireland Bill. It is long overdue legislation, as a State enterprise bank was promised as far back as February 2011 in the programme for Government. However, it is somewhat ironic that, having waited three years for the Bill, we are being given little more than three hours to debate All Stages. I can only conclude that the announcement of the SBCI in May was dictated by the political calendar and not the economic needs of the country. At the time, we were being hit by a veritable barrage of announcements about grants and all sorts of goodies. Curiously, the flow of press releases seems to have dried up since polling day.

We know from the history of the local property legislation that, when a Bill is rushed through the House with limited time for scrutiny, there is a considerably heightened risk of error. It is regrettable that the much-vaunted pre-legislative scrutiny at committee is not taking place this time. It would have given us the opportunity to invite the various industry groups and representative bodies that will be the customers of the SBCI to test whether the legislation was fit for purpose.

While I welcome any initiative that may be of assistance to the credit-starved SME sector,

the SBCI as planned is an inadequate response to the sector's crisis with regard to access to credit. In simple terms, this initiative can be described as all sizzle and no steak. Even though it is called the Strategic Banking Corporation of Ireland Bill, it will not actually have a banking licence. In fact, the legislation must contain a special provision to allow it to use the word "Banking" in its name - the Minister has confirmed this - when it is not actually a bank at all.

When the Government sat down to design a mechanism to increase the flow of credit, it had three options. It could have set up a full-service, State-backed bank along the lines of the Industrial Credit Corporation, ICC, which operated successfully in the economy for many years. Alternatively, the Government could have opted for a mechanism in which the existing banks referred customers to the SBCI, which then made the lending decision. The new entity could also have gone down the route of simply providing a line of credit to the banks, which would then make decisions on SME lending. This is undoubtedly the weakest version and while I can understand some reluctance on the Government's part to set up a brand new bank given the range of banking assets the State already owns it is difficult to understand why it is leaving the credit decisions about SMEs entirely in the hands of those who have over the last five years starved the economy of the essential new lending that it requires.

We know from the manner in which banks have hoarded capital that it is likely that they will continue to take a very risk-averse approach to lending. This means that many firms with viable business propositions will continue to be denied the capital they need to invest and grow their business. Cheap funding from the Strategic Banking Corporation of Ireland may help the banks' profitability without improving credit flow in the economy.

I note the comments of Mark Fielding of ISME, someone who very much has his finger on the pulse on these matters, who said:

... the fear among credit squeezed SMEs is that the bailed-out banks will revert to form and divert these loan funds to "safer" large businesses. Our banks have 'form' in this area and previous European low-interest loans found their way to less risky larger businesses, making a killing for the banks, while starving SMEs of much needed finance.

We also know from the manner in which banks have reacted to ECB rate reductions that they will act in their own short-term interests. Rate cuts which were designed to stimulate the eurozone economy have not been passed to either personal or business customers. The banks have stated that their primary focus is on rebuilding their net interest margin. While some would say that is what banks are meant to do, given the enormous investment of capital that was put in to the banks and the chronic shortage of credit, their actions most certainly do not concur with the needs of the economy at this time.

The Governor of the Central Bank has acknowledged that, compared with virtually all other eurozone countries, SMEs in Ireland face even more acute difficulties in terms of access to, and pricing of, credit. In that context, I believe the key failure in this Bill is that it will not result in any change in the lending standards that are applied by banks. We are likely to continue to see the same very high rate of refusal that comes up regularly in ISME and Central Bank surveys.

I am not asking for a loosening of credit standards to start some form of new credit boom but merely to correct the problem that all of us as practising TDs encounter regularly in our constituency offices, namely, good businesses with the potential to expand and grow not being able to get a loan that they need. In fact, in many instances it is not even investment capital to expand that firms are looking for, it is short-term working capital to survive. A simple overdraft can be a life saver for many businesses. We are all well aware of the problems that firms face in getting paid, sometimes even the State is a slow payer. It is a crushing blow for a company to go out of business when short-term credit could have allowed it the breathing space to trade its way out of difficulties. As it stands, the banks are often only interested in lending to the most gilt-edged of customers. A new source of credit for the banks which reduces their costs of funds but does nothing to change the ultra risk-averse lending culture, which pertains at the pillar banks at present and beyond, will be good news only for the banks' shareholders. It will be nothing more than a drop in the ocean in terms of the real world economic impact.

What I am calling for is for the Government to go back to the drawing board and give consideration to one of the two options to which I alluded, namely, a full service State enterprise bank or some form of hybrid model whereby the bank does not seek to compete directly with the existing banks but potential clients are referred to it and it makes the ultimate credit decision. A properly constituted enterprise bank could be a permanent solution to the lending gap which clearly exists in Irish banking and would ensure lending was available to any business that can demonstrate its creditworthiness.

It is somewhat of a well worn cliché at this stage to state that SMEs are the lifeblood of the economy, representing 70% of all employment in the private sector. Their well-being is vital to economic recovery. 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 and by supporting the SME sector we are ensuring job opportunities for those with traditional skills as well as people with technical qualifications. It is in all our interests that the sector is supported. The number one issues cited in every survey of small business owners is access to credit. This was a golden opportunity to put in place a mechanism which would support SMEs not just during the current economic crisis but one that would stand the test of time. Unfortunately, at this point I do not believe we have got the formula right.

As well as problems with access to credit, SMEs report bank fees and charges are rising and that trend is likely to continue. To the best of my knowledge, no institution has applied for a banking licence to the Central Bank since 2012. The existing banks are fixated with the upcoming stress tests and are unlikely to change course and begin lending to SMEs in the manner required at least in the short term. The arrival of a number of international lenders in the early 2000s brought greater competition between banks. While some product innovation, including 100% mortgages in the personal banking sector, could rightly be criticised, competition ensured customers were offered a wider range of banking services at a lower cost. As the banking market has contracted, the dominance of two pillar banks, Bank of Ireland and Allied Irish Banks, is returning to levels last seen in the 1980s. Lack of competition leads to higher fees and charges, lower interest rates on deposit, high borrowing costs and a lack of product choice. The SBCI is its current format is unlikely to change that stark reality for bank customers.

Efforts to encourage non-bank funding have been completely inadequate to date. High profile announcements around seed capital, loan guarantees and microfinance have not been matched by delivery of funding. It is imperative that the SBCI does not go the way of Microfinance Ireland and the credit guarantee scheme which have, after less than two years in existence, required major examination and overhaul. It would be far better to get the SBCI right from day one.

I have suggested in the past that the Government bring forward a White Paper on the banking sector. Five years since the onset of the crisis the Irish banking sector is still not fit for purpose. It is imperative that the Government has a strategy for competition and regulation and that it does not simply react to each development. What we are seeing is a piecemeal approach to the many problems in the banking sector, including dealing with legacy debt, ensuring competition in the sector and preventing a recurrence of the mistakes of the past.

I have no doubt that the SBCI will be staffed by very able and diligent people who will work tirelessly to fulfil the mandate given to them. However, my contention is that the architecture in which they will operate is not fit for purpose and needs to be looked at in a comprehensive overall manner. We believe that this is better than nothing, but it could be a far more productive and efficient use of resources if the Minister adopted the model we have advocated.

Deputy Dara Calleary: I thank Deputy Michael McGrath for sharing his time with me. I take the opportunity of the debate on this finance issue to wish Derek Moran every success and congratulate him on his selection as Secretary General of the Department of Finance, although it is a position that should have been advertised. When we consider the level of coverage being given to the so-called - on-off or whenever it will be - reshuffle this week and that Mr. Moran will be far more powerful than most of those even in Cabinet who will get positions this week, the level of scrutiny around the appointment needs to be improved. If we are serious about public service reform, every position at that level should be advertised publicly and expressions of interest sought from all over.

This Bill, I regret, represents another false dawn for Irish business and for Irish SME in particular. The kind of bumf that has come with it, is reminicent of some of the worst marketing skills of banks in the so-called boom times. Letting out and giving this kind of information, that this Bill and this organisation could make a substantial business difference to small business, is false and wrong. This is the kind of thing that would have been exposed if there was a proper scrutiny of this legislation, rather than rushing it through in the last week of this Dáil session. This is the kind of thing that would have been exposed and teased out in a pre-legislative stage where groups and organisations, on whom this is supposed to impact, could have come into the committee and given their views on it, but we will be deprived of that.

The model we are being asked to support here is the model that underpins the credit guarantee scheme, where the State acts as an overarching guide, as it were, for the pillar banks and they are then left to operate the scheme on the ground. The credit guarantee scheme has not worked. It has been an absolute disaster so much so that the Minister, Deputy Bruton, is due to come back into the House with legislation to change it, yet we are doing the same thing here with the Strategic Banking Corporation of Ireland. We are taking extra money into the market, investing it through the existing banks and expressing a hope that other banks might come and break up the cosy monopoly that exists and make a real difference to Irish business. That probably will not happen. Deputy Michael McGrath has outlined the way in which the banks are operating and how they will use this cash to balance their books and the additional lending power to save steady businesses. This legislation will result in no changes in the practices that are frustrating businesses and their ability to grow and, more importantly, create employment. It will also not do anything for businesses in substantial arrears. According to the Central Bank, 41% of SME loans are in arrears. This debt is choking the ability of businesses to grow and create employment. It is not possible for them to do so while there is overhanging debt. There is a need to put in place a solution that will allow them to rest some of this debt until such time as they are in a position to start repaying it again. We are not asking for massive debt writeoffs. Many viable businesses are being constrained by the debt overhang which is choking their ability to grow and actually pulling some of them down. There are so many examples of businesses affected in this way and this legislation will do nothing for them. It will do nothing to change or improve the lending practices in banks. We all know about the current turnaround time in dealing with bank applications for restructuring and so on. I am dealing with the case of a person whose application for a €500,000 loan has been in the system for 16 months. That is typical of what is happening. However, because of the informality of the system this will not be included in data for bank lending. The banks know that the status of an application is not recorded until such time as it has been refused. The applicant then has the option of appealing the decision to the Credit Review Office or seeking finance under the credit guarantee scheme or from the microfinance fund. However, the Bill will not change the position on banks continuing to stretch out this process.

Another critical issue is that of new products and new ways of lending which facilitate business needs. There is an over-reliance on old traditional banking products such as overdraft facilities. Some 60% of Irish SMEs have access to and use an overdraft facility as their primary source of financing. The European average in this regard is 30%. On the personal guarantee, Mr. Sean O'Sullivan was scathing in his remarks about it in the entrepreneurship report. The Bill will not change that practice. It will not force the banks to recognise that we are living in the 21st century and that they need to offer banking products that are of the 21st century, flexible and respect businesses as customers as opposed to profit-centres for the rebuilding of their profits. Banks have increased fees for business by up to 60% and are being paid ridiculous fees in dealing with loan applications. Presumably, when a particular SME wants to purchase new machinery, it will be faced with huge fees in this regard and a process that may take up to 15 months to complete. There is nothing in the legislation that will stop any of this from happening.

The difficulty is that this has to go through the existing bank structure, in which there is no confidence among Irish SMEs. What is needed is a State enterprise bank in the form of the former ICC or ACC - that is the space we are in - a bank with ambition to assist and grow businesses and go on a journey and walk the walk with Irish business owners in growing their businesses. What is proposed falls short of that requirement. I am at a loss to understand why the legislation is being rushed through when even this model could be improved with a pre-legislative input and an input from business people whom it is supposed to benefit. Those operating SMEs are the ones who need to be involved in this process.

The credit guarantee scheme was launched in October 2012. We were told €400 million in guaranteed lending would arise from the scheme, but nowhere near that amount has been provided. We were also guaranteed funding of approximately €25 million per annum from the microfinance fund, but thus far only approximately €8.5 million has been provided. The decline in lending in the Irish market continues. While businesses are deleveraging less and paying down loans, if, as the Government states, we are in a business development stage, they should be in a position to start growing again, but they are not because the perception among Irish businesses is that Irish banks are not lending. That is the perception of every business organisation and the legislation will not change it. What we need is something that will shake up the cosy consensus in this regard. We need a new type of operation to shake up the banking sector, its product offering, business practices and fee charging structures. That would make a difference and force the existing banks to cop-on and move into the 21st century, thus ensuring the investment in the SBCI might make a difference on the street and to those who want to cre-

ate additional employment. It will also provide SMEs with the capital they need to grow their businesses. As I stated at the beginning, this is another false dawn, which is regrettable. For the many SME owners looking in who had hoped the legislation would assist them, it will not.

Acting Chairman (Deputy Liam Twomey): I understand Deputy Pearse Doherty is sharing time with Deputy Peadar Tóibín.

Deputy Pearse Doherty: Ba mhaith liom tagairt a dhéanamh don cheapachán sa Roinn Airgeadais a luaigh an cainteoir a chuaigh romhaim. Guím gach rath pé duine ar bith a bheidh ag stiúradh an Roinn sin mar go bhfuil amanna crua romhainn agus cinnithe iontacha tábhachtacha le glacadh. Caithfidh mé a rá go sílim gur chóir scrúdú mar is ceart a bheith déanta, ní hamháin ar an té seo ach ar achan duine atá ag lorg áit sinsearach taobh istigh den Roinn. Má tá ceapachán nua le déanamh, ba chóir scrúdú mar is ceart a dhéanamh. Tá faitíos orm níos mó a rá sa chomhthéacs seo ós rud é go gcuireadh as an Dáil mé don chéad uair riamh agus bhí orm an Teach a fhágáil an t-am deireanach a chuir mé ceist fá choinne an ábhair seo. Nuair atá na meáin ag déanamh scrúdú ar an té seo - níl mé ag rá an bhfuil sé oiriúnach le bheith os cionn an Roinn Airgeadais nó nach bhfuil - sílim go bhfuil sé ceart agus cóir go mbeadh deis ag an gcoiste an scrúdú céanna a dhéanamh. Ciallaíonn sé sin go mbeadh athrú intinne agus athrú meoin ann ó thaobh an Rialtais de. B'fhéidir gurb é an deacracht atá ag an Rialtas le próiseas ceapacháin trédhearcach ná go dtabharfadh sé deis do dhaoine eile taobh amuigh den Aire ceisteanna a chur agus tuairimí a nochtadh ó thaobh an cheapacháin de. Agus é sin ráite, guím gach rath ar an té a bheidh i gceannas ar an Roinn. Guím gach rath fosta ar John Moran, atá ag fágáil na Roinne, i gcomhthéacs cibé rud a dhéanfaidh sé san am atá amach romhainn.

Mar a dúirt mé anseo inné, níl dabht ar bith ná go bhfuil an méid atá ag tarlú sa Dáil inniu scannallach. Caithfimid an Bille seo a chur tríd roimh 4.42 i.n. inniu. Bhí orainn ár gcuid leasuithe ar an mBille a chur síos sular chuir an tAire tuairimí an Rialtais agus tuairimí na Roinne ó thaobh an Bhille chun cinn. Ní bheidh deis againn leasú ar bith a chur síos ar Chéim na Tuarascála. Tá sé seo mar cheann de na dóigheanna is measa le reachtaíocht a láimhseáil sa Dáil.

Sinn Féin has previously objected to the manner in which this legislation is being dealt with today. It is important that I again stress our dissatisfaction with the manner in which the legislation is being dealt with by the Government. It shows contempt for democracy and debate. It is clear that no amendments will be accepted on Committee Stage and that there will not be an opportunity to table amendments on Report Stage, as Members who wished to table amendments were required to do so within hours of publication of the Bill and prior to hearing the Minister's contribution on Second Stage.

Nobody in the House has been arguing for a stimulus more than Sinn Féin. It has been a central part of our policy for many years to contend there are other ways of reducing the deficit and getting people back to work. That part of the jigsaw was the need to stimulate the economy and ensure the banks were lending to SMEs and also in other areas. We highlighted the need to use resources we had at our disposal to ensure that would happen. Three years on, we finally see some movement on the part of the Government.

The Minister for Finance spoke about the agreement secured last year between KfW and the State to inject money into an entity such as that being established. I do not understand why the Government waited until the end of this parliamentary session to introduce this legislation. Our views mean nothing because the Bill will go through. The Government has made it very clear that it will be passed tonight; the use of the guillotine is to be imposed. The Taoiseach

tells us it is the first time the guillotine has been used this year. One could argue that a Bill such as this does not have major significance, but we should delve into it and ask whether this is true. When I read the legislation, I note that it stipulates the State can fund the new company to the tune of \in 5 billion and that the Minister can guarantee loans issued by it to the tune of \in 4 billion. Perhaps it is regarded as a Bill that does not require proper parliamentary scrutiny and proper consideration, with sufficient time allowed between Second Stage, Committee Stage and Report Stage to ensure we get it right.

When considering amending the Companies Act such as section 60, phrases such as "the normal course of lending" might mean nothing to us, but if we had paid attention to the courts and the protracted Anglo Irish Bank trial in recent weeks, we would know that that term was at the very core of the trial and prosecution of those found guilty of breaches of the Companies Act. Let us not debate the sections of the Bill in a proper, meaningful way: that is what the Government has suggested to us. This is not a Bill about investing a couple of hundred million euro of taxpayers' money in an area of the economy; rather it is a Bill that contains potential liabilities in the order of billions of euro. I refer to the figure of €4 billion for loans and a maximum of €5 billion that can be injected into the company. Therefore, it goes without saying this is the wrong way to deal with the matter. The debate on the Bill should not be guillotined today and proper respect should be accorded to the people and the Houses of the Oireachtas.

The programme for Government made a clear commitment to establish a strategic investment bank. Where stands that commitment? What we have is a very poor substitute for a State bank investing in the economy. It is very clear that the body is not a bank because banks have licences. If one wants to set up a bank, one must have a banking licence. The Government went to extreme lengths to try to appease the Labour Party, in particular, which argued that a strategic investment bank would be central to its platform. It went to extreme lengths to change the law, not once but twice. On one occasion, it changed the law to use the word "bank" in the name of the company. That would probably not fool people sufficiently to have them believe the body is a bank; therefore, it also had to change the law to remove the word "limited". If we were to use the word "limited", people would understand it was not a bank but a company. The Government made two changes to the law to try to dress up the company as a bank. There is a saying in Irish, "Cuir síoda ar ghabhar agus is gabhar i gcónaí é." The Americans refer to putting lipstick on a pig. No matter how one dresses up the entity, it is not a bank. That is a major problem I envisage with the legislation. The entity should be set up as a strategic investment bank that would lends to the real economy. The lending brief should be broader than SME lending.

The company on which the entity is very much styled, KfW, provides in a very meaningful way loans for SMEs. That is but one part of its structure. The other parts involve investing in housing, the environment and other areas with an economic benefit. The Germans used the bank to create the stimulus package the German economy needed at the time in question, while keeping the arrangement off the balance sheet. It seems clear that the Government intends to have the entity focus solely on SMEs which are very much starved of and require funding. However, the scope should be wider. We should be ambitious for a State bank if it is to receive a banking licence. Then again, we probably will not have time to dip into the real meaning of the legislation. It refers to lending to enterprises and "other persons in the State". What does the phrase "other persons in the State" mean? It is referred to time and again. Section 2 refers to the purpose of encouraging "the giving of credit in a prudent manner to enterprises and other persons in the State, in particular SMEs...". Since it is not just SMEs, what does the phrase "other persons in the State" mean? What limitations are being set for the fund? Are there

limitations? Can anybody legally avail of it, although the direction of the fund is to provide for SMEs, in particular? These are the points I would like to tease out in a proper debate on the issue.

The proposed structure of the company represents a half-hearted attempt to do what is required. The record of the Government in gaining access to European Investment Bank funding is not good. Unless the commercial agreements of KfW are made public, we will be in the dark on whether it is a good way to fund the new body. We need to consider in detail the question of whether we are sure the funding mechanism proposed is the best one. I refer to having one of the top ten German banks provide loans for this company which it will lend on to others. What guarantee is there that the banks will pass on funding to SMEs to which they would not otherwise make credit available? The statement from the Government makes it very clear that the banks will have to ensure the money is passed on to SMEs that comply with rigorous state aid rules, but the legislation contains no provision in this regard. A major problem with it is that it is very bare; it does not have much detail and only creates the skeleton of the company. Actually, the detail is utterly absent. There is a sense of déjà vu and we are being asked again to trust the Government regarding what it claims it will do. We are asked not to worry about the fact that it is asking us to guarantee €4 billion in loans and support its commitment to inject €5 billion into the fund. We are asked not to worry that there is nothing in the legislation that can actually ensure the banks will pass on the funding to those most in need of credit in the SME sector and that there is no supervisory mechanism or hard and fast rule in the legislation that will force the banks to pass on the money or punish them if they do not do so.

I have made it very clear to the Minister that I do not trust the Government. The vast majority of the people do not trust it either, which is no revelation. I did not trust the last Government and the people were rightly shown that this was justified. The Government came into office with the promise that it would do things differently. One of its first decisions was to proceed in exactly the same way as its predecessor and invest our money in broken banks. I have extreme concerns about the Bill. I do not see enough in the legislation, even if it establishes the bare bones of a new body that will guarantee extra support for SMEs on the ground. There is nothing in it that will stop the banks that have been bailed out from simply soaking up extra cheaper funds. They received enough public funds to waste on salaries and in other areas.

Under the mortgage arrears resolution targets, the Central Bank had the stick of being able to inflict capital penalties, and that should be available in respect of banks and other bodies that access funding under the SBCI if they do not pass it on to the real economy. There should be extra provisions in this Bill that would allow the Central Bank to use its powers to ensure the funding that comes from this company to the banks is not just soaked up in the normal course of the bank's lending, which the bank would lend anyway. It must be additional. I also believe we should closely examine allowing the company to directly fund SMEs. Sinn Féin strongly believes in a State bank investing in the economy. That means investing in our physical, social and environmental infrastructure.

Unfortunately, the Bill falls short, and we do not have a sufficient amount of time to scrutinise it. It is envisaged that the fund will be financed by a German bank, presumably at a profit to that bank, and the European Investment Bank. It is an example of how broken our system is, six years later, that we are relying on a German bank to fund a company that is not a bank to fund the banks, some of which we own, to fund small and medium enterprises that are starved of funding. The craziness of the type of structure we are trying to create, six years later, in order that State-owned banks can lend to businesses demonstrates the failure in the past three years of

the Government's policies on banks and lending to small and medium enterprises.

Deputy Peadar Tóibín: One of the most significant outputs of the economic crisis has been the collapse of private and public investment, and that has become one of the major causes of the length of time of the economic crisis. From the outset, Sinn Féin has argued for stimulus. In our response to the Fianna Fáil emergency budget of 2008 we published alternative revenue and expenditure proposals and a jobs plan which set out a range of measures that could be used to ensure the SME sector received the supports it needed. We have repeatedly stated one cannot cut one's way out of recession and our analysis has been supported by accomplished economists around the globe.

Our society is firmly ensconced in the latter half of a lost economic decade. The lost economic decade is the result of the Government's refusal, until now, to deal with the issue of stimulus and its refusal to plug the investment chasm in the economy. Sinn Féin's economic stimulus has been proved to be correct and the Government is now finally acknowledging that it is necessary. I spoke to one of my colleagues about 18 months ago and told them that the Government would simply have no choice but to turn around and start to take on board some of Sinn Féin's economic policies. The Bill is a half step towards this.

The real recovery will be delivered through the SME sector, which employs up to 70% of the workforce. However, that recovery will not happen until the challenges it faces are addressed. So far, this Government has put all its eggs in one basket, the foreign direct investment basket. We have said foreign direct investment is good and necessary and that we must pursue it. However, there is an imbalance in the Government's economic policy and the domestic sector has been ignored as a result. The domestic sector is the lifeblood of the economy, but the Government has failed to deliver many of its commitments in the programme for Government to SMEs. The promised reform of procurement has not happened. In fact, the opposite has taken place. The roll-up of procurement contracts has further prevented SMEs from getting involved. The Government did not listen to us when we put forward legislation to end upward only rent reviews and commitments with regard to co-operatives have been anaemic, at best. It has also dragged its heels on progressing the potential social enterprise centre. A social enterprise centre offers a massive alternative economic system, as is seen throughout Europe and in many progressive and successful economies.

The SME sector is hamstrung by debt. Two weeks ago we heard about the situation in Morrisseys in Carlow, a firm with \in 8 million worth of business on its books. It is a functioning firm but has legacy debt and the State's bank, AIB, is seeking to close down that business with the potential loss of 130 jobs. In my county, Meath, we have lost Spicers Bakery, which had been in business since the 1830s. The business was closed due to legacy debt. There are thousands of businesses throughout the State in that limbo of not being able either to function properly or to take the next step of investing in the economy. That 41% of SME loans are still in this type of distress is an example of the Government's ineffectiveness. The Government's policy on SME credit is a dog's dinner, and it is a disgrace that it is continuing.

Construction remains one of the sectors most exposed to loan defaults. That the Government is now tackling the housing crisis on the demand side while the construction industry is still hamstrung by debt shows the problems in the Government's thinking. The Government has also slashed capital expenditure, one of the worst decisions a government can make in a time of recession. The meagre jobs growth that occurred has ground to a halt in the last quarter. When consumers face another round of flat stealth taxes they realise that their disposable

income will shrink so their expenditure patterns change and they withdraw from spending in the domestic market.

Sinn Féin's ambitious stimulus proposals would get people back to work, create competitive advantages, create efficiencies and increase productivity and revenue. My colleague, Deputy Pearse Doherty, has stated our party's major objection to the manner in which this legislation is being rammed through the Dáil in the week before the summer recess. The Deputies elected by the people will be unable to have a proper input into an issue of such importance. The Government has had more than three years to examine this issue. It is incredible that it has waited until the last week of this Dáil session to ram it through. Deputies should be given adequate time to consult on and debate the legislation, particularly in view of the failings of the Government so far in respect of SME credit. The microfinance system, which was supposed to put €90 million into the hands of SMEs, has had a minuscule drawdown and all of the other ecosystems of credit facilities have had the same experience.

In the programme for Government, the Government committed to delivering a strategic investment bank, yet neither the SBCI nor the Ireland Strategic Investment Fund, ISIF, is a bank. Deputy Pearse Doherty spoke about the convoluted system being put in place, rather than simply creating a State investment bank which would be able to inject the necessary funds into the economy and the SME sector. We know from the Central Bank that gross lending by bailed-out banks to SMEs remains static after three years. The Minister said the SBCI will seek to address this uneven flow of credit to enterprises. Obviously, there are concerns regarding the existing banks' buy-in and whether the low cost of the source of the funds will be passed on to SMEs. The Minister has reassured us that this will be the case, but we have not seen the detail in black and white and what mechanisms will be used to achieve this objective. The Minister is also unable to provide clarity on who the new entrants to the SME lending market are or how the specific lending needs of micro-businesses will be provided for.

Sinn Féin has called for the establishment of a strategic investment bank and there are elements of the Bill that we would support. Marginally lower lending rates, encouraging increased competition in the SME lending market and repayment holiday periods for businesses are welcome. An enhanced role for the Credit Review Office will be also particularly welcome. Sinn Féin has been calling for this for a long time. However, there also must be publicity, awareness and education for SMEs to ensure they can use these facilities.

12 o'clock

We have called on the Government to consider making the Credit Review Office findings binding on banks and that all banks be brought into the scheme. We also demand that the Credit Review Office cover all banks within the system.

Encouraging SMEs to look beyond traditional retail banks will require a cultural shift.

Acting Chairman (Deputy Liam Twomey): I must ask the Deputy to conclude as it is time for the next business.

Debate adjourned.

10 July 2014

Leaders' Questions

Deputy Timmy Dooley: As it is Deputy Burton's first opportunity to take Leaders' Questions in her new role as Tánaiste, on behalf of our party, I wish her well in the work ahead as Tánaiste and look forward to continued robust interaction with her here.

The decision seven days ago to prevent two of the five Garth Brooks concerts going ahead should have signalled to the Tánaiste and the Government that this was a serious issue that had arisen. When it was announced that the remaining three concerts were to be cancelled, it was clear to all concerned that a crisis was looming-----

Deputy Derek Nolan: Crisis?

Deputy Gerald Nash: Deputy Timmy Dooley would know all about a crisis.

Deputy Timmy Dooley: -----that had the potential to strike an economic blow to the city of Dublin and tarnish the international reputation of Ireland from a tourism perspective.

Unlike the backbenchers in the Labour Party, I do not believe this is about a particular genre of entertainment. It is about the loss of €50 million in revenue to the hotel and catering sector of this city and the surrounding area. It is about upsetting the travel plans of 70,000 inbound tourists at a time when we are trying to re-establish Ireland as a great place to visit. It is about disappointing 400,000 ticket holders who have purchased and paid for their tickets and are looking forward to the event that they had expected to attend. It is about the reputational damage to Ireland as a destination for international entertainment events on a large scale at a time when we are trying to attract the Rugby World Cup in 2023. It is about the employment of a few thousand casual workers in the hotels, bars and catering outlets around this city, and, indeed, many bus drivers and bus owners around Ireland.

Deputy Aodhán Ó Ríordáin: Aiken Promotions is having a laugh.

Deputy Timmy Dooley: A week ago I published a short Bill to bring about a constructive outcome to this fiasco. The Taoiseach sat on his hands for a week. On Tuesday, on the Order of Business, I made it clear to him that, based on the contacts I had made, it was still possible to bring about a resolution to this issue.

Deputy Frank Feighan: It was Fianna Fáil that introduced the legislation with no right of appeal. Come on, Timmy, you were in government.

Deputy Timmy Dooley: However, the Taoiseach said it was too late because the artist had made his decision. By so doing, the Taoiseach allowed the reputation of Ireland to be sullied by the hundreds of thousands of media clips of a negative connotation that appeared.

Deputy John Lyons: Come on; this is the Parliament.

An Ceann Comhairle: Will Deputy Timmy Dooley put his question, please?

Deputy Timmy Dooley: It is embarrassing and it should not have happened. The Tánaiste's backbenchers laughed at us and they are continuing to do it, yet the Labour Party's own Minister of State at the Department of Foreign Affairs wanted the Taoiseach to contact Garth Brooks-----

(Interruptions).

An Ceann Comhairle: Will the Deputy put his question? He is over time.

Deputy Timmy Dooley: I am trying to. With respect, I am being prevented from doing so by the heckles.

An Ceann Comhairle: Please put the question.

Deputy Finian McGrath: He is being heckled by the Labour Party.

An Ceann Comhairle: Will the Deputy stay quiet also?

Deputy Finian McGrath: If that was Leonard Cohen, they would be jumping up and down.

An Ceann Comhairle: Do not make a farce out of the whole thing.

Deputy Finian McGrath: Or probably Bob Dylan.

(Interruptions).

Deputy Finian McGrath: Intellectual snobs.

An Ceann Comhairle: Will Deputy Timmy Dooley put his question?

Deputy Timmy Dooley: I am attempting to. I need a bit of ciúnas.

An Ceann Comhairle: What is the question?

Deputy Timmy Dooley: My question is very clear. I said at the outset it was not about the genre of entertainment or even----

An Ceann Comhairle: Just put the question.

Deputy Timmy Dooley: It is very clear now, and the Tánaiste's backbenchers are adding to it, that the issue has gone from fiasco to farce.

An Ceann Comhairle: We know all of that. Will the Deputy put his question?

Deputy Timmy Dooley: The Tánaiste and the Government bear considerable responsibility in that regard.

Deputy Frank Feighan: Why is there no right of appeal?

Deputy Timmy Dooley: The questions I put to the Tánaiste are these. Why did the Taoiseach sit on his hands for a week? Why did the Government sit back for a week, when even the Mexicans and the Moneygall native, Barack Obama, are getting involved, yet neither the Taoiseach nor the Government was prepared to do it?

(Interruptions).

Deputy Timmy Dooley: Will the Tánaiste tell us, now that the penny has dropped with the Taoiseach that this is an important issue, what options are being addressed or discussed by the Government and what direction will issue to the city manager?

Deputy Tom Hayes: Have you a ticket bought, Timmy?

A Deputy: It is all planning law.

Deputy Gerald Nash: I thought you guys did not direct city managers.

An Ceann Comhairle: Will Members, please, refrain from making a joke out of the whole thing?

(Interruptions).

An Ceann Comhairle: I am sorry. It is a Leaders' Question and it is within the rules set down by this House. The Deputy is entitled to ask the question. Equally, the Tánaiste is entitled to give an answer. Will Deputies, please, stay quiet in order that we can hear it?

The Tánaiste: First, I thank Deputy Timmy Dooley for his good wishes for my new role. Second, I thought the only people he left out were possibly the Brazilians, who might be free to be involved at this point in time.

(Interruptions).

The Tánaiste: This is a really important issue.

Deputy Robert Troy: The backbenchers do not think so.

Deputy Timmy Dooley: That is why they are at 7%.

The Tánaiste: The critical thing is that 400,000 people have bought tickets for a concert. It is about people having a summer celebration. The Government is absolutely interested in seeing how best it can assist the process. I want to make it clear that I want the issues resolved. It is a significant economic boost to the economy - I see people have indicated in the region of €50 million.

Deputy Finian McGrath: It is actually higher.

The Tánaiste: It also involves 70,000 to 80,000 people coming to Ireland, and that is important. The way that this can be resolved, as Deputy Timmy Dooley is well aware, is through discussion among the parties. I want to encourage the parties to engage in all of the discussions that are necessary to resolve this issue.

With regard to Deputy Timmy Dooley's suggestion in regard to the city manager or, under his new title, the chief executive officer of Dublin, his is a statutory authority, as the Deputy is well aware

Deputy Mattie McGrath: It is all about titles.

The Tánaiste: He is a person of integrity and he has come to a particular decision. However, in the light of the facts that have come to attention in regard to the process, particularly in the last few days, I believe and certainly hope that, through discussion, it will be possible to resolve this issue.

I am aware as well that Garth Brooks intends to have a press conference or television conference sometime around 5 p.m. today. It sends a very important message-----

Deputy Mattie McGrath: We will see that first.

The Tánaiste: Sorry, I thought the Deputy was only-----

Deputy John Deasy: Give Garth a call yourself, Mattie. He probably knows who you are.

Deputy Mattie McGrath: I know him.

Deputy Eric Byrne: What about the country and western wing of Fianna Fáil? Would they not sort it out?

An Ceann Comhairle: Will the Tánaiste, please, ignore this and proceed to make her point?

The Tánaiste: I understand he is interested in using Ireland as the launch pad for his world tour and to make a music video. That is obviously very important and of potential benefit. I also want to say, in regard to Mr. Brooks, that if the concerts get under way successfully, we should invite him to perhaps complete the world tour in Dublin, probably some time after the two years of the world tour.

The Government is positively disposed to doing all it can to assist the process but the decision maker in law at this point is the city manager. I think, though, that events and facts have come to light which were perhaps not in the public domain at the time he made his decision. I certainly feel that through discussions between the parties it may be possible to achieve a resolution. I hope it will be achieved.

Deputy Timmy Dooley: It is welcome that the Tánaiste treated the issue with the seriousness it deserves and based on the economic criteria I have set out. It seems that there is something of a disconnect between the Tánaiste and her backbenchers. Clearly, the members of her party sought to ensure she was elected. If Garth Brooks is tuning in on the web, as I understood he did to some of Dublin City Council's deliberations, he would be somewhat confused by the Tánaiste's response and her request to him to finish up his world tour here in Dublin at a time when there seems to be no co-ordination-----

(Interruptions).

An Ceann Comhairle: Will the Deputy, please, put his supplementary question?

Deputy Timmy Dooley: With the greatest respect, I have been heckled from the time I stood up.

An Ceann Comhairle: I will protect the Deputy's rights. Will the Deputy put his supplementary question and I will protect his rights?

Deputy Timmy Dooley: I dare say Garth Brooks will be somewhat confused by the Tánaiste's request to finish up his tour here when she has not outlined a mechanism by which it can happen. She talks about process and facts coming to light.

An Ceann Comhairle: Will the Deputy, please, put his supplementary question?

Deputy Timmy Dooley: Can she tell us the facts that have come to light that would raise question marks over the process undertaken? What measures can be put in place in the absence of an appropriate appeals mechanism to try to resolve the issue?

The Tánaiste: I assume that the Deputy is absolutely sincere in his request to see these concerts successfully take place in Ireland. I, therefore, suggest the floor of the Dáil is not the

place to engage in very detailed discussion. There has been ample coverage in great detail of everything that has emerged in respect of this issue in all of the media, particularly the newspapers, in the past week. If the Deputy wants a successful outcome, as opposed to simply a heated debate, I would put my confidence in negotiations among the parties who are affected. I want to see a successful outcome and honestly do not propose to be involved in any detailed discussion of the matter. However, the Government and I would like to see a successful outcome. Like others, I have lots of family and friends who are committed to having an enjoyable evening out in Dublin coming from all parts of Ireland. We all know that it has the capacity to be a fantastic event which will also showcase Ireland. The Government is prepared to assist.

Deputy Mary Lou McDonald: I also warmly congratulate the Tánaiste on her new position. I welcome the clear and measured response she has given on the previous issue. Like others, I hope for a successful outcome.

I want to raise the conflict in the Middle East which is, once again, spiralling out of control. In the past two days, the Israeli Defence Forces have killed 50 people and wounded more than 500 in the relentless shelling of Gaza. Their claim that they are attacking Palestinian military targets is a lie. They are attacking family homes and refugee camps and killing women and children. As if this brutality is not enough, they are now threatening a full-scale military invasion of Gaza. We all know that for years the people of Gaza have been subjected to an illegal and brutal blockade. They are now being subjected to collective punishment by the Israeli Government. It is targeting women and children, and this is not acceptable. It is not acceptable either to kidnap and kill Israeli teenagers, it is not acceptable to kidnap and kill Palestinian children, and it is not acceptable for the Israeli Government to pound Gaza, one of the most densely populated places in the world, with hundreds of tonnes of explosives in a matter of days. The firing of rockets from Gaza into Israel should end immediately, but these actions cannot excuse the brutal and overwhelming military force used by the Israeli Government against what is, I repeat, a civilian population. Diplomatic pressure must be brought to bear to bring this violence to an end and to open the way for talks. What has the Irish Government done in recent days to help bring this violence to an end? Has the Taoiseach, the Minister for Foreign Affairs and Trade or any Minister picked up the phone to contact the Israeli ambassador or the Israeli Prime Minister directly to express the Government's outrage at the use of collective punishment against the people of Gaza?

The Tánaiste: I thank the Deputy for her congratulations. The Government is gravely concerned about the escalating violence and the civilian casualties we are now witnessing on the ground in Gaza and Israel following Israel's launch of a major air offensive against Hamas targets in Gaza in response to the continued large-scale firing of rockets by Hamas and other Islamic militants into Israel. The Minister for Foreign Affairs and Trade issued a statement yesterday in which he condemned unreservedly the indiscriminate firing of rockets into Israel, which, as the Deputy said, poses a grave threat to the population. Equally, his statement condemned the mounting civilian casualties, including reportedly women and children, resulting from Israeli air strikes against Gaza. The latest estimates are that more than 70 Palestinians have been killed since the launch of the Israeli operation earlier this week.

Both the people of Gaza and the people of Israel have the right to live in peace and security without the threat of indiscriminate violence being visited upon them. The Department of Foreign Affairs and Trade is closely monitoring the situation and is keeping in contact with our missions in Tel Aviv and Ramallah. It is recommended that Irish citizens who are currently in the region or travelling there register with the Department on its website. Those considering

travelling should check the travel advice on the website which is updated regularly and Irish citizens in Israel or the occupied territories should exercise extreme caution and closely monitor developments via local media outlets.

It is vital that all efforts are now made to de-escalate the current situation and bring the current wave of violence and military action to an end. On behalf of the Government, I appeal to all sides to exercise the utmost restraint, avoid all civilian casualties and negotiate the earliest possible ceasefire. Obviously, the past four weeks following the deaths of the four young people have been extraordinarily difficult.

Deputy Mary Lou McDonald: I am sure the Tánaiste's advice for Irish citizens is necessary and instructive, but I put it to her that by far the greater concern at this time is for the men, women and children of Gaza. I have no doubt that the Tánaiste is gravely concerned by this turn of events, which amounts to more than a threat to the people of Gaza. This is a catastrophe in motion. Whereas the Tánaiste itemised a statement made by the Minister for Foreign Affairs and Trade, I put it to her that it is gravely insufficient given the seriousness of the situation and the real possibility that Israeli aggression against the Palestinian population will escalate. It is now time for more than statements, advice to Irish citizens or indeed advice to anyone else.

I again ask the Tánaiste whether there has been contact with the Israeli ambassador in the State. Has there been government-to-government contact with the Israeli Administration? The Tánaiste knows that the EU head of mission in Jerusalem correctly accused the Israeli government in March 2013 of deliberately flouting international law. This accusation has been made time and again. Time and again, we have seen the population of Gaza pummelled and we are literally only given diplomatic rhetoric. We need more than this. If there has been no contact with the Israeli ambassador, when is that going to happen? If there has been no contact with the Israeli Administration, when is that going to happen?

The Tánaiste: I met the Palestinian representative to Ireland a couple of months to talk about the issues the Deputy raised and the difficulties for the populations of Gaza and the occupied territories. I agree with her that what is happening is exceptionally difficult for them. Much has been done to build up and develop the area, including significant support from the Irish development aid programme via the Minister for Foreign Affairs and Trade. Much of that, as well as the contributions from other EU member states, may well be undone and set at nought by the developments of which we are aware. The Department of Foreign Affairs and Trade is closely monitoring the situation. Officials are keeping in contact with our missions in Tel Aviv and Ramallah, which is important, and, through them, with the administrations in both Israel and Palestine.

Deputy Mary Lou McDonald: Therefore, the answer is that there has been no direct contact.

The Tánaiste: I reiterate that Ireland's objective in foreign policy terms is, and has always been, to ensure that the people of both Gaza and Israel have the right to live in peace.

Deputy Finian McGrath: No contact. The Government does not want to upset the Yanks.

The Tánaiste: As Deputy Mary Lou McDonald will be aware, from a diplomatic point of view, we have for many years advocated a two-state policy.

Deputy Mary Lou McDonald: But the ambassador or the Administration have not been

contacted directly. That was my question.

An Ceann Comhairle: We are over time.

The Tánaiste: I said the Minister for Foreign Affairs and Trade issued a statement yesterday. He is closely monitoring the situation through----

Deputy Mary Lou McDonald: That is not good enough.

An Ceann Comhairle: I am sorry, but we have to finish.

The Tánaiste: We want peace restored for the people of both Israel and Gaza.

Deputy Peadar Tóibín: Statements will not achieve that.

Deputy Mick Wallace: Nobody has been injured on the Israeli side.

Deputy Finian McGrath: Call in the ambassador.

Deputy Maureen O'Sullivan: I wonder what it is doing for our international reputation that the national Parliament on several days this week has discussed Garth Brooks at a time when there is a homelessness crisis in the country and there are international incidents such as that referred to in Gaza and the abduction of hundreds of girls by Boko Haram in Nigeria because they want an education.

Ba mhaith liom chomhgairdeachas a gabháil leis an Tánaiste agus tá súil agam go n-éireoidh leí san obair, go h-áirithe san obair ar son daoine ar an imeall.

I have used Leaders' Questions on two occasions to deal with community issues, and I am glad the Tánaiste is present because these will be familiar to her. Initially, I raised the issue of community development projects and programmes and the tendering process that could lead to privatisation, which would mean that many years of experience and insight among people and providers living in the communities and making decisions on their behalf will be undermined. Last week, I raised issues with regard to drugs. At the Taoiseach's request, I forwarded to him the details that I brought to the House's attention and hope they have not been lost in the various power struggles this week for positions.

The common denominator in both issues is the disproportionate cuts that have been suffered in both areas. Cumulatively, community, youth and drugs projects have been cut by 38%. The third area affecting vulnerable communities is community education. Such education services are provided for those who have been most disconnected from the system in their lives, perhaps through leaving school early, being long-term unemployed or being lone parents. Community education is a powerful informal educational tool which is replicated throughout the country. For example, in my constituency, between January and June this year, 430 people participated in accredited programmes with a community education provider. The programmes were child care levels 4 to 6, horticulture level 5, and IT levels 3 and 4. These areas offer great employment opportunities. People are also enabled to progress further.

Community organisations that are FETAC-accredited are legacy providers, and if they want to continue to provide accredited programmes they must engage with the Quality and Qualifications Authority of Ireland which could mean a fee of €5,000 for each participant. They do not have that money. Will there be a fee waiver for community education providers that are doing

this valuable work, as opposed to private educators that can afford to charge people?

The Tánaiste: I thank the Deputy for her good wishes.

With regard to the concerns about ongoing changes in community development, I agree with her that community development, whether in urban or rural areas, is tremendously important to every community in Ireland, and valuable services are provided. Two years ago, after I became Minister, FÁS, which dealt with community development, was taken into my Department and there was a great deal of fear, with many people suggesting this could be the end of public funding of community centres, the end of community employment and so on. I gave an undertaking in the House at the time that not only would it not be under threat but it was my intention, as resources permitted, to expand community development because of the significant role it plays, including in allowing people to return to education and training who may for a variety of reasons have not been employed for a time. Some time after that, we had a debate during which concern was particularly expressed by the Opposition. More than €1 billion is spent by the Department of Social Protection on initiatives such as community employment and the roll-out of new community programmes such as Tús, which have been successful. I understand there has been a great deal of concern about funding for the past seven years among all the organisations involved since the time of the financial collapse of the country. During the seven years prior to that, a great deal of additional funding was available because of the boom, but following the review of the various elements, including the educational elements, and the development of SOLAS, I am convinced that what will emerge is a community education personal development pattern which will focus on people getting involved and, as the Deputy, who has great experience in this area, said, attaining serous qualifications such as FETAC levels 4 and 5 which will enable them to approach employers, whether in the pubic, community or private sectors. Rather than simply saying they have been on a course, they can show they have acquired a qualification that will assist them in securing well-paid employment or progressing further to second or third level education. I understand the concerns of the Deputy, and the Government is committed to emphasising and prioritising community investment, which is so important to communities right around the country.

Deputy Maureen O'Sullivan: I hope the Government will take it further and provide the €5,000 waiver I mentioned, because, as the Minister said, community education is working. I refer to two providers in Dublin Central, HACE on Henrietta Street and the Larkin Centre for the Unemployed on the North Strand. There were 20 participants on a community employment scheme, five of whom had to drop out for various reasons. Twelve of the participants achieved distinctions, of whom eight are going on to further education. This is working. Community education providers are being monitored and are engaging with everything that is required of them. However, they feel threatened, and when I questioned the Minister for the Environment, Community and Local Government about this, he was unable to reassure them that they would not have to pay a €5,000 fee. They do not have that money and that is the bottom line. If such a fee is imposed, they will have to opt out of community education. Because the providers know their communities, they know what is working and the methodologies to use. That is what they have used to ensure people return to full-time employment instead of having to take on part-time manual work.

The providers are engaging but they are asking whether there is a cull in community education. I take it from what the Tánaiste said that she will look into this. The providers cannot afford the €5,000 fee. Many participants do not even have the money to travel to their training. Significant opportunities exist in child care because those who have completed FETAC level 6

are moving on. There is nobody coming in to take those places because there is no incentive and, therefore, the child care facilities are also under threat.

The Tánaiste: I acknowledge the Deputy's commitment to community development, which is very important. Regarding SOLAS and the new structure under construction, it is very important we have a quality qualifications network. I have worked very hard with officials from my Department to improve the qualifications structure in order that when people go on a community employment scheme for a prolonged period of time, the have an opportunity to get FETAC level 5 and, in some cases, FETAC level 6 qualifications and, as the Deputy said, progress further. I have discussed these issues with people from the Larkin Unemployed Centre and other community groups and organisations. The Department of Social Protection has developed a model of talking to stakeholders and groups and we meet them regularly, for example, we had a five-hour session in Dublin Castle last Friday. SOLAS may undertake similar stakeholder meetings and the model might be useful to other Departments. I will examine this very important matter and return to the Deputy.

Order of Business

The Tánaiste: It is proposed to take No. 12, motion re proposed approval by Dáil Éireann of the Protection of Young Persons (Employment) (Exclusion of Workers in the Fishing and Shipping Sectors) Regulations 2014 [Considered by the Joint Committee on Jobs, Enterprise and Innovation on 8 July 2014]; No. 4, Strategic Banking Corporation of Ireland Bill 2014 -Second Stage (resumed) and Subsequent Stages; and No. 25, Forestry Bill 2013 - Report and Final Stages (resumed). It is proposed, notwithstanding anything in Standing Orders, that the Dáil shall sit later than 5.30 p.m. and shall adjourn not later than 7 p.m.; that No. 12 shall be decided without debate; that the Dáil shall sit tomorrow at 10 a.m. and shall adjourn not later than 8 p.m. and there shall be no Order of Business within the meaning of Standing Order 26 and, accordingly, the business to be transacted shall be as follows: No. 6, Electoral (Amendment) (No. 4) Bill 2014 - Order for Second Stage, Second and Subsequent Stages, and the proceedings on the Second Stage of No. 6 shall, if not previously concluded, be brought to a conclusion after 65 minutes on the day and shall be confined to an opening speech of a Minister or Minister of State and of the main spokespersons for Fianna Fáil, Sinn Féin and the Technical Group, which shall not exceed 15 minutes in each case, who shall be called upon in that order and who may share their time, and to a speech in reply by a Minister or Minister of State, which shall not exceed five minutes, and the proceedings on the Committee and Remaining Stages shall, if not previously concluded, be brought to a conclusion after 15 minutes on the day by one question which shall be put from the Chair and which shall, in relation to amendments, include only those set down or accepted by the Minister for the Environment, Community and Local Government; No. a1, Irish Human Rights and Equality Commission Bill 2014 - amendments from the Seanad; No. 30, Legal Services Regulation Bill 2011 - Order for Report, Report and Final Stages, to adjourn after one hour if not previously concluded; and No. 5, Court of Appeal Bill 2014 - Order for Second Stage and Second Stage, to adjourn at 8 p.m. if not previously concluded.

An Ceann Comhairle: There are three proposals to be put to the House. Is the proposal for dealing with the late sitting agreed to? Agreed.

Deputy Peter Mathews: May I ask a question, please?

An Ceann Comhairle: No, I am sorry, only party leaders may speak.

Deputy Peter Mathews: I do not have a leader.

(Interruptions).

Deputy Peter Mathews: What is funny?

Deputy Derek Nolan: Deputy Mary Lou McDonald is his leader.

Deputy Peter Mathews: She is my colleague.

An Ceann Comhairle: Is the proposal for dealing with No. 12 agreed to? Agreed. Is the proposal for dealing with the sitting and business of the Dáil tomorrow agreed?

Deputy Timmy Dooley: On that point-----

An Ceann Comhairle: Does the Deputy agree to the proposal? The only proposal I am putting is that of dealing with the sitting and business of the Dáil tomorrow.

Deputy Timmy Dooley: I have a question on it. In the light of the statements the Tánaiste and her party made on entering Government with Fine Gael and her desire to try to have the business of the House more appropriately dealt with, is it not ironic that in the latter days of the term we are rushing through such a phenomenal amount of legislation in the next two days? In her new role, the Tánaiste might try to manage the ordering of legislation in a more appropriate way.

An Ceann Comhairle: I will put the question.

Deputy Timmy Dooley: We reserve our right to object on an ongoing basis if the Tánaiste does not do it.

Deputy Mary Lou McDonald: A Cheann Comhairle-----

An Ceann Comhairle: Does the Deputy object to the proposal that we sit tomorrow?

Deputy Mary Lou McDonald: No - yes, for the purposes of standing on my feet.

(Interruptions).

An Ceann Comhairle: No.

Deputy Mary Lou McDonald: A Cheann Comhairle, come on, be reasonable and balanced.

An Ceann Comhairle: This is a proposal for dealing with the sitting and business of the Dáil tomorrow, full stop.

Deputy Mary Lou McDonald: Let me object on the following grounds.

Deputy Derek Nolan: Is that Deputy Peter Mathews's new leader?

Deputy Mary Lou McDonald: Yesterday we objected to the rushing through of the Strategic Banking Corporation of Ireland Bill 2014, which is to be guillotined. It is wrong. We have waited a very long time for the legislation, which was signalled in the programme for Government. I reiterate the objection.

An Ceann Comhairle: That is not on tomorrow's Order of Business.

Deputy Mary Lou McDonald: In respect of the same legislation, I ask, once again, that five minutes be allocated for the non-aligned Deputies to contribute to the debate.

(Interruptions).

An Ceann Comhairle: The Deputy is making a joke out of it.

The Tánaiste: The Electoral (Amendment) (No. 4) Bill 2014, as all the parties are aware, is a purely technical piece of legislation.

Deputy Pearse Doherty: No, it is not.

Deputy Mary Lou McDonald: The Tánaiste is a chartered accountant. It certainly is not.

The Tánaiste: I refer to the business on the schedule for tomorrow. The Electoral (Amendment) (No. 4) Bill 2014 is technical legislation. It will be interesting to see whether people will require all the time allocated.

Question, "That the proposal for dealing with the sitting and business of the Dáil tomorrow, be agreed to," put and declared carried.

Deputy Timmy Dooley: During yesterday's discussion between our party leader and the Taoiseach on Leaders' Questions it emerged that the Government had taken a decision to extend the GP cards to everybody over 70 years of age.

An Ceann Comhairle: No, we are not dealing with that issue but promised legislation.

Deputy Timmy Dooley: One would have expected that legislation would be required and follow from the Taoiseach's statement. When is it intended to bring the legislation before the House? Are draft heads of a Bill available? Is it something that has emanated from the discussions between the Tánaiste and the Taoiseach in the past few days and was there a rush by him to get the good news out ahead of publication of the document on which they are working?

An Ceann Comhairle: Is this on promised legislation?

Deputy Timmy Dooley: Have discussions taken place with the IMO on this decision?

Deputy Aodhán Ó Ríordáin: It is against it.

An Ceann Comhairle: Is there promised legislation?

The Tánaiste: Ultimately, this is reflected in the fact that there have been very fruitful discussions between the Taoiseach and me on the roll-out of GP visit card access.

Deputy Mattie McGrath: Are they making jam?

The Tánaiste: The Taoiseach mentioned it yesterday in relation to the over-70s. We are also ambitious to extend it to children. We have legislation under way addressing the issue of under six year olds and I would like to see the next phase deal with primary school children and the phase after that with children in secondary school.

Deputy Mattie McGrath: The big boys.

The Tánaiste: I am also delighted that one of the senior officials in the HSE was able to confirm to the committee earlier this morning that she understood 10,000 medical cards would be returned by tomorrow.

Deputy Sean Fleming: What does that have to do with promised legislation?

The Tánaiste: By next week, the figure will be 15,000.

An Ceann Comhairle: We are dealing with the Order of Business.

The Tánaiste: The process that was promised to the House is under way.

Deputy Timmy Dooley: The Government is behind already. I thank the Tánaiste for the information.

Deputy Mary Lou McDonald: I understand that on Thursday next there are to be statements on the commission of investigation into mother and baby homes. Will the Tánaiste confirm for the House that the terms of reference of the commission of investigation will be brought to the House on Thursday? Will she confirm that they will be comprehensive and that no institution, victim or survivor will be left out and indicate whether the scope of the investigation will be all-Ireland in nature?

An Ceann Comhairle: We cannot deal with the content.

Deputy Mary Lou McDonald: Will the Tánaiste confirm that in its form and in terms of the person leading it, the commission will be independent beyond question?

An Ceann Comhairle: The Deputy cannot have all of those questions answered on the Order of Business, as she knows well enough. We have been here for three and a half years at this stage.

The Tánaiste: The Minister for Children and Youth Affairs and his predecessor have done a huge amount of work recently on the terms of reference. Very good progress is being made, but I do not have a timeline I can provide for the Deputy. With many others, I have met the Minister and had very positive discussions. He has completed a great deal of work, but I cannot provide the precise timeline at this stage, except to say very good progress has been made. I compliment him on the progress he has made.

Deputy Mary Lou McDonald: Will the Tánaiste confirm, even in writing at some stage today, that the terms of reference will be presented next Thursday?

An Ceann Comhairle: No, we have not even been told that the item is being taken next week.

Deputy Mary Lou McDonald: Statements are scheduled.

An Ceann Comhairle: I have not received a schedule for next week.

Deputy John O'Mahony: The public health (standardised packaging of tobacco) Bill has been in the House in recent weeks. Will the Tánaiste provide a timeline for Committee Stage and when the Bill will be enacted? I have been contacted by a cigar company in Ballaghader-reen about the implications for a company which is exporting and providing hundreds of jobs.

An Ceann Comhairle: That is a matter for the scheduling of business.

Deputy John O'Mahony: My second question is on the fines legislation and when it will be enacted.

The Tánaiste: I understand the tobacco legislation is going through the House, but I am not clear on when it will be finalised. The Fines (Payment and Recovery) Bill 2014 was enacted in April.

Deputy Bernard J. Durkan: The geothermal energy development Bill is promised for publication in 2015. In view of the importance of the energy sector, in particular, the geothermal energy sector, would it be possible to publish the legislation somewhat earlier to ensure it is passed on the earliest possible date?

The Tánaiste: I understand the minerals development Bill will be dealt with first and that the geothermal energy development Bill should be published later this year.

Deputy Robert Troy: We have had the initial stages of the Children First Bill in the House. When will Remaining Stages take place? Recently, and in the context of the review of the Westmeath county development plan, the Minister intervened on wind energy policy in County Westmeath, citing publication of national wind energy guidelines. When will the national guidelines be published and when will the report on the review of the Westmeath county development plan be published?

The Tánaiste: The Children First Bill is before the committee. I cannot say what the exact timeline will be. On the development issue, I understand it will happen later this year.

Deputy Patrick O'Donovan: The Valuation (Amendment) (No. 2) Bill has been awaiting Committee Stage in the Seanad for a considerable period. Is there a planned date by which the Department will bring amendments back to the Seanad to allow Committee Stage to be ordered there? The Bill has been awaiting Committee Stage in the Seanad for almost two years.

The Tánaiste: It is still awaiting Committee Stage. I understand amendments are being worked on.

Deputy Mattie McGrath: I congratulate the Tánaiste on her recent elevation and wish her well. The criminal justice (victims rights) Bill is intended to strengthen the rights of victims of crime and their families and give effect to an EU directive. Will the Tánaiste request the new Minister for Justice and Equality to meet the Omagh victims' families? The last Minister refused to meet them and I hope it will happen as it is a very serious issue. If we are going to be serious about the victims of crime, it is necessary.

An Ceann Comhairle: We will get the information on the Bill for the Deputy.

The Tánaiste: There is no date for publication of the Bill. Work on it is under way and the Minister hopes to have the legislation early next year.

Deputy Mattie McGrath: Will the Minister meet the families?

An Ceann Comhairle: That is a separate issue, not one for the Order of Business.

The Tánaiste: The Deputy might take up that matter privately with the Minister.

Deputy Pearse Doherty: Ba mhaith liom gach rath a ghuí ar an Tánaiste fosta. The Moriarty tribunal reported to the House over three years ago, but its recommendations have not been implemented. I am told in reply to a parliamentary question that some of the recommendations were included in a Bill which was introduced in 2007 and is still before the House. Other recommendations are still being dealt with by Departments. When are the recommendations of the Moriarty tribunal to be given legislative effect?

The Tánaiste: A series of recommendations were made by the Moriarty tribunal, some of which have been addressed. I will come back to the Deputy with a further report on where any outstanding recommendation stands and obtain an update.

Deputy Thomas P. Broughan: I congratulate the Tánaiste on her appointment. When is the children (amendment) Bill expected to be brought forward? Is it intended to legislate early in the next session on the guardian *ad litem* issue? Funding is due to run out tomorrow week at the largest community crèche in Ireland, the Jigsaw crèche in Darndale.

An Ceann Comhairle: That is not a matter for the Order of Business.

Deputy Thomas P. Broughan: The Ceann Comhairle kindly allowed me to raise the matter about six weeks ago. We are up against the clock and funding is due to run out.

An Ceann Comhairle: The Deputy should have a word with the Tánaiste after the Order of Business.

Deputy Thomas P. Broughan: The Tánaiste might raise the matter with the Minister for Children and Youth Affairs, Deputy Charles Flanagan, to address it urgently.

An Ceann Comhairle: We cannot deal with these matters on the Order of Business. If I allow one, I will have to allow them all every day.

The Tánaiste: Some complex legal issues have arisen as a result of a High Court judgment and it is necessary to develop a new policy regime and legal provisions on remission in children's detention schools. This has required a very detailed policy review and legislative drafting. In addition to the remission issue, work is ongoing on other legal issues which have been identified. Publication of the children (amendment) Bill is now expected in the next session.

Deputy Brendan Smith: Has the Government, or the Minister for Foreign Affairs and Trade, sought an emergency meeting of the EU Foreign Affairs Council to discuss the escalating Palestinian-Israeli conflict and the terrible loss of life?

An Ceann Comhairle: We cannot deal with that matter on the Order of Business.

Deputy Brendan Smith: It is very important.

An Ceann Comhairle: We dealt with the issue during Leaders' Questions.

Deputy Joe Carey: What is the position on the greyhound industry Bill?

The Tánaiste: There is no date for the Bill.

10 July 2014

Planning and Development (Amendment) Bill 2014: First Stage

Deputy Timmy Dooley: I move:

That leave be granted to introduce a Bill entitled an Act to amend Part XVI of the Planning and Development Act 2000 by conferring powers on the Minister for the Environment, Community and Local Government to permit the grant of a licence for events in exceptional circumstances.

I seek leave to introduce this short amending Bill, which emanates from the fiasco developing around the Garth Brooks series of concerts. This Bill is not an effort by me or my party to meddle in the planning process. The Bill recognises that the Act of 2000, in respect of the issuance of licences for large-scale entertainment events, does not have an appeals mechanism. Unlike other provisions of the planning Acts concerning development generally, with which we may be more familiar, in which there is the opportunity to appeal a decision of a local authority to An Bord Pleanála, there is, unfortunately, no such provision in the existing legislation. The Bill provides an interim measure to allow the Minister for the Environment, Community and Local Government to review a decision taken by a local authority and to take into consideration the facts taken into account by the licensing authority but also the economic impact of such an event not taking place and the reputational damage to the country from a tourism perspective. The Bill provides a short-term measure to deal with the current impasse and we are prepared to accept amendments from the Government in respect of a long-term, sustainable methodology to allow for an appeals mechanism for licensing decisions. If accepted, the legislation provides a short-term opportunity to deal with the current impasse, and I hope the Government will accept this in good faith and use it as a means to overcome the impasse in respect of this event. I am happy to have it taken in Private Members' time, but I hope the Government will move it in Government time

An Ceann Comhairle: Is the Bill opposed? Paul Kehoe: Is the Bill opposed?

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

Question put and agreed to.

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

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

Question put and agreed to.

Committee of Public Accounts of Dáil Éireann (Compellability of Witnesses) Bill 2014: First Stage

Deputy Shane Ross: I move:

That leave be granted to introduce a Bill entitled an Act to make further and better provision in relation to the Committee of Public Accounts of Dáil Éireann's power to obtain evidence, including the compellability of witnesses, and to ensure the Committee has the right to examine where there is a risk to the public finances any person or body as it so sees fit,

and to provide for the appointment of a parliamentary inspector to carry out a preliminary examination in cases where the Comptroller and Auditor General is precluded from doing so and to amend the Houses of the Oireachtas (Inquiries, Privileges and Procedures) Act 2013 and to provide for related matters.

I seek leave to introduce a Bill because the Committee of Public Accounts as it is now operating is unable to do its work effectively. All Members of the House agree that the Committee of Public Accounts has worked in the national interest very effectively in recent months, but it is hitting a roadblock. The Bill is born out of frustration that certain areas of investigation have been stopped or delayed interminably as a result of the apparently limited powers of the Committee of Public Accounts. A less benign scenario is that the work of the committee is being deliberately nobbled and frustrated by other committees in the House and other Members because they do not wish certain activities to be properly investigated. I refer specifically to the investigation into Rehab and the Central Remedial Clinic. There has been an unjustifiable delay, which continues, at the Committee on Procedure and Privileges.. Under the camouflage of legal opinion, it is not allowing us to continue to do work. The Bill is supported by at least three members of the committee, Deputies John McGuinness, Mary Lou McDonald and Sean Fleming. When it is accepted for introduction, I intend to circulate it to Government Members and to seek their support.

It is imperative that what we have been doing is not stopped in its tracks by legal niceties or deliberate political obstruction. The Bill removes the Committee for Procedure and Privileges from the equation. It allows the Committee of Public Accounts to appoint a parliamentary inspector who can examine areas about which we have concern, report to the committee in the same way as the Comptroller and Auditor General and tell us the findings in a short time. Then, the Committee of Public Accounts can compel witnesses to appear and compel documents to be brought to us. This is the only way around a logiam that has been put in our way, either deliberately or by accident, which is very convenient for those who do not want to see the committee do its work. That is why the Bill is being introduced.

The Committee on Procedure and Privileges operates behind closed doors, issues no record of its activities, does not allow other Members to attend its meetings and does not make its minutes publicly available. If that body is to control what happens in the House and, more particularly, within other committees, it is only right that it does not act like a politburo but in an open and transparent way so that the public, the press and other Members can react to its activities. The Bill is compelled to address the subject by bypassing the Committee on Procedure and Privileges because of the deeply secretive nature of its activities. I ask the House to allow us, as a committee, to appoint a parliamentary inspector to fill the gaps that may be left in legislation by the Comptroller and Auditor General. Any guidelines should be set by a body that is not the Committee on Procedure and Privileges, which is totally and rigidly politically controlled, but by the Working Group of Committee Chairmen. This means less interference in the powers of the Committee of Public Accounts. I ask the House to recognise the serious difficulties in which we find ourselves and the frustration and the obstacles put in our way by the Committee on Procedure and Privileges and lawyers, and give us the powers to compel witnesses.

An Ceann Comhairle: Before I put the question, I take serious objections to the serious allegations the Deputy has made about the Committee on Procedure and Privileges which is an all-party committee and includes representatives from the Independent Members. The committee has not discussed the matter, but it has been advised officially that we are not empowered to deal with the issue and has sought further information from the Committee of Public Accounts.

It is wrong for the Deputy to use the occasion to stand up in the Chamber, under the protection of privilege, to make serious allegations that the members of the Committee on Procedure and Privileges are acting in a political fashion, which is totally and utterly untrue. Nor are the officials operating in a political fashion. I take grave exception to any suggestion officials and members of the Committee on Procedure and Privileges are preventing the Committee of Public Accounts from doing its job.

1 o'clock

The committee has powers laid down in Standing Orders in this House and if the Deputy chooses to read those Standing Orders, he will see the powers it has. He should not come in here and make serious allegations accusing Members of the Committee on Procedure and Privileges of acting in a political fashion and suggesting the committee is politically controlled. I object strongly to this.

Is the Bill being opposed?

Minister for Finance (Deputy Michael Noonan): No.

Deputy Shane Ross: On a point of order, will the Ceann Comhairle open the Committee on Procedure and Privileges to the public or to other Deputies or Senators?

An Ceann Comhairle: I ask the Deputy to resume his seat. He has made enough allegations against Members of the House, using the occasion to make political points.

Deputy Shane Ross: The Chair dare not allow this. It is a secret and solid organisation.

An Ceann Comhairle: I declare the motion for leave to introduce agreed.

Deputy Shane Ross: It is a politburo.

An Ceann Comhairle: That is outrageous, coming from the Deputy. I ask him to withdraw that remark. It is a serious accusation to make against members of the Committee on Procedure and Privileges who are acting in accordance with Standing Orders. I ask the Deputy to withdraw that remark and not to play politics with this isue.

Deputy Shane Ross: On a point of order, will the Ceann Comhairle make a ruling that the meetings do not have to be held in secret?

An Ceann Comhairle: The Committee on Procedure and Privileges has always conducted its meetings properly and all parties and Independent Deputies are represented at it. I suggest the Deputy should talk to his representative who is an Independent Deputy on the committee.

Question put and agreed to.

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

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

Question put and agreed to.

An Ceann Comhairle: It is a serious abuse of privilege. That is all it is.

Protection of Young Persons (Employment) Regulations: Motion

Minister for Finance (Deputy Michael Noonan): I move:

That Dáil Éireann approves the following Regulations in draft:

Protection of Young Persons (Employment) (Exclusion of Workers in the Fishing and Shipping Sectors) Regulations 2014,

a copy of which has been laid in draft form before Dáil Éireann on 9th June 2014."

Question put and agreed to.

Strategic Banking Corporation of Ireland Bill 2014: Second Stage (Resumed)

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

Deputy Peadar Tóibín: Roimh an briseadh, bhíomar ag caint faoin geilleagar agus na fadhbanna atá againn, go háirithe an fhadhb atá againn mar go bhfuil an córas infheistíochta tar éis briseadh síos go hiomlán. Tá an tóin tar éis titim amach as na bainc agus as an Rialtas mar gheall ar an fhadhb seo. Tá fadhb mhór againn de bharr easpa infheistíochta príobháideach agus poiblí. Sin leath an fáth go bhfuil muid sa bponc ina bhfuilimid ag an bomaite seo.

Dúirt Sinn Féin ón tús, ó 2008, nach mbeadh réiteach againn ar na fadhbanna go dtí go mbeadh airgead againn le cur isteach arís sa gheilleagar. Muna bhfuil an earnáil phríobháideach in ann an t-airgead sin a chur isteach sa gheilleagar, caithfidh an Rialtas a bheith sásta an t-airgead sin a chur isteach. Cuireann muid fáilte anois faoi an chinneadh atá déanta ag an Rialtas anois, go bhfuil sé, faoi dheireadh, ag leanúint straitéis Shinn Féin maidir le seo.

Agus mé ag teacht chun deiridh mo ráiteas, seo atá le rá agam. Caithfidh gnólachtaí beaga na tíre seo a bheith in ann dul chuig an banc nua atá i gceist anseo. An fhadhb atá againn faoi láthair ná nach bfhuil aon eolas ag an cuid is mó de na gnólachtaí thar timpeall na tíre faoi na forálacha nua atá curtha ar fáil in áit na mbanc.

It is important that SMEs are encouraged to look beyond the traditional banking system in this country. This will require a major cultural shift. My colleague, Deputy Pearse Doherty, mentioned that the dependance on overdrafts in this State is far higher than in other EU countries. In order to make a cultural shift in this regard, we need to train and educate people. The local enterprise offices now opening up around the country provide a mechanism for this. I encourage the Government to ensure this is done. SMEs need new, innovative, competitive and flexible credit products to grow their businesses. We have yet to see if the SBCI will deliver on this.

Since the Government introduced new lines of credit, the experience has been that these new lines have not been used enough. Microfinance Ireland was supposed to put €90 million up for small businesses to draw down, but it has yet to achieve even 25% of that objective. As I said earlier, there is a major problem in regard to small businesses which are tied down with legacy debt. I mentioned Morrisey's quarry in Carlow, which has €8 million worth of business on its books. It is an efficient, well organised company, but it is under threat of closure from a bank because of its legacy debts. Also, Spicer's bakery in Meath, which had been on the go

since the 1830s, was closed because of its legacy debts.

Firms that are not in danger of closing because of legacy debts remain paralysed in regard to further investment, because they must service their legacy debts rather than innovate, invest, create and build. The pillar banks and farm banks have not been up to scratch in regard to delivering credit. Instead, at a time when we should have seen increasing credit granted, credit into the system has been static. If private and State investment collapse, we will be caught in this lost decade for many more years.

SMEs need the Government to grasp the thorny nettle of SME debt, with one out of every four loans in default and limited lending going into working capital and restructuring. The sector needs a structural solution if the potential is to be realised. Stimulus is necessary. I believe the proposal in this Bill is a stimulus, but stimulus in a straitjacket. The Government needs far more ambition in its objectives with regard to ensuring that funds get to certain sectors in a researched and balanced manner which improves efficiencies, productivity and competitive advantage for businesses in the coming years.

An Ceann Comhairle: We move on to the Technical Group. Deputies Richard Boyd Barrett, Stephen S. Donnelly, Shane Ross, Catherine Murphy, Mick Wallace and Joe Higgins are sharing their time.

Deputy Richard Boyd Barrett: There is a slight change in the order. We will have Deputies Mick Wallace, me, Deputy Stephen S. Donnelly and Shane Ross.

An Ceann Comhairle: The Deputy should submit a new list to me.

Deputy Richard Boyd Barrett: Will we have seven and a half minutes each?

An Ceann Comhairle: No, five minutes each; there are six Deputies.

Deputy Stephen S. Donnelly: There are fewer of us now, only four.

An Ceann Comhairle: Nobody told us that. Who is missing out of the six?

Deputy Mick Wallace: Deputies Catherine Murphy and Joe Higgins.

An Ceann Comhairle: The Deputies will have seven and a half minutes each.

Deputy Mick Wallace: In the past three years, I have asked about the Government's commitment to establishing a strategic investment bank 13 times. I wonder why this has been so slow in coming, but better late than never. It is somewhat disappointing that such little time has been allocated for debate on an issue so important. There is a serious democratic deficit when we do not discuss these issues properly. Deputies like Deputy Peter Mathews should be allowed time to participate. It would be good for the parliamentary process to maximise opportunities for those who want to speak.

Speakers have commented on the provision in the Bill which will allow the company to use the word "banking" in its name. This seems to be a token gesture.

An Ceann Comhairle: If the Deputy wishes to give some of his time to Deputy Peter Mathews, he can do so. I have no problem with it.

Deputy Peter Mathews: Deputy Mick Wallace needs all the time that has been allocated

to him.

Deputy Richard Boyd Barrett: The point that was made was that the Government should have allowed more time for the debate.

Deputy Mick Wallace: We are not saying we have too much time. If fact, we do not have enough.

Deputy Peter Mathews: Exactly.

Deputy Mick Wallace: I draw the Minister's attention to comments about the proposed banking corporation by the director of the Nevin Economic Research Institute, Mr. Tom Healy, to the effect that a proper State development bank needs to be able to deal with and lend directly to small and medium enterprises and that the existing banks constitute a significant part of the problem which SMEs face seeking to access credit. What guarantee is there that those banks will play ball on this occasion? We know from research carried out by the Central Bank that the loan rejection rate relating to SMEs in Ireland is one of the highest in the eurozone. In 2012 - the year in which this research was carried out - the rejection rate for SME loans and overdraft applications in Ireland was second only to that which obtained in Greece. I know many people involved in the SME sector. The general experience of those individuals in the past five years has been that when they rang the pillar banks to discuss asset financing, on many occasions their calls were not even returned. This is because the banks in question lack the appetite for what is required.

The difficulty is that the pillar banks are interested only in maximising their profits, where possible. They are not about providing a service. A State investment bank would provide such a service. It is crucial, therefore, that we should have a serious State investment bank which will be independent of the pillar banks and which will have a genuine appetite for assisting SMEs that are really struggling. It is bad enough that it is extremely difficult for SMEs to borrow money, it is also the case that the fees charged by the main banks are actually rising. In the past year alone, cash-handling fees have tripled from 17 cent to 45 cent per €100. That is crazy because it is giving rise to major problems. The fees in question are a huge drag on small businesses. The fees relating to debit cards have been increased, with 28 cent being charged irrespective of whether the transaction involves €1 or €1,000. That is draconian. A State-led bank could deal with these issues in a fair way in respect of people who are trying to keep their small businesses in operation.

Most of the discussion about jobs in recent years has focused on foreign direct investment and multinationals. We have not afforded the same priority to SMEs, which comprise 99.8% of all businesses in the country and which employ seven out of every ten people. It is imperative that the Government should afford a much greater priority to taking care of SMEs and ensuring they remain in existence.

It was good to hear the Minister of State say that in addition to SMEs, other strategic sectors could be also supported in the future. However, it is disappointing that no detail has been provided with regard to the other areas in which the strategic banking corporation might operate. How long will it be before it will be in a position to operate in other areas? The lack of information does not inspire confidence in the context of the Government being really serious about establishing a proper State investment bank. As the Nevin Economic Research Institute points out, "Consideration of the role of a new state development bank takes place within a

much wider debate not only about what type of banking system is needed for the future but what sort of society we seek to create from the recent economic conflagration." Has consideration been given to allowing the new corporation to lend to not-for-profit organisations such as those which operate in the housing sector? In the light of the State's failure thus far to roll out a comprehensive social housing construction programme, surely it would make sense to allow a strategic bank to lend to housing associations that are ready and willing to deliver affordable homes to the many who need them. Only 283 local authority houses were built last year and this did not even put a dent in the waiting list. It is extremely important that the State should commence a real social housing programme but it should also try to facilitate access to funding for the organisations that want to assist in filling the gap.

What is the position with regard to the State's responsibility for child care? Is there not a role for a proper State development bank to play in supporting the development of a high-quality system of child care? Last night I reminded the Tánaiste and Minister for Social Protection of her promise not to cut the one-parent family payment until she obtained a credible, bankable commitment to a Scandinavian-style system of child care. For young parents, this is both a serious issue and a key factor in deciding whether they can take up work. Dr. Micheál Collins of the Nevin Economic Research Institute is on record as stating, "For all households with children, the additional costs associated with childcare represent the largest additional household cost associated with taking up either part-time or full-time employment." The lack of State-supported child care is preventing some people from participating in the labour market.

If the State had direct control in respect of giving small businesses access to credit, it would lead to a massive improvement in the way we operate in this country. I fear, however, that this new venture will not go far enough in that regard.

Deputy Richard Boyd Barrett: The move to establish a strategic bank is a very long overdue recognition of the failure of the banking and wider economic strategy employed by this Government and that which preceded it in the aftermath of the economic crash. We bailed out the so-called pillar banks to the tune of €64 billion, privatised some of them and beggared the country in the process. The rationale behind doing so was that we needed these banks. The attitude was, "We do not like it but we need to do it because the main commercial banks are critical to economic recovery". Three or four years have passed and we now realise that this just did not work. We gave the banks all the money they required and they continued to act as a law unto themselves. They do not give a hoot about the State's rationale. They only have one rationale, namely, to make money. Their balance sheets constitute the bottom line. The strategic priorities relating to our economy and the needs of citizens are irrelevant to the banks. As a result of the realisation that has been reached, we are now obliged to set up a strategic bank.

One could say it is better late than never and that at least we are doing this now. However, having made the decision to introduce legislation to facilitate the establishment of the new corporation, the Government has imposed a guillotine. We are whacking through this Bill in one day. In the context of anything discussed in the Dáil, this legislation is extremely important by any standards, particularly as it will have far-reaching implications for our economy's capacity to recover. The Bill contains provisions which will give the Minister for Finance power to guarantee up to €4 billion in investments by foreign entities without having to have recourse to the Dáil. That is extraordinary. Despite the damage done by the blanket bank guarantee, the Minister will have the power to issue a guarantee without being obliged to discuss the matter in the House.

The art of political distraction currently being practised with mastery by the Government is amazing. What are we discussing while this Bill which involves bank guarantees and strategic investments and is the result of the failure of the Government's banking strategy is being whacked through the Dáil by means of the use of the guillotine? The answer is Garth Brooks and the drama of the Cabinet reshuffle. People have been speculating as to whether the latter would take place on Tuesday, yesterday or today and whether Phil or Eamon will be appointed as Ireland's next European Commissioner. They are also anticipating the press conference to be given later today by Garth Brooks. That is just extraordinary. What the Government is doing is on a par with the distraction tactics employed by the Roman emperors, namely, give them bread and circuses while the real business is taking place. The media, of course, go along for the ride, which is absolutely pathetic. The headlines on RTE and in the media are all about Garth Brooks while something substantial like this Bill, which is about the economic future of the country and a belated recognition of a failed economic and banking strategy, is going through. At least we are beginning to address it but there are major problems or gaps in this legislation because it is being whacked through, or, perhaps, the Minister is whacking it through with the these gaps and problems because he hopes everyone will be looking at Garth Brooks and the summer holidays and, therefore, we will not be looking at the deficiencies of the Bill and the issue of the guarantee.

It is good that there is a focus on small and medium-sized enterprises. I welcome this although it is a pity the Minister will not do all the other things that the SMEs have been asking for. It is a pity the Government is not doing something about the rates system or public contracts, which are going to multinationals all over the place instead of small and medium-sized enterprises and benefiting local economies. It is pity the Minister does not do something about the disaster of parking charges and so on. Unbelievably, the Comptroller and Auditor General wants to spread the disease of parking charges, which has blighted Dún Laoghaire's small and medium-sized enterprise sector, over to Howth and other such madness.

At least we are talking about prioritising SMEs. The banks have singularly failed to help them, although that was supposed to be the purpose of the billions of euro we poured into those banks. Why is this strategic bank not dealing with other areas? KfW, the German strategic bank that will be investing in this bank has a far wider mandate than the mandate proposed for this bank and, crucially, it includes housing finance. This week the Joint Committee on Finance, Public Expenditure and Reform and all the organisations dealing with the mortgage distress have all said the insolvency legislation is failing abysmally. They indicated that the banks have refused to engage properly with the mortgage arrears process. There are 136,000 households that are financially crippled and, consequently, unable to participate fully in the economy or help it recover because they are in mortgage distress. The banks are not interested in them or in the impact that their situation has on the wider economy. Why is this bank not going to deal with that area? Distressed loans should be transferred. The loans of people who cannot get a decent deal from the banks should be transferred to this State strategic bank and it should give them a decent a sustainable mortgage arrears resolution for their situation. I have tabled amendments to the effect that the mandate should be widened at least as far as that of KfW, which the Minister is proposing as a co-investor in this bank.

The problem is similar with the issue of housing, which, we know, is an absolute disaster. We have seen hand-wringing from the Government on the issue of housing but no concrete action. The key issue is that the banks are not interested in financing the type of social and affordable housing that we need, yet here is an ideal opportunity for that to be done. This bank

should have addressed housing as part of its mandate, just like the American Federal Reserve. The issue of housing is critical. Financing social and affordable housing is in the interests of citizens and vital in terms of the macroeconomic stability of the economy and the wider housing market. This should be one of the key priorities and imperatives in any strategic bank but it is not included.

I will be dealing with the guarantee in the amendments later. It is absolute madness. At the very least the Minister should accept an amendment that will require any bank guarantees given to KfW or the European Investment Bank to be examined. It seems we have to bribe these banks with guarantees although this country has been bled dry by Europe with the debt interest repayments. We must bribe these banks with bank guarantees for them to invest into our economy. It is not acceptable.

Deputy Stephen S. Donnelly: I offer a cautious welcome to the Bill before the House. We all accept that SMEs are the bedrock of the economy. While I welcome the foreign direct investment that continues to come to Ireland, I am concerned at a macro level at Ireland's overreliance on foreign direct investment. Anything that can be done to create a more robust long-term domestic sector, especially in the SME sector, is to be welcomed.

It is clear to anyone who has been talking to people who work in or run small and medium-sized enterprises in Ireland that they have struggled, in many cases, to get money at reasonable interest rates and on reasonable terms. This Bill includes a mechanism for a significant amount of money, up to €5 billion, to be provided at reasonable terms to SMEs and that is welcome. I am cautious for two reasons. First, neither this Bill nor any accompanying legislation addresses the demand for credit. It is a supply-side Bill. The overindebtedness of individuals and the SMEs is not addressed in this Bill - I would not expect it to be - but there is no accompanying policy to address indebtedness, an important point. Second, we do not have enough time to get into it, unfortunately, but the Bill appears to give significant sweeping powers to any Minister for Finance. The current powers introduced by the last Government give the Minister licence to put any amount of public money into the banking system. This is a dangerous power that should be repealed. While I do not have an issue with the Minister for Finance doing what is in this Bill, I believe there should be far stronger parliamentary and Dáil oversight of it. It makes me nervous.

I echo some of the comments made before about the process. I commend the officials, who gave a thorough briefing to the Technical Group and, I imagine, to the others also.

Deputy Richard Boyd Barrett: I should have said that. I am sorry.

Deputy Stephen S. Donnelly: This is welcome legislation. It is serious stuff and there is a good deal of technicality to it. I believe the Dáil and the Joint Committee on Finance, Public Expenditure and Reform could have added considerable value. I simply cannot understand why such important legislation, which is relevant to so many sectors of society represented by Members of the Dáil and Seanad Éireann, is getting only three hours in Parliament. I cannot get my head around it and I do not understand it. I believe that more scrutiny would have helped.

This is not the first time the Government has tried to introduce credit. We have seen the micro-enterprise loan fund scheme, the seed and venture capital scheme, the development capital scheme and innovation fund Ireland. It is fair to say none of these schemes is working. Let us consider the micro-enterprise loan scheme. As of late last year only 224 start-up companies

had applied and only 79 grants or loans had been approved. The micro-enterprise loan fund is applicable to businesses which have already been turned down by the banks. It is a dubious situation for a company because the bank has already decided the company is not worth investing in and then Government money may be put up to invest in it. That money is not really being lent. The credit guarantee scheme had a budget of €450 million. It is a sizeable policy instrument. It has been up and running since October 2012. It underwrote 75% of the risk of private banks investing in SMEs using public money. It was expected at the time that it would distribute or facilitate approximately €150 million per year. However, in the first ten months we know it lent less than €10 million. A certain amount of money is being lent but it is fair to say that the figure is far less than it should have been. What if this Bill, which has major potential, had been brought before the Joint Committee on Finance, Public Expenditure and Reform for several days? The finance committee is working well at the moment. Had the committee been given the opportunity to bring in people from the SME and banking sectors to ask whether it would solve the problem, would it have helped? The Government has tried to solve the problem in numerous ways with numerous funds and various mechanisms but none of them appears to have worked. It is a shame not to have had proper constructive parliamentary input to the process to ensure that whatever was not working in all those other funds is address such that this time it does work.

One of the reasons the previous schemes have not worked is the lack of demand-side legislation or policy being introduced. There are ambitious supply side policies being introduced and this is one such element. We know that many SMEs are overindebted. Professor Morgan Kelly recently carried out some analysis and spoke to the matter. He indicated that the upcoming European Central Bank tests will probably uncover it. There are two areas at issue. The first is SME debt. For example, the classic case would involve an SME in a given town which invested in an apartment in 2005 when it should not have and, as a result, it is overindebted. No matter how much money is offered to that company, it will not invest any more. Then, there is the personal indebtedness issue. According to a great factoid, the average age of a founder of a successful high-tech company in Silicon Valley is 39 years. That is my age, not 22 or 25 years. In Ireland, many of the people in or around that age are in the negative equity generation. They do not have money. I know many people who, in a normal economy, would be setting up the fantastic, high-tech and innovative enterprises that we want and need, but all they are doing now is trying to pay down negative equity.

Not enough has been done, but the good news is we know how to fix this. I hope the Minister has read the finance committee's report on the mortgage crisis. In fairness to the committee and its Chairman, Deputy Ciarán Lynch, that good, cross-party report goes quite far. If its recommendations were implemented, personal indebtedness could be tackled. Many of the people whom this Bill aims to facilitate to borrow and invest would be free from personal indebtedness or, rather, their personal indebtedness would be more sustainable. They would be financially and psychological more likely to invest the kind of money that the Bill has in mind.

Although it does not relate to Deputy Michael Noonan's Ministry, I introduced an examinership Bill that was voted down. Since its introduction, PricewaterhouseCoopers has stated that we need a non-judicial examinership process. Such a process would be useful and, with a new Cabinet in place, it might be encouraged. Between the examinership Bill and the finance committee's report on the mortgage crisis and, therefore, personal indebtedness, much of the demand-side challenges to this supply-side solution would be addressed.

I will support this Bill. We should have had more time to debate it, as much more could

have been done with it. Please, Minister, consider the demand-side challenges. There are solutions. Between this supply side solution and tackling the demand side solutions, we could achieve something interesting.

Deputy Shane Ross: I agree with my colleagues who stated that this corporation's necessity reflects the precarious nature of the Irish banks, not the great confidence that we are used to hearing from official sources. The Minister is well aware that the formerly largest shareholder in Bank of Ireland, once a welcome shareholder but now no friend of Ireland's, recently dumped his shares on the market. He dumped a portion of them in March declaring that he had no intention of selling any more, was locked into 90 days and, on the 90th day, sold the rest. The lesson is that not only are those shares prey for vultures, but people who are objectively watching what is happening in the Irish banks, even people with profit motives, are doubtful about the banks' future. The share price has dropped from approximately 39 cent to 24 cent, a reflection of the level of market confidence in Bank of Ireland, of which I hasten to add I am a small, but destitute, shareholder. AIB has fallen proportionately to approximately 9.5 cent. The confidence in the Irish banks that is regularly blared by propagandists on the airwaves is not shared by the international holders who found the banks a convenient vehicle for coming in, ripping off money and leaving with several hundred million euro in their pockets at the expense of the taxpayer.

Deputy Peter Mathews: A sum of €500 million.

Deputy Shane Ross: Correct. This is something on which we should reflect, particularly given the fact that the stress tests are approaching. It is no coincidence that Mr. Wilbur Ross, who is no relation, decided to sell in advance of those tests. He also left the Minister in a rather difficult situation as the largest shareholder with a declared interest in selling at some stage overhanging the market. We are in trouble on that front.

Even if we do not like doing so, we should reflect on the fact that, despite the banks now forming a duopoly, others outside Ireland do not see the bright future that we have been led to believe they have. The two pillar banks are not just a duopoly. When two such powerful bodies operate together, we revert to the old days when AIB and Bank of Ireland ran what was close to a cartel. This is reflected in the difficulties, not just for small to medium-sized enterprises, SMEs, to which this Bill is tailored, but also for retailers and small customers.

I will tell the House two short stories that reflect the arrogance of AIB, which is almost completely State-owned, and its failure to adapt in any way to customers' changing circumstances and about whom it does not care. The small customer will pay for the banks' debts one way or the other where the taxpayer does not.

A few days ago, I received a letter from AIB. Thousands of people also did - I asked around. That letter was a response to my application for an overdraft facility for the next year, subject to a number of terms. The bank decided to give it to me, it was granted at a charge of $\[mathebox{0.6}\]$ with all sorts of penalties, etc. The bank claimed that I had applied to get it renewed. The fact of the matter is that I never applied for it, but the $\[mathebox{0.6}\]$ charge was to go straight onto my account. When I rang the bank about it, the person who had signed the letter did not have a clue what it was about and stated that he had signed hundreds of thousands of letters. All of those people were each charged $\[mathebox{0.6}\]$ for something they had not requested.

Accompanying the letter was another one asking me to sign a customer consent form, al-

though I cannot remember its exact name. By signing it, I would have consented to AIB coming to my place of work to address my loan at any stage. In other words, AIB could send the heavies around to Leinster House or Agriculture House at any time to embarrass me, presumably if I was running against the rules of the overdraft. This would not have embarrassed me particularly, but that AIB would call to the doors of more vulnerable people because they gave consent in the belief that it was the right and probably mandatory thing to do is unacceptable. This is the sort of bullying tactic that is going on and is the Government's responsibility because it owns AIB. The previous Tánaiste told me that the Government could not micromanage, but it can and it should to inject a new culture into the arrogance in AIB.

Deputy Richard Boyd Barrett: Especially if the Government can micromanage Garth Brooks.

Deputy Shane Ross: Yes. We will find out later today for sure, but I think it can do it.

I will not get around to my main points, but my second story illustrates a similar issue and I will tell it quickly. I encountered an instance of someone with a dollar account. That is perfectly legal, but the currency it was most difficult and expensive to get from AIB, despite holding that dollar account was dollars. If one holds a dollar account in AIB, one does not have a hope of getting dollars. One must go to the bank, change one's dollars into euros and then change them back into dollars because that is "the system". "The system" is also how this House operates. If "the system" says one must do something, that is it. If one wants to change dollars into Swiss francs, Australian dollars or sterling, one is not even charged once. If one wants to withdraw dollars, one gets charged twice. There is still this sort of rip-off culture in the banks.

I have very little time to discuss SMEs, but I welcome this attempt to address them. It is inadequate in many ways, but it recognises and addresses the problem and the failure of the other banks.

Minister for Finance (Deputy Michael Noonan): The establishment of the Strategic Banking Corporation of Ireland, SBCI, by increasing the availability of longer term flexible debt finance which is appropriately priced, will provide SMEs with access to the type of patient intelligent capital that will increase productive investment, encourage growth and generate additional employment opportunities. In this context, the SBCI will be supportive of both domestically-focused and export-orientated SMEs. It is being established as a private company, but it will operate with a strong public policy mandate in providing additional finance for the SME sector, stimulating economic activity and contributing to the economic well-being of the State. As a wholesale lender, providing funds for on-lending institutions, it will enhance the supply of funding both by using existing channels and encouraging new entrants into the market. The provision of loans designed to meet the customised needs of SMEs should also incentivise demand and build confidence in the SME sector, thereby encouraging investment in growth and employment.

The strategic role of on-lending development institutions is a well-established model that is both effective and successful in other markets such as Germany, Spain and France. The SBCI does not require a bank licence to carry out the activities which have been assigned to it and there is no need to spend time or resources on a process of applying for a banking licence. Its relationship with on-lenders will be vital to its effective operation. As part of this process, it will design products that on-lenders will provide for SMEs. Furthermore, it will also impose a number of requirements on on-lenders to ensure they use SBCI funding for SME financing to

fulfil the purposes of the Bill. These will ensure the actual benefits of the funding arrangements provided by the SBCI are clearly passed on to the ultimate end user, SMEs.

The reporting requirements set by funders of the SBCI, in conjunction with the nature of the lending agreements with on-lenders, will also provide the SBCI and the Department of Finance with sufficient data and information to enable them to analyse and explore the effectiveness of the SBCI in financing SMEs. Moreover, this information will be utilised to inform and shape ongoing product development to ensure the customised financing needs of SMEs continue to be met by the SBCI. A key function of the SBCI is to finance projects which promote economic development. It is also possible for it to provide, via on-lending institutions, financing for social and environmental projects that enhance economic development, provided they present the on-lender with reasonable repayment prospects.

The SBCI is an important intervention in the SME credit market that will contribute to economic development; however, it cannot be expected to be the vehicle for addressing all policy issues, especially where such issues are already being tackled by other bodies and policy initiatives. At the same time it is important to recognise that the SBCI, in conjunction with NewERA and the soon to be established ISIF, will collectively provide a more robust infrastructure for financing productive investment in the real economy, thereby contributing to more sustainable long-term economic and employment growth. Achieving this type of economic and employment growth will provide not only economic but also social and environmental benefits for the country and its citizens. The SBCI Bill is being expedited to ensure the benefits that can be achieved through the formation of a State-sponsored financial institution can be brought to bear on the Irish market without delay. Negotiations commenced with KfW and the German authorities within days of the Taoiseach's announcement in November 2013. In addition to trying to ensure the formation of the SBCI was arranged so as to maximise and sustain the benefits for Irish SMEs of this enhanced co-operation, the project team also opened up discussions with the European Investment Bank. Adding another funder has meant that the SBCI can offer more liquidity to the SME market, but it also has meant more work on the establishment of the SBCI. Arriving at an optimal solution for the start of operations which does not preclude further evolution of the SBCI has taken some time and brought us to the point where legislation has been prepared but Oireachtas time before the recess has been limited.

In order to establish a company which can enter into agreements with both the international providers of finance and the on-lenders in the Irish SME market, we first need enabling legislation. Waiting until the autumn semester to commence or complete the legislation would effectively mean that the work that needs to be done in establishing the company could not proceed until September at the earliest and the sequential actions which follow such as the establishment of a board, the hiring of staff, the signing of agreements with the international lenders, establishing internal operations, signing agreements with the on-lenders and awareness raising initiatives could not commence until October or thereabouts. It was decided, therefore, to expedite the enabling legislation in order that additional and enhanced lending to SMEs would be facilitated this year and without delay.

It is important to note that officials from my Department provided a number of briefing sessions for the relevant spokespersons of the Opposition parties. Furthermore, the said officials also worked with the Bills Office to extend the time available for submitting amendments. I am sure Deputies are appreciative of this effort to accommodate their input into the legislative process.

On the matter of issuing guarantees, the potential exposure of the State has been capped at €4 billion in the legislation and the Minister is obliged to inform the Dáil of the use of the guarantee each and every time it is extended to the SBCI. The SBCI is also to be accountable to the Committee of Public Accounts for the effectiveness of its operations. I expect that the SBCI will be covered under the amendments to freedom of information rules which are the subject of a separate Bill, but this is subject to agreement with my colleague, the Minister for Public Expenditure and Reform. I consider, therefore, that the provisions in the Bill are sufficiently broad to ensure effective public oversight of the ongoing operations.

Under the legislation, the Minister of Finance is to be the sole shareholder in the SBCI. It is not our intention that the shares will be sold or disposed of at any time. The SBCI will be a key element in the future financing of the real economy and contributes to our stated ambition of creating a more diversified, competitive and responsive financial infrastructure that can finance growth in the SME sector as we move to a new phase of economic recovery and growth. State-sponsored development or promotional institutions are an integral part of the financial architecture in other countries such as Germany, Canada, France and Spain and it is recognised that they will continue to play a key role in the financing of the economy in years to come. It is important that SMEs in Ireland have access to similar financial products available to comparative enterprises in competitor states, otherwise they will be operating at a serious competitive disadvantage. The SBCI, with its concentrated focus on improving the supply and quality of financing to the SME sector, ensures Ireland will have in place an institution capable of supporting long-term investment in the sector.

A robust, dynamic and innovative indigenous SME sector is key to ensuring sustained economic recovery and employment growth. The establishment of the SBCI builds on the measures and initiatives already put in place by the Government to enhance SME access to finance and can be considered to be a major milestone in our continued economic recovery. The SBCI is mandated to provide additional credit that is tailored to the business needs of SMEs. In carrying out its core functions the SBCI will make an important contribution to stimulating economic activity, enhancing competitiveness and thereby generating employment opportunities for people across the State.

Negotiations commenced with KfW and the German authorities within days of the Taoise-ach's announcement in November 2013. The project team has moved quickly to establish the structures now being debated. While the assistance provided by the European Investment Bank has resulted in the SBCI being able to offer more liquidity to the SME market, it has resulted in more work on the establishment of the SBCI. Now that this work is complete, we have this opportunity to debate the Bill.

Deputy Michael McGrath spoke about the Bill as initiated. The Bill enables the formation of the SBCI in a flexible manner that will allow it to develop to cover any strategic area of investment. SMEs are singled out as indigenous growth will be necessary. SMEs always face a structural disadvantage in funding.

On Deputy Dara Calleary's point, the SBCI will demand from existing lenders and other entrants that all funding drawn down by it is used or returned to the SBCI. The Directorate General for Competition and SBCI will require proof that the benefits have been passed on to SMEs. Additionally, the SBCI will supply credit products that are innovative, are in no way designed with the lender in mind and in every case are tailored to the needs of the SMEs. For example, working capital is now available but this may only be available for a 12-month period.

Term loans are also available to SMEs, typically over three years but up to five years in certain circumstances. What we are talking about here is low interest loans that would be available for development of a company, perhaps of a ten-year duration. This fills a gap in the product market for SMEs wishing to expand and currently finding it very difficult to get the finance to do so.

Deputy Pearse Doherty in a thoughtful speech also made a number of points. Under the Bill "other persons" means that the SBCI can lend to any legal person and not only to SMEs. Flexibility to grow and adapt is key to the architecture of this legislation. We see it as organic. As experience is taken on board it will grow organically to serve wider needs in the economy but the particular focus will be on SMEs. The legislation has not only an economic mandate but a social and environmental mandate. I will be pleased to work with Deputies on all sides of the House to extend its mandate as we see fit to grow the economy and to create additional jobs.

Deputy Peadar Tóibín echoed a number of the points made by Deputy Pearse Doherty. I thank Deputies Richard Boyd Barrett, Shane Ross and others who contributed to this debate for their support for the principle of the Bill, even though they had some limited criticisms of it. On Committee Stage, we can deal in greater detail with some of the points made. I take the point that the Government has been in office now for three years and that Deputies have been calling for the establishment of a strategic investment bank for a number of years. While we committed in the programme for Government to the establishment of a strategic bank, it is only now that we have the investment capital available to put it in place. This capital was raised in the first instance through the initiative of KfW in terms of the talks between the Taoiseach and the Chancellor and then the decision of the European Investment Bank to not only equal the funding provided by KfW but to put more in. We also have our own strategic investment fund. In simple terms, approximately €800 million will be available in the first year and, as the company is renewed, the balance sheet should be approximately €4 billion. This money will be available to the SME sector. In comparative terms with other strategic investment institutions across the OECD countries this is a balance sheet which is proportionate to our economy and fits the need of the economy.

I thank Deputies for their support.

Question put and agreed to.

Topical Issue Matters

Acting Chairman (Deputy Marcella Corcoran Kennedy): I wish to advise the House of the following matters in respect of which notice has been given under Standing Order 27A and the name of the Member in each case: (1) Deputies Seán Crowe, Dara Calleary, Finian McGrath, Thomas Pringle and Brendan Smith - the need to ensure the full disclosure by the British Government of documentation regarding the Dublin and Monaghan bombings; (2) Deputy Michael McNamara - the need for Irish Water to develop a communications strategy;

- (3) Deputy Marcella Corcoran Kennedy the need to ensure sexual and reproductive health and rights are included as a central goal of the post 2015 sustainable development goals; (4) Deputy Sean Fleming the need for funding for the school meals local projects scheme for Scoil Bhríde, Portlaoise, County Laois;
 - (5) Deputy Robert Dowds the relationship between the National Roads Authority, eFlow

- and the public; (6) Deputy Ciara Conway the need to ensure sexual and reproductive health and rights are included as a central goal of the post 2015 sustainable development goals;
- (7) Deputy Patrick O'Donovan the need to have the current valuation process leading to the calculation of commercial rates in Limerick City and County addressed; (8) Deputy Willie Penrose the need to amend the Protection of Employees (Employers Insolvency) Acts 1984 to 2006;
- (9) Deputy Brendan Griffin recent attacks on staff at Kerry General Hospital psychiatric unit;
- (10) Deputy Olivia Mitchell the need to ensure sexual and reproductive health and rights are included as a central goal of the post 2015 sustainable development goals;
- (11) Deputy Simon Harris the need to give consideration for new treatments for children with spina bifida; (12) Deputy Terence Flanagan the need for Irish Water to ensure that water meters are fully accessible to those with disabilities; (13) Deputy David Stanton the need to begin construction on a premises for the amalgamation of two primary schools in Carrigtwohill, County Cork;
- (14) Deputy Michael Conaghan the introduction of a capital gains tax break for inactive farmers; (15) Deputy Paul J. Connaughton the need for respite care beds in County Galway;
- (16) Deputy Eamonn Maloney the introduction of a capital gains tax break for inactive farmers:
 - (17) Deputy Finian McGrath the need for a debate on the Dublin and Monaghan bombings;
- (18) Deputy Joe Higgins the lockout at Greyhound recycling affecting the collection of refuse in the Dublin city area; (19) Deputy Ruth Coppinger the concerns of trade unionists about a black economy in the construction of school buildings; (20) Deputy Seán Ó Fearghaíl the diplomatic initiatives the Department of Justice, Equality and Defence can undertake to facilitate a resolution of the case involving the murder of Private Derek Smallhorne and Private Thomas Barrett in the Lebanon; (21) Deputy Thomas P. Broughan the continued operation of Jigsaw, the Darndale-Belcamp integrated child care service;
- (22) Deputy Brendan Ryan the need to protect the school completion programme from any further reduction in funding; (23) Deputy Seán Kyne the position regarding the Galway city outer bypass; (24) Deputy Brian Stanley the services for autistic children in County Laois; (25) Deputy Mick Wallace to discuss Israel's ongoing military offensive against the Gaza Strip; (26) Deputy Clare Daly to discuss the Israeli bombardment of Palestine;
- (27) Deputy Anthony Lawlor the introduction of a phased payment throughout the year for the respite care grant;
- (28) Deputy Aodhán Ó Ríordáin the decriminalisation of personal drug use in particular cases; (29) Deputy Dessie Ellis to discuss the need for greater enforcement of insurance and tax requirements in the taxi industry;
- (30) Deputy Catherine Byrne the high cost of phone rental and standing charges for senior citizens:

10 July 2014

- (31) Deputy Richard Boyd Barrett funding for the Traveller movement and support groups in light of changes to community sector organisations; (32) Deputy Ann Phelan the measures required to combat knife crime; (33) Deputy Barry Cowen the need for the Government to reinstate some €1.2 million in funding to 25 organisations supporting people with disabilities; and
- (34) Deputy Colm Keaveney the need for the Minister for Health to make a statement on the provision of GP cards to the over 70s.

The matters raised by Deputies Robert Dowds; David Stanton; Anthony Lawlor; and Seán Crowe, Dara Calleary, Finian McGrath, Thomas Pringle and Brendan Smith have been selected for discussion.

Strategic Banking Corporation Bill 2014: Committee Stage

Section 1 agreed to.

SECTION 2

Acting Chairman (Deputy Marcella Corcoran Kennedy): Amendments Nos. 1, 11, 13 and 14 are related and will be discussed together.

Deputy Richard Boyd Barrett: I move amendment No. 1:

In page 5, line 27, after "SMEs," to insert the following:

"bodies seeking to provide social housing on a not for profit basis and households in mortgage distress unable to secure sustainable resolution arrangements with their mortgage providers,".

Whatever about disagreements and criticisms in terms of the timing of this Bill, the principle behind it enjoys general support in the sense that we need a strategic bank which fills the gap left by the pillar banks and commercial and private banks and so on who appear to be averse in investing in areas which are of benefit to the wider economy and our strategic objectives to develop it on a sustainable basis into the future. That is positive.

The focus on SMEs which is the declared priority of the Bill and is explicitly set out therein is right and proper for the reasons, as mentioned by the Minister and other speakers, that the SME sector is the lifeblood of the economy; 70% of people working are employed in the SME sector and if there is going to be meaningful economic recovery we need to help SMEs, which the banks have failed to do. To my mind, there is an unwillingness on the part of Government to tell the banks what to do despite that we own some of them and have bailed out all of them. Given they are clearly not doing what they need to it is right this bank should fill that gap.

There are other priorities, which I believe should be explicitly set out in the Bill. The amendments in my name seek the inclusion of two other absolute strategic priorities, including address of the issue of mortgage distress. The committee of finance, of which I am a member, was informed this week of the multiple failings of the pillar banks and mainstream banking system to properly engage with distressed mortgage holders and the MARPs process. At a briefing yesterday with Grant Thornton and the Irish Mortgage Holders Organisation we were told of the pathetic number of cases dealt with under the insolvency legislation.

2 o'clock

When it was first put through, the then Minister, Deputy Alan Shatter, stated that 18,000 cases would be dealt with in the first year. In fact, only a few hundred cases have been dealt with. The Irish Mortgage Holders' Organisation told me yesterday that 10% of those on AIB's mortgage book had to engage with it because the bank would not engage with them. It is not capable of doing so. The banks, therefore, are not doing what we need them to do, nor are they doing what we hoped the insolvency legislation would force them to do. We have got to do something about this, not just because we care and should care about the 136,000 householders and families in arrears but also because it has to be a strategic priority. The Government stated it was a strategic priority to get the people concerned participating in the economy again, but they cannot do so if lumbered with mortgage debts. We will paralyse a very significant portion of the economy's capacity to recover unless we deal with this problem with much more urgency and speed than the banks have proved willing or able to demonstrate. That is why the series of amendments is proposing that a priority should be to offer a way forward for those in mortgage distress where they have been unable to get a decent, proper deal, or any deal, from the banks. It is proposed that their mortgages be transferred to the proposed bank.

I talked to Mr. David Hall and representatives of Grant Thornton yesterday after they had given a briefing in the audiovisual room on the whole matter. I asked them what they thought of my amendment and Mr. Hall was certainly very positive about it. He stated it represented a very good idea that could really work. We obviously need to tease out the details, but there are many that need to be teased out in respect of what the Minister put in front of us. Will it really deliver for SMEs? We need to think about how the measure would work. What I believe should be a strategic priority for the new bank is a no-brainer. It is in line with the consensus on the need to make progress a hell of a lot faster and more decisively for those in mortgage distress than has been the case heretofore.

I hope the Minister will consider the amendments seriously. There is a clause that refers to providing finance for those seeking to provide social and affordable housing on a not-for-profit basis. The Government has stated it wants to see this happen, but we have not seen much in the way of concrete moves to make it happen. When in the light of the housing crisis we on this side of the House talk about the need for a significant social and affordable housing building programme and the Government states there is a big problem of supply in the market which is creating a property bubble or the threat thereof, it seems obvious that we need a vehicle to provide the necessary finance for bodies that are willing to address this issue, be they voluntary housing associations or otherwise.

We should seriously encourage co-operatives. I am always being asked by people in my area about housing co-operatives because they were a feature in the past. Building workers and people on the housing waiting list could band together, obtain some finance and use land not being used by the local authorities to provide social and affordable housing. The proposed bank should have as a priority the financing of such projects. Owing to all the bloody EU rules on financing local authorities, there may be difficulties, but we must find a way, perhaps through trusts set up by or sponsored by the local authorities, to direct money towards the building of social and affordable housing.

These are very reasonable suggestions which I hope will receive the support of other Deputies. Others have mentioned in their Second Stage contributions that the mandate needs to be wider. The wider mandate has been talked about a lot in terms of the international banking

system. Reference was made to the contrast between the focus of banks in Europe and that of banks in the United States, where the banking system, starting with the Fed, has a mandate that is much wider than just dealing with issues such as inflation and the bottom line. A key part of the mandate concerns employment and housing. These are imperatives for the American banking system as dictated by the Fed. We should follow suit, not that I am saying everything about the American banking system is wonderful. We need a wider mandate, particularly for the strategic State-sponsored bank. I hope the Minister will consider these amendments.

Deputy Peter Mathews: I welcome the Minister to the Chamber. I was very disappointed that the Independent Deputies not belonging to the Technical Group did not get a chance to speak on Second Stage. I am disappointed also that the Bill has been presented hurriedly, although I realise it has been three years on the runway. I am not making criticisms but constructive observations.

Acting Chairman (Deputy Marcella Corcoran Kennedy): I urge the Deputy to speak to the amendments before the House.

Deputy Peter Mathews: I am speaking to the amendment because it refers to the fact that 136,000 households are in mortgage distress. In the presentation made yesterday by Mr. David Hall and the representatives of Grant Thornton, to which Deputy Richard Boyd Barrett referred, they said it was expected that there would be a bloodbath. In fact, there has been a bloodbath. There have been very many suicides, as well as considerable mental and physical distress in the households of the State. One should remember that 136,000 households amount to 500,000 people. One should add to this the 250,000 who have emigrated and the 300,000 in the 100,000 households on housing waiting lists. One should also add to it the number of people who have no homes and the number of SMEs in deep distress. Let us think about what happens.

Ms Fiona Muldoon left her job in the Central Bank early.

Acting Chairman (Deputy Marcella Corcoran Kennedy): I urge the Deputy not to mention names.

Deputy Peter Mathews: These are symptoms which demonstrate our current position. As when one is building, one must clear the site before one can start laying good foundations for a new structure. As Deputy Shane Ross implied in his two anecdotes, the banking system is in bits; it is still banjaxed. "Pillar banks" is a rubbish title to give the banks. Wilbur Ross made €500 million within two years and nine months and Archie Kane, chairman of the bank, thanked him for his support of it. He did not do anything for the bank; he wrote a cheque for his investment, which was a one-way bet. He could never lose on his €290 million investment on which he made €500 million. It was a certain one-way bet. The euro system would never have allowed him to lose money, yet we agonise over and debate cuts affecting the most vulnerable and wave goodbye to our young qualified people on the doorstep of new lives. Deputy Stephen S. Donnelly mentioned 39 year old people who should be the ones establishing new enterprises.

The Bill is aspirational; that is all it is. It is characterised by inexperience. It looks good because it is on green paper and written in legalese, but it is actually not connected with what needs to be done. The old debts - the 50% of SME legacy debts - need to be written off to collectable amounts, but the banks are not doing this. They do not have the experienced people to deal with their books. They cannot even answer the telephone. If I ring my bank, Bank of Ireland in Stillorgan, I will be directed to a call centre in Limerick, the staff of which do not

know-----

Acting Chairman (Deputy Marcella Corcoran Kennedy): The Deputy should stick to the amendments.

Deputy Peter Mathews: I am sticking to them. All of my points refer to amendments Nos. 1, 11, 13 and 14 directly and indirectly. I did not get a chance to speak on Second Stage. I have 21 years' experience of working in a bank that was funded by local and regional deposits in Ireland and which lent to SME businesses in Ireland. It had 70 years of uninterrupted, slow-growth profit and it educated people to be the bankers of the late 20th century and early 21st century. That was until Bank of Scotland (Ireland) under its Highland Bank of Scotland, HBOS, ownership trashed it by ballooning its funding and distributing that funding in mad lending. It was one of about ten banks that did it.

This is where the appraisal should start, because it is a practical situation. The Minister mentioned the insolvency legislation, but legislation solves nothing. It does not solve a physical problem, a medical problem or a financial problem. A financial problem is solved financially, by understanding the implications of the physics converted into finances. When the physics of an enterprise make sense, whether it is to manufacture shoes, import machinery, distribute it or whatever, the financials follow. Thirty years of working in financing physical production, marketing, distribution, importing, exporting and performance bond underwriting has taught me this. It is worth listening to the practitioners, but the practitioners' input into this Bill is not apparent.

One such practitioner was here last week to discuss SME lending in Germany through the Sparkassen banks. Sparkassen and the co-operative banks, together, provide 67% of all funding and lending to German households and SMEs. It is not done by Deutsche Bank, Commerzbank and other such banks; they have operations and assets created outside of Germany. The Sparkassen banks are local banks which take local deposits and lend locally. They are staffed by people who are professionally trained to understand business. At present, our two pillar banks are bereft of people who know how to assess businesses. There are very few left and their heads have been done in. They are depressed and demoralised by the experience of the past six years, because they have been told to repair their balance sheets. We must get real.

As I have said, the aspirations are good. I am not being negative, just realistic. There was an unrealistic approach to assessing the provisions needed in the banks. One had to shout to be heard, and then be ignored. They are still short of capital. If they were not and if they had the right management and executives to do the job, they would get on with writing down the old loans from a bloated credit pyramid that was nothing other than a Ponzi scheme. The banking inquiry is going off in all sorts of peculiar directions and does not know where to start, but the banks' balance sheets will explain the story and provide the lessons, if they are properly explained. It is not rocket science. That will show where the accountability and responsibility lie, which is clearly on the desks of all the directors of all the banks between 2001 and 2008. The balance sheets show it. Furthermore, the culpability of the banks' boards for the creation of the asset price bubble is measurable from the balance sheets. On average, the banking sector was 92% culpable for creating the asset price bubble. Why is that? The weighted average of their loan-to-deposit ratios was 173%. That is 83% above the maximum 90% prudential level, and 83% as a proportion of 90% is 92%.

Deputy Boyd Barrett referred to the mortgages that might be included under this new ar-

rangement. One could argue that a whopping proportion of the loan balances the banks say are owed by those customers are not owed by them, because the banks created the asset bubble that disappeared and left the customers with the loans. The same applies to the SMEs. That is really the starting point.

That cascades forward to the question of from where the funds came to bloat the Irish banking sector's balance sheets by such a huge amount. They came from people who invested in the bond offers by those banks, which was a crazy decision by boards that did not understand or if they did were just greedy, stupid and malfeasant in the years between 2001 and 2008. The funds were secured from issues and the subscriptions of the original investors, who might have been the pension funds. Members will recall when we were told we should be careful because we might damage our pension funds if the banks have to take losses. However, all of those original investors had sold into the secondary market, to the guys who take risks. That is why it was wrong that the losses were imposed on our people. It is not the vicious cycle of bank debt and national debt, but the vicious imposition of losses and its conversion into national debt.

Well done to Luke 'Ming' Flanagan, MEP, who, according to today's newspaper, told the new Commission President, Mr. Juncker, that we want our money back. Brian Hayes, MEP, was also credited for his participation in those remarks, but it was Luke 'Ming' Flanagan who made it easily understood.

Acting Chairman (Deputy Marcella Corcoran Kennedy): Please speak to the amendments, Deputy.

Deputy Peter Mathews: We should consult Mr. Niclaus Bergmann, chief executive officer of the Sparkassen, which have 250,000 employees and 29,000 trainee managers across Germany in local and regional areas of banking. The banks are not allowed to trespass on each other, so they understand the businesses to which they are lending. They are lending the deposits of the communities, which give them those deposits from their savings. It is all very sound and is probably the type of thing we should do.

The SBCI is more similar to a venture capital investment bank. It does not even have a licence to take deposits and the word "deposit" is not mentioned anywhere in the Bill. It is always a good test of a bank if its sources of funding and destinations for lending have some type of correlation. That is usually a good foundation. The analogy is a well-balanced cardio-vascular system in the human body. That is what we should have in mind. However, that means one must do site clearance of the canvas, relieve SMEs of the legacy debt that is an impossible burden and make the banks wake up, shape up and do the work they must do, with properly trained management and executives. Those people are available but they must be harnessed and motivated.

That is the task at hand. If one rushes off to do something that is a little too hasty, but has the appearance of being solid because it is in the presentation format of what we are familiar with, such as this Bill, one gets a false sense of security. Experienced pragmatism should underlie whatever we do to provide finance for SMEs and households. The households must be relieved too. We might as well put it out there to the creditors, which is the euro system, and tell Mr. Draghi that we got it all wrong but have woken up, that the promissory bonds are all wrong and we are tearing them up and that it will be something for him to organise in his housekeeping of the euro system across Europe. A sum of €25 billion is small beer in the context of the trillions of the eurozone, and it could do it.

I thank the Chair for her forbearance. I have blended part of a Second Stage speech, which was not available to the Independents, with some comments relating to amendment No. 1. I thank Members for their patience in listening to those observations.

Deputy Stephen S. Donnelly: I have no doubt the Minister will not accept Deputy Boyd Barrett's amendment.

Deputy Richard Boyd Barrett: I am sort of hopeful.

Deputy Stephen S. Donnelly: Obviously, it would be a major structural change to the bank. It is a different version of the point I was making. I believe Deputy Boyd Barrett is also going to the demand side, which we have spent a lot of time discussing in the finance committee in the past two years. While the Minister may or may not accept the amendment, does he accept the point that in order for demand for credit to surface, which it is not doing at present, something has to be done about the current state of the mortgage crisis? If he does, is there any complementary legislation he is thinking through or planning to introduce in the next few months that would incorporate some of the points Deputy Boyd Barrett's amendment is trying to address?

Deputy Pearse Doherty: In regard to amendment No. 1, and we are also dealing with amendments Nos. 11, 13 and 14, I want to deal with the issue of social housing. While I know the amendments are brought forward in good faith, I am not sure how the mortgage distress side would work out and whether we would use this company to provide credit to those who have mortgages in distress so they could pay back all of the capital that is outstanding on their loans, and have a mortgage with this bank that offers lower interest rates. I am not sure if that is the suggestion here and perhaps Deputy Boyd Barrett can elaborate on that.

Deputy Richard Boyd Barrett: I will come back in on that point.

Deputy Pearse Doherty: My concern is that we need to sort out the banks with the mortgages. This is a convoluted way of sorting that out but I accept it was brought forward with the right intention.

The housing aspect is crucial. An issue I raised on Second Stage is the definition of "other persons in the State", which the Minister said is anybody who is a legal entity. Therefore, can there be lending to housing associations such as Clúid and the different types of not-for-profit social housing providers through this vehicle? The commentary the Minister made earlier suggests it can. However, it is very clear in the legislation that this is directed particularly at SMEs. While there is a major problem with credit to SMEs, we know there is a social housing crisis and this is a vehicle that could be made available for cheaper credit to those bodies.

I would be interested to hear why social housing as a particular area is not identified within this new company structure, given that the Minister is modelling this on KfW. KfW has been successful and now lends a huge amount of credit into the German economy and economies throughout the world, with more than half going into the Germany economy but much going to companies that have links with German companies in other countries throughout the world as well as to other programmes. It has different structures, however. For example, one of the banks under KfW, Mittelstandsbank, is the one which deals with SMEs. If we examine the other structures within it, they deal with investment in housing, education and the environment. My fear is that the Government has decided to just look at one part of this and has left out the other parts.

Deputy Boyd Barrett's amendment identifies one of those areas, housing, but we could equally look at the others, such as education. However, given housing is a major crisis, access to cheap credit is needed and this is a vehicle that could be used. I believe the Government should consider supporting the housing aspect of this amendment. I would welcome it if Deputy Boyd Barrett would explain exactly how lending to those who cannot pay back their mortgages would work in regard to solving this problem.

Deputy Richard Boyd Barrett: On a point of order, what is format on Committee Stage?

Acting Chairman (Deputy Marcella Corcoran Kennedy): The Minister responds and you will then have an opportunity to come back in again after that.

Minister for Finance (Deputy Michael Noonan): There is a lot of food for thought in all of the contributions that have been made. I want to say, first, that I am not in a position to accept the proposed amendments because they are beyond the scope of the Long Title of the Bill and, as a consequence, I cannot incorporate them in the Bill.

Many of the contributions that have been made are very interesting but, effectively, they are a further analysis of the crisis that started six years ago, in particular the crisis brought about by personal debt and the indebtedness of the SME sector. This Bill is not intended as a vehicle for getting people out of debt. It is intended as an initiative for the future to ensure there is sufficient credit available to small and medium size enterprises to grow the economy, grow their own businesses and create additional jobs. It is in a different space to the space where many of the speeches were made.

I take the point made by Deputy Donnelly that it is possible to make the two ends meet. If there are supply-side initiatives such as this, we have to ensure there is sufficient demand, and if people are totally indebted, they do not provide the demand. However, we have the Central Bank's responsibility for running the programme on restructuring mortgages and getting people out of debt, and regular reports are brought before the House and before the finance committee in that respect. The Department responsible for planning and housing is responsible for social housing, under the Minister of State, Deputy Jan O'Sullivan, and the Housing Finance Agency is responsible for the financing of houses. While I agree with the Deputies' assertions that more could be done in those areas, there are organisations, agencies, institutions and personnel dealing with these problems already and we have had innumerable debates about them. Some people are critical and some are supportive, but I believe there would be a general view that progress has been made and will continue to be made.

This initiative is in a different space. This is to provide lending at lower interest rates and with different lending products to existing SMEs so they can expand, grow their businesses more rapidly, make a contribution to the general growth of the Irish economy and provide additional jobs. Some of what they will be doing is traditional and some will be innovative in the new economy. Any analysis of the availability to SMEs at present would indicate there are flaws in the type of products being provided, some of them to do with the interest rate charged, others to do with the length of the payback period and others to do with the fact it is very difficult for an SME to borrow in Ireland and have a payback holiday for, say, 20 or 24 months before the repayments pick up. As one moves from cash flow to profitability, it should be possible to design products, in the same way as KfW, that would fit the progress of a company from its loss-making early start-up years to years in the middle phase when it becomes profitable.

I am not challenging any of the views held by Deputies and expressed here today. I am simply saying that they are not in this space. What we are doing here is looking to the future and seeing whether we can provide credit in new ways that would better suit the SME sector, which wants and intends to expand and whose expansion is being inhibited in many respects by the lack of credit or the fact that credit is not available in the way that best suits the needs of companies.

That being said, the first priority of the Bill is to take existing SMEs with a plan to expand that requires the investment of capital and make capital available in a user-friendly way. People will then set up new companies, many of which will be in the new economy, and credit should be available for them as well. In respect of housing, the test is whether it is an enterprise that will be run by an SME and has an identifiable commercial return, rather than being based on the particular activity people are engaged in. The German model is different. There is not the same level of home ownership in Germany. Much of the German housing supply is provided on the rental market, so obviously there are many SMEs and large housing companies that effectively provide the housing stock that people rent, and there is an identifiable income stream and commercial return. Germany has many SMEs and larger companies in the business. We do not have as many like that in Ireland. We have a buy-to-let sector which is quite strong but we do not really have a construct-to-let sector, although there are signs it may be starting. This is an area into which this credit institution could move in due course, but its primary purpose is to do what it says on the tin, namely, provide credit to existing SMEs and move on from there to new SMEs. To that extent, I think and hope it will be successful.

The other types of response the Deputies are talking about, whether it is through the insolvency legislation, bankruptcy, the work of the Central Bank in restructuring mortgages or the work of the individual banks in restructuring SME debt, all run in parallel. This is not a vehicle that is intended to support that activity. There are other agencies and people who have responsibility for that. Bank of Ireland says it has restructured over 90% of its SME loans that are indebted, and AIB says it is at 65%, so the percentage of SME debt being dealt with is higher than the percentage of domestic debt that is being dealt with, which we get in the quarterly reports from the institutions.

Another thing that is worth saying, but with which many Deputies will not agree, is that many of the problems we have had over the past four or five years are legacy problems that arose from the greatest and most disastrous recession the country has experienced and probably the greatest economic downturn since the Second World War. There are always problems in politics. The idea that there will be some kind of problem-free zone in a brave new world where politicians will have nothing to do is fantasy. It is just that the nature of the problems switches. We are in that switch year in 2014 where the problems of the future are coming strongly on board. It is a problem of the future economy. How do we deal with all the people who are unemployed? How do we create jobs for them? How do we provide the credit across the economy that is necessary in all the sectors? How do we deal with people whose confidence is beginning to build, who feel they are entitled to some reward and whose representatives in the trade union movement will be putting in pay claims? How do we deal with people have not received a pay increase or tax break for quite a while and who have expectations around budget time that they will receive one? As one works out the kind of models that might be effective, one can use as a rule of thumb the idea that a share of the legacy problems are going off the agenda and being replaced by the problems of the future.

This is addressing the future. It is not addressing the past. It is not addressing legacy debt

issues either in the SME space or in the mortgage space. This is addressing a foreseeable lack of investment capital in the future to grow SMEs and the economy and, as Deputy Donnelly said, to complement what is happening with regard to foreign direct investment. I am not saying we should replace foreign direct investment with this, but if one looks at the model of economy we have, increasingly, foreign direct investment is going into the main cities and larger towns. The future of smaller towns is in doing what we were always very good at - agriculture, agrifood, food production and processing and tourism. One can name the tourist hot spots all around the country. While Dublin is very strong, there are others such as Dingle, Galway, Westport, Kilkenny and Kinsale. One can build the industry around them. We need a new tapestry where we modernise our traditional industry, invest in it, put people back to work and develop the agrifood and tourism industries in particular. To service that, one needs a strong construction sector and a strong retail sector. Of course, foreign direct investment runs in parallel but, increasingly, foreign direct investment tends to be in the larger urban areas to which quite a lot of people commute. Foreign direct investment is not the only game in town. Foreign direct investment is only part of how we rebuild the economy, and SMEs are absolutely vital. They have been vital all over Europe in growing successful economies. The availability of appropriate credit is crucial to the development of the SMEs. It is in that space that we should be resolving the problems that are quite clearly evident now but which take us into the future, rather than constantly analysing the ashes of the past.

Acting Chairman (Deputy Marcella Corcoran Kennedy): Deputy Boyd Barrett has no time restrictions on his reply.

Deputy Michael McGrath: Oh God. Do not tell him that.

Deputy Richard Boyd Barrett: It might surprise the Minister to hear that I agree with many of the sentiments he expressed at the end of his contribution. I do think we need to look to the future and chart a strategic road ahead. This is essentially what the Minister outlined with regard to prioritising investment and political energy in key areas that can form the foundations of a balanced and sustainable economic future and development for the country and its citizens. I agree completely with the Minister on that point.

Karl Marx said: "The tradition of all dead generations weighs like a nightmare on the brains of the living." Stephen Dedalus made a similar comment in James Joyce's *A Portrait of the Artist as a Young Man*. It is true and could not be more accurately applied to what is happening in our economy at the moment, where the past does weigh like a nightmare on the brains and lives of the living. It is preventing us from moving down the road of the future, and this needs to be addressed if we are going to get beyond the current paralysis. "Paralysis" is a fairly accurate term for where we are. This is another favourite Joycean term. *Dubliners* is all about the paralysis of the city and Irish society and culture at the start of the 20th century. For the past ten years we have witnessed paralysis, more or less. The Minister might point to the odd incremental improvement and we may agree or disagree sometimes but things are stagnant and, as a result, there is a great deal of despair and demoralisation and many people are struggling. The reason for that is the Government and the previous Government hoped that if they put the banking system back on the rails and imposed a little more regulation and tried to influence its priorities, it would begin to inject life into the economy, but it has not done so.

It is not just about saying the Government was wrong and all the rest of it. We can argue that. I stress that my amendments fall far short of what I would propose. If I had a choice, we would send people marching into Bank of Ireland and AIB and boot the current boards out, take

control of them and tell them what to do because we funded them. The Minister will not do that. I can say that but, having said it, we have to move on. I will campaign for that politically in other ways but in so far as there is a consensus regarding a strategic investment bank, which I welcome - it might be short of what I would like but at least it is pointing in the right direction - the question is what is its mandate. It is not only a question about the past, although my amendments partly try to address legacy issues, it is also about the future.

I do not know what is the Government's position but the view has been expressed by Fianna Fáil, Sinn Féin and Independents that the mandate of the banking industry in this country and in Europe is too narrow. I drew the contrast with the American banking system whose mandate predates the crash. Housing and employment are key priorities of that system. If we have rightly recognised the need for a strategic bank, surely the strategic priorities should not be only about SMEs. That is fine, although one might ask why it is not called the SME corporation bank if that is its only priority. I am not absolutely clear about the Minister's view on that. I accept SMEs are a priority but is the Minister saying housing finance should not be a key priority of a strategic bank? If so, I disagree with him not just because of the particular crisis we are facing but also, fundamentally, regarding what the mandate of such a bank should be.

I ask him to note the fact that KfW, the bank to which he is looking to co-invest in this bank, has housing finance as one of its key mandates and imperatives. The very bank the Minister has involved in this process, and which presumably at some level he is trying to copy or to take aspects of what it does and import into our strategic bank, has housing finance as part of its mandate, which is correct. Why would we not do the same? This should be a priority anyway, regardless of our legacy problems but it should be even more of a priority because of them. They are a dead weight on the economy and on hundreds of thousands of our citizens who are unable to participate and function in the economy properly and that is acting as a serious drag.

I raise a slight philosophical point. I do not know whether Minister has ever read the philosopher Jacques Derrida. I will go on a little tour.

Deputy Liam Twomey: We do not have time. We are too busy.

Deputy Peter Mathews: Philosophy is an investment.

Deputy Richard Boyd Barrett: It is. He is the famous deconstructionist philosopher. He pointed out that many of the dichotomies we take for granted are false and they do not exist in reality. That in a way is what Deputy Donnelly, myself and others are saying. Demand and supply are viewed as dichotomous when, in the real economy, they are not opposites or poles apart, as they are mutually interdependent.

Deputy Peter Mathews: They are like the legs one walks on.

Deputy Richard Boyd Barrett: The question of putting a roof over people's heads and not having them lumbered with mortgage debt and so on is intrinsically linked to their capacity to function economically and in every other way in our economy. It is reasonable that a strategic bank should have this as a priority. I do not deny the imperative relating to SMEs, but there are other imperatives and there is a significant overlap between them in respect of what the role, value and impact of a strategic bank should be. I urge the Minister to reconsider his view.

Deputy Michael Noonan: I have discussed the issue fully. While one could agree with the sentiments expressed by the Deputy, this legislation is not the appropriate vehicle for the

amendments. They are beyond the scope of the Long Title. The Bill mandates the company in due course to expand into other areas and it does not exclude a social or environmental mandate. We will see how it progresses.

Acting Chairman (Deputy Marcella Corcoran Kennedy): Is the Deputy pressing the amendment?

Deputy Richard Boyd Barrett: Yes.

Deputy Stephen S. Donnelly: May I comment?

Acting Chairman (Deputy Marcella Corcoran Kennedy): Unfortunately, I cannot take a comment from the Deputy because he has commented previously. We are on Committee Stage and only one comment per Member is permitted unless it is the proposer.

Deputy Pearse Doherty: On a point of order, my understanding is that Members can make two comments. The first is not time-limited and the second should be confined to two minutes-----

Acting Chairman (Deputy Marcella Corcoran Kennedy): That is on Report Stage. This is Committee Stage.

Deputy Pearse Doherty: So it is only one comment per individual.

Acting Chairman (Deputy Marcella Corcoran Kennedy): Yes, without time limits.

Deputy Richard Boyd Barrett: On a point of order, will Report Stage be taken? Will we go through all this again on Report Stage?

Acting Chairman (Deputy Marcella Corcoran Kennedy): Yes.

Deputy Michael Noonan: If we do not run out of time.

Deputy Stephen S. Donnelly: Is the Acting Chairman sure? Perhaps that is the rule, but it is not enforced at the finance committee. We have a regular back and forth.

Acting Chairman (Deputy Marcella Corcoran Kennedy): We are on Committee Stage, not Report Stage.

Deputy Stephen S. Donnelly: Yes, but normally, when we discuss legislation at the finance committee, the rule the Acting Chairman is seeking to enforce is not enforced. Is the Acting Chairman absolutely sure that is the rule on Committee Stage?

Acting Chairman (Deputy Marcella Corcoran Kennedy): I have been advised it is.

Deputy Stephen S. Donnelly: I thank the Acting Chairman.

Acting Chairman (Deputy Marcella Corcoran Kennedy): Is Deputy Boyd Barrett pressing the amendment?

Deputy Richard Boyd Barrett: Yes.

Amendment put:

The Dáil divided: Tá, 15; Níl, 98.	
Tá	Níl
Boyd Barrett, Richard.	Bannon, James.
Broughan, Thomas P.	Butler, Ray.
Collins, Joan.	Buttimer, Jerry.
Coppinger, Ruth.	Byrne, Catherine.
Donnelly, Stephen S.	Byrne, Eric.
Fleming, Tom.	Calleary, Dara.
Halligan, John.	Cannon, Ciarán.
Healy, Seamus.	Carey, Joe.
Higgins, Joe.	Coffey, Paudie.
McGrath, Finian.	Collins, Áine.
McGrath, Mattie.	Colreavy, Michael.
Mathews, Peter.	Conaghan, Michael.
Murphy, Catherine.	Connaughton, Paul J.
Ross, Shane.	Conway, Ciara.
Shortall, Róisín.	Corcoran Kennedy, Marcella.
	Coveney, Simon.
	Cowen, Barry.
	Deasy, John.
	Deenihan, Jimmy.
	Deering, Pat.
	Doherty, Pearse.
	Donohoe, Paschal.
	Dowds, Robert.
	Doyle, Andrew.
	Durkan, Bernard J.
	English, Damien.
	Farrell, Alan.
	Feighan, Frank.
	Ferris, Anne.
	Fitzpatrick, Peter.
	Flanagan, Charles.
	Flanagan, Terence.
	Fleming, Sean.
	Griffin, Brendan.
	Hannigan, Dominic.
	Harrington, Noel.
	Harris, Simon.
	Hayes, Tom.
	Heydon, Martin.
	Hogan, Phil.
	Howlin, Brendan.

Humphreys, Heather. Keating, Derek. Kehoe, Paul. Kelly, Alan. Kenny, Seán. Kirk, Seamus. Kyne, Seán. Lawlor, Anthony. Lyons, John. McCarthy, Michael. McFadden, Gabrielle. McGinley, Dinny. McGrath, Michael. McGuinness, John. McLellan, Sandra. Mac Lochlainn, Pádraig. Maloney, Eamonn. Mitchell, Olivia. Mitchell O'Connor, Mary. Mulherin, Michelle. Murphy, Dara. Murphy, Dara.
Kehoe, Paul. Kelly, Alan. Kenny, Seán. Kirk, Seamus. Kyne, Seán. Lawlor, Anthony. Lyons, John. McCarthy, Michael. McFadden, Gabrielle. McGinley, Dinny. McGrath, Michael. McGuinness, John. McLellan, Sandra. Mac Lochlainn, Pádraig. Maloney, Eamonn. Mitchell, Olivia. Mitchell O'Connor, Mary. Mulherin, Michelle. Murphy, Dara.
Kelly, Alan. Kenny, Seán. Kirk, Seamus. Kyne, Seán. Lawlor, Anthony. Lyons, John. McCarthy, Michael. McEntee, Helen. McFadden, Gabrielle. McGinley, Dinny. McGrath, Michael. McGuinness, John. McLellan, Sandra. Mac Lochlainn, Pádraig. Maloney, Eamonn. Mitchell, Olivia. Mitchell O'Connor, Mary. Mulherin, Michelle. Murphy, Dara.
Kenny, Seán. Kirk, Seamus. Kyne, Seán. Lawlor, Anthony. Lyons, John. McCarthy, Michael. McEntee, Helen. McFadden, Gabrielle. McGinley, Dinny. McGrath, Michael. McGuinness, John. McLellan, Sandra. Mac Lochlainn, Pádraig. Maloney, Eamonn. Mitchell, Olivia. Mitchell O'Connor, Mary. Mulherin, Michelle. Murphy, Dara.
Kirk, Seamus. Kyne, Seán. Lawlor, Anthony. Lyons, John. McCarthy, Michael. McEntee, Helen. McFadden, Gabrielle. McGinley, Dinny. McGrath, Michael. McGuinness, John. McLellan, Sandra. Mac Lochlainn, Pádraig. Maloney, Eamonn. Mitchell, Olivia. Mitchell O'Connor, Mary. Mulherin, Michelle. Murphy, Dara.
Kyne, Seán. Lawlor, Anthony. Lyons, John. McCarthy, Michael. McEntee, Helen. McGinley, Dinny. McGrath, Michael. McGuinness, John. McLellan, Sandra. Mac Lochlainn, Pádraig. Maloney, Eamonn. Mitchell, Olivia. Mitchell O'Connor, Mary. Mulherin, Michelle. Murphy, Dara.
Lawlor, Anthony. Lyons, John. McCarthy, Michael. McEntee, Helen. McFadden, Gabrielle. McGinley, Dinny. McGrath, Michael. McGuinness, John. McLellan, Sandra. Mac Lochlainn, Pádraig. Maloney, Eamonn. Mitchell, Olivia. Mulherin, Michelle. Murphy, Dara.
Lyons, John. McCarthy, Michael. McEntee, Helen. McFadden, Gabrielle. McGinley, Dinny. McGrath, Michael. McGuinness, John. McLellan, Sandra. Mac Lochlainn, Pádraig. Maloney, Eamonn. Mitchell, Olivia. Mitchell O'Connor, Mary. Mulherin, Michelle. Murphy, Dara.
McCarthy, Michael. McEntee, Helen. McGinley, Dinny. McGinley, Dinny. McGuinness, John. McGuinness, John. McLellan, Sandra. Mac Lochlainn, Pádraig. Maloney, Eamonn. Mitchell, Olivia. Mitchell O'Connor, Mary. Mulherin, Michelle. Murphy, Dara.
McEntee, Helen. McFadden, Gabrielle. McGinley, Dinny. McGrath, Michael. McGuinness, John. McLellan, Sandra. Mac Lochlainn, Pádraig. Maloney, Eamonn. Mitchell, Olivia. Mitchell O'Connor, Mary. Mulherin, Michelle. Murphy, Dara.
McFadden, Gabrielle. McGinley, Dinny. McGrath, Michael. McGuinness, John. McLellan, Sandra. Mac Lochlainn, Pádraig. Maloney, Eamonn. Mitchell, Olivia. Mitchell O'Connor, Mary. Mulherin, Michelle. Murphy, Dara.
McGinley, Dinny. McGrath, Michael. McGuinness, John. McLellan, Sandra. Mac Lochlainn, Pádraig. Maloney, Eamonn. Mitchell, Olivia. Mitchell O'Connor, Mary. Mulherin, Michelle. Murphy, Dara.
McGrath, Michael. McGuinness, John. McLellan, Sandra. Mac Lochlainn, Pádraig. Maloney, Eamonn. Mitchell, Olivia. Mitchell O'Connor, Mary. Mulherin, Michelle. Murphy, Dara.
McGuinness, John. McLellan, Sandra. Mac Lochlainn, Pádraig. Maloney, Eamonn. Mitchell, Olivia. Mitchell O'Connor, Mary. Mulherin, Michelle. Murphy, Dara.
McLellan, Sandra. Mac Lochlainn, Pádraig. Maloney, Eamonn. Mitchell, Olivia. Mitchell O'Connor, Mary. Mulherin, Michelle. Murphy, Dara.
Mac Lochlainn, Pádraig. Maloney, Eamonn. Mitchell, Olivia. Mitchell O'Connor, Mary. Mulherin, Michelle. Murphy, Dara.
Maloney, Eamonn. Mitchell, Olivia. Mitchell O'Connor, Mary. Mulherin, Michelle. Murphy, Dara.
Mitchell, Olivia. Mitchell O'Connor, Mary. Mulherin, Michelle. Murphy, Dara.
Mitchell O'Connor, Mary. Mulherin, Michelle. Murphy, Dara.
Mulherin, Michelle. Murphy, Dara.
Murphy, Dara.
Nash, Gerald.
Neville, Dan.
Nolan, Derek.
Ó Caoláin, Caoimhghín.
Ó Fearghaíl, Seán.
Ó Ríordáin, Aodhán.
O'Brien, Jonathan.
O'Donnell, Kieran.
O'Donovan, Patrick.
O'Dowd, Fergus.
O'Mahony, John.
O'Reilly, Joe.
O'Sullivan, Jan.
Perry, John.
Phelan, Ann.
Phelan, John Paul.
Rabbitte, Pat.
Reilly, James.
Ring, Michael.
Ryan, Brendan.

Dáil Éireann

Shatter, Alan.
Sherlock, Sean.
Smith, Brendan.
Spring, Arthur.
Stagg, Emmet.
Stanley, Brian.
Stanton, David.
Tóibín, Peadar.
Troy, Robert.
Tuffy, Joanna.
Twomey, Liam.
Varadkar, Leo.
Wall, Jack.
Walsh, Brian.

Tellers: Tá, Deputies Joan Collins and Richard Boyd Barrett; Níl, Deputies Emmet Stagg and Paul Kehoe.

Amendment declared lost.

3 o'clock

Acting Chairman (Deputy Robert Troy): Amendments Nos. 2, 7 and 34 are related and may be discussed together.

Deputy Richard Boyd Barrett: I move amendment No. 2:

In page 5, line 29, to delete "the private company referred to in section 5" and substitute "a public company".

The Minister should not be able to privatise this State bank at any point. One of the features of the bank bailout that drives me around the twist is that we bail out the private banks and, in some cases, nationalise them when they have wrecked the economy, put them back on their feet and, as soon as they start to look as if they can function again, sell them off so that future profits or benefits do not come to us. We do not benefit, notwithstanding that we bailed them out when they were on their knees and at risk of collapse.

Deputy Finian McGrath: Hear, hear.

Deputy Richard Boyd Barrett: We take all of the hit, provide all of the protection and get none of the future benefit. I would hate to see that pattern repeated with a strategic bank. This strategic bank should not be open to being flogged off in part or in whole by the Minister at any stage. For that reason, I have tabled a series of amendments which underline that the bank is a public entity with a different focus, mandate and set of priorities and imperatives from the so-called "pillar banks" which have one motive only and seem far less concerned with the strategic priorities and needs of our economy and citizens. The logic behind the amendments is fairly

self-evident although I doubt the Minister will accept it. I make the point nonetheless.

Deputy Finian McGrath: He might. He has an open mind.

Deputy Stephen S. Donnelly: I have discussed the amendments with Deputy Boyd Barrett. I note that the Minister has stated explicitly that he does not intend ever to sell the company. Nevertheless, my reading of the legislation suggests the Minister or a future Minister for Finance could sell it. If there is no legal impediment to what Deputy Boyd Barrett suggests, it would be welcome if the Minister would make the amendments even as a symbol and statement of intent that it will not be sold.

Deputy Michael Noonan: While I welcome the amendment moved by Deputy Boyd Barrett, the matter has been considered at length by the team involved in the establishment of the SPCI. As initiated, the Bill expresses the optimal structure for the SPCI, which will be established as a company incorporated under the Companies Acts rather than as a statutory or public company. A Companies Acts company is more transparent than one set up by statute as it must follow the corporate governance regulations and laws of the State unless exempted under the Acts. Incorporation also provides the Minister with more flexibility in managing the shares on behalf of the State. Importantly, it will allow the SPCI to act on an independent basis in the carrying out of its functions. It is necessary for the SBCI to act in a strategic manager, taking into account its enabling legislation, but its day-to-day operations should be independent of the Minister and the Government. Therefore, I cannot accept the amendment proposed by Deputy Richard Boyd Barrett.

I refer to section 12, which is relevant in this case. In circumstances where a Minister holds shares in a company enabled or established by statute, it is usual to specify that the Minister in question may sell or otherwise dispose of the shareholding or part of the shareholding. It is not anticipated that the Minister's shareholding in the SBCI will be sold or otherwise disposed of at any time. Section 11(5) specifies that the Minister for Finance is to be the sole shareholder. However, given that it is usual to include a section on the alienation of shares, it was agreed with the Office of the Attorney General that it was best to provide this section in its current form but also to specify the intention that the Minister is the sole shareholder. This is to allow the Minister freedom of action where the proposal is appropriate and to account to the Oireachtas afterwards for his or her actions. This is in accordance with practice whereby the Executive - or the Government - acts and is then accountable to the Oireachtas for such actions. That is the further clarification on the point.

Deputy Peter Mathews: The Title, the Strategic Banking Corporation of Ireland Bill 2014, suggests it is the arrival of an institution that will endure. Ownership and control of the institution will lie with the Minister on behalf of the State, which is the people of Ireland. That is the impression given by the framing of the legislation. The funding for the institution will come significantly from KfW and it could happen that, in the course of business and after a few years, as a serious creditor to the institution KfW could exert leverage to take over or convert the funds it has lent to the institution for controlling shares. An institution that will have a broad spectrum mandate and be predominantly focused on SME financing in the short-term, medium-term or long-term, for fixed assets, working capital or whatever and taking on housing finance, if deemed appropriate, or other objectives and if difficulties arise in the conduct of the business, the creditors may end up having a significant influence to control, to take over, to liquidate or partially own the institution. I do not know whether that discussion has been held in the Department with advisers but it is important.

Deputy Richard Boyd Barrett: I am glad to hear the Minister assure us that this will be retained as a public entity. The Minister seems to be arguing that it is for practical purposes and for purposes of transparency that we must set up a private company with the Minister as the sole shareholder. Concerns about potential privatisation of Irish Water led to the Government explicitly including in the Irish Water legislation an insistence that it be retained in public ownership. Some of us remain sceptical about whether that will be adhered to, partly for the reasons referred to by Deputy Peter Mathews. There can be a hollowing out of public ownership from the inside when it is financed from elsewhere. If it is his intention that it stays public and that this is a practical way of organising it, can the Minister include, as suggested by Deputy Stephen Donnelly, something more explicit about it being retained fully in public ownership? This sets it solidly in legislation, lest future Ministers decide on, or are forced in, a different direction.

Deputy Stephen S. Donnelly: There seems to be a contradiction and I accept that the Minister is saying in good faith that he has no intention of selling into private ownership the company. I take the Minister at his word that the setting up of the company as a private rather than a public entity is better for tax or transparency reasons. However, the Minister refers to section 11 in the Bill. Section 11(5) states: "Subject to section 12, the Minister shall be the sole shareholder." Section 12 states: "The Minister may, at such time or times as appear to him or her appropriate, sell, transfer, exchange, surrender, redeem or dispose of all or any of the shares in the SBCI on such terms and conditions as appear to the Minister to be appropriate." The next section states that "Any funds received [...]shall be paid into or disposed of for the benefit of the Exchequer and the Minister may not dispose of any shares in the SBCI without the general principles of the disposal being laid before each House of the Oireachtas." The legislation seems to allow a future Minister for Finance to sell this into private ownership. Deputy Peter Matthews made a legitimate point that foreign companies will have equity, loan calls or the various legal calls on the entity and they may be interested in taking it over. The legislation sets out how it can be sold into private ownership. There seems to be a contradiction between the stated aim of the Minister, and I take him at his word, and what the Bill lays out as the sales mechanism for a future Minister for Finance. Is that interpretation of the Bill correct? Does the Bill preclude it? If it is his intention that no future Minister is capable of selling this into private ownership can we introduce a subclause that states that? Otherwise, can we get rid of section 12(2), section 12(3) and section 12(4), which are the legal mechanisms by which the sale can happen?

Deputy Pearse Doherty: The Minister has taken the discussion into sections 11 and 12. These are the key areas and we do not question the intention of the Minister to keep this in public ownership. The provision of the Bill provides for it to go into private ownership. That may be a precautionary measure or on the advice of the Attorney General. No one knows what the future holds and we may all want to get rid of this company because a better company may exist and we may want to sell it. The problem I have with this is that the Minister can do this alone. The Minister mentioned there would be accountability by the Houses after the event and that is the real issue here. Deputy Boyd Barrett spoke about Uisce Éireann. If that company was to go into private ownership, it would require a resolution in the House. It would require legislative change. What we are saying is that if the Minister does not want to change the law, he should at least require a resolution in the House that gives him the democratic mandate to transfer what is a private company, whose shares are solely held by the Minister for Finance, into a variant of that, whether completely private or semi-private. This is the key issue for me.

I am not as concerned with regard to whether it is public or private. I am familiar with what

the Minister has said in terms of the different rules that would apply under the Companies Act to a private company. The key concern is that section 12 facilitates - whether that is the Minister's intention or not - the sale of the shares into private hands, and it does this without requiring the approval of the Dáil. We could have a situation where the Minister wants to sell some shares one day and more on another. Obviously, he does not want to be required to change legislation all the time to do that. However, he should at least seek approval of the Dáil. That is the reason I believe the amendments I and Deputy Donnelly propose later would, if accepted, deal with this issue and with our legitimate concerns regarding section 12 - a section not in other Bills - being written into this Bill.

Deputy Michael Noonan: It is always worth remembering that anything enacted by the House can be changed by a future Dáil. Therefore, no matter how a provision is couched or included in legislation, it can change. If, for example, we include a provision that the Minister for Finance will never dispose of the company, in a year's time the Minister for Finance could come in with amending legislation that would remove that particular section. Anything that can be enacted in law can be changed in law. It is not like the Constitution. We set out clearly in the Bill that it is not the intention to sell, so that on the record of the House all subsequent Ministers for Finance and all subsequent Members will know the policy position at the time of institution was that there was no intention to sell.

I am advised by the Attorney General that for legal reasons it is best to have the power to alienate shareholding in legislation, so that if there was to be a change, this is specified in law now rather than *carte blanche* being given to our successors to bring in amending legislation far wider than the provisions we are enacting. Also, her advice is that having the Minister as the sole shareholder is an important defence, because then the company cannot be sold to other shareholders. It either all goes or the Minister is no longer the sole shareholder. I am following the legal advice from the Attorney General that this is the most prudent way to proceed and that rather than incorporating it by separate statute, if we do it under normal company law, all the protections and transparencies that go with Irish company law will apply.

In a different world, one could make the absolute case. However, we should remember that in any Dáil at any time a Minister can bring forward legislation to amend anything enacted by a predecessor. Knowing that, we cannot give the kind of belt and braces security one might want. The policy position is clear that there is no intention to sell.

Question, "That the words proposed to be deleted stand," put and declared carried.

Amendment declared lost.

Acting Chairman (Deputy Robert Troy): Amendments Nos. 3 and 19 are related and will be discussed together.

Deputy Pearse Doherty: I move amendment No. 3:

In page 6, line 1, after "on-lending" to insert "and directly".

We are going to run out of time as a result of the guillotine the Minister has placed on us, so I will not take up much time on these amendments. Amendment No. 3 is a simple amendment. The purpose of the Bill is to allow for on-lending. I believe this should be accompanied by the possibility of direct lending. The Minister mentioned earlier that this will morph and grow into other things. While on-lending may be the way these companies or banks provide credit to

SMEs and other sectors of society, it is not the only way. Direct lending also takes place and I believe this should be available as an option, if not for immediate purposes at least as it grows. For example, we should provide that we can lend directly to a certain sector or project, where the loan is not required to be on-lent through another financial institution.

In dealing with the issues of on-lending and direct lending, I am interested to hear the Minister's views in regard to the likes of Microfinance Ireland and where it sits within this Bill. This Bill is about small and medium enterprises, which includes microenterprises. We already have a company or agency set up to provide credit for microenterprises, at a lending rate of 9.5%. Is it envisaged that the SBCI would on-lend to that company, which would then lend it out at a cheaper rate or are the functions of that company going to be subsumed into this new company, which could therefore lend directly to the small and medium enterprises which have been refused credit from banks? Or, are we just going to get rid of Microfinance Ireland altogether. How is this going to pan out and is this going to change the structure there?

Deputy Michael McGrath: The legislation and the Minister's speech make clear that the corporation is being established as a wholesale lender. I agree with Deputy Doherty that it would be preferable if the corporation had the capacity to lend directly to the end consumer, in this case primarily SMEs. One of the main selling points of the Bill as presented is that the corporation will be able to increase the availability of loans of greater duration with enhanced terms and potentially at a lower cost to the SME sector. Will the Minister elaborate on how the strategic banking corporation can ensure this happens? In other words, if the SBCI is providing funding to the financial institutions at a relatively low cost, how can we be sure the banks are not just going to use that as a means of increasing their net interest margin? How can we be certain an SME will be able to get a loan at a competitive interest rate, because that is the purpose of the Bill? Will the Minister elaborate on what assurances we have the terms offered to an SME by way of loan offer will be attractive?

One of the main reasons I would like to see the corporation being in a position to lend directly to SMEs is that under the system we now propose, the banks will still make the final call on any lending decision. If a bank is risk-averse - as banks are currently - there is no guarantee that even with this funding being available from the SBCI, it will be more willing to lend to the SME sector. The fact that the corporation will not have the capacity to lend on directly is a key flaw in terms of what is proposed.

Perhaps the Minister might outline the position with regard to the mechanics of how this is going to work in practice. If a bank wishes to avail of some of the funding available, will a formal contractual agreement have to be entered into with the SBCI? Will such a bank draw down a tranche of funding from the corporation and then make it available, at its discretion, to SMEs? If the Minister could elaborate on these matters, that would be very helpful. The Minister clearly indicated earlier that the funding to be made available to SMEs by the SBCI via on-lenders would be for investment purposes. The critical issue SMEs face at present in the context of funding revolves around the availability of working capital. Businesses are trying to keep their doors open and, as we know, many of them are hanging on by their fingertips. In the short term at least, funding from the SBCI will be of no benefit in terms of the availability of working capital. Will the Minister outline his vision as to how long the corporation will be restricted to providing funding for investment purposes and on how quickly it might provide funding, particularly in the form of working capital, for the day-to-day needs of businesses?

Deputy Peter Mathews: From reading the Bill and the one-page diagrammatic aid circu-

lated to Members at the beginning of Second Stage, I am of the view that the intentions here are very clear. Whether they are adequate in terms of what is needed and answer the question as to where the economy stands in the context of SMEs is another matter entirely. The strategic banking corporation of Ireland will essentially be a wholesale bank that will lend to existing banking institutions and any new entrants to the market. The risk relating to the moneys that will be on-lent to SMEs will be carried by the direct-lending entities, namely, those existing institutions and any new entrants. Deputy Michael McGrath's point to the effect that the security the banks hold at present in respect of existing loans, legacy loans and the banjaxed loans that are weighing down on SMEs is compromised is well made. The appetite on the part of the banks to lend to SMEs is going to be dulled by that compromised security. They will not want to ascribe to the new funds better security than that which applies in the context of legacy debt. This will cause a problem and it brings me back to the point that the blackboard must be cleaned before any new sums are written on it. In other words, the position with regard to mortgages and SME legacy loans must be addressed expeditiously.

As I have already stated, my comments are constructive in nature. I am all in favour of the sort of bank being established under the legislation. ICC bank, for which I worked, was that kind of institution, but it lent directly. ICC obtained its funds mostly from its customers but also from the EIB in the case of ten-year funds with fixed interest rates. That was how it was designed. The trouble with what is proposed in the Bill is that the Minister is trying to straddle two moving platforms. On one hand are the banks, which have poor operational experience with their customers and which are trying to deal with the new requirements of those customers, and on the other is the new funding coming from new wholesale funders through those banks. It is a very wobbly arrangement. I am only being realistic. The Minister must be of the view that my comments are very negatively charged. That is not the case. They are realistic and they need to be taken on board.

Deputy Michael Noonan: As a number of Deputies have pointed out, we are dealing here with a wholesale model. The SBCI's business model is based primarily on the on-lending model which has been operated successfully by Germany's promotional bank, KfW, and Spain's state investment bank, Instituto de Crédito Oficial, ICO. The SBCI is being set up initially as a wholesale funder which will work with various on-lenders in order to minimise the overhead expenses of operations. This is designed to get the SBCI up and running as soon as possible so as to leverage the existing networks and capabilities of on-lenders for the benefit of SMEs. That will ensure that SMEs obtain the best value possible. The money will be forwarded to onlenders in tranches. Of course, those lenders will be subject to rules and regulations laid down by the wholesale entity. There will be contractual agreements and these will specify the nature of the product which will be on offer to SMEs and also the terms and margins involved. As the money involved will be obtained very cheaply, the risk carried by on-lenders will be covered by the margin charged. The wholesale entity, namely, the SBCI, will put in place a protocol that will cover that margin. This should work reasonably well in practice.

On Deputy Pearse Doherty's question about microfinance, the SBCI team will be working with the Department of Jobs, Enterprise and Innovation and Microfinance Ireland in order to identify how further demand-side solutions can be facilitated as soon as possible after the company has been established. In other words, we will establish the company and get it working as an on-loan wholesale bank. Money will then be lent to on-lenders such as the existing banks, which will lend in the normal way but subject to protocols set down by the SBCI. At that point, the Department of Jobs, Enterprise and Innovation and Microfinance Ireland will become

involved in order that they can be used to deliver microfinance to small industries. The model is fairly well worked out and it will be flexible enough to deal with any day-to-day problems which might arise.

The facility will not be confined to existing lenders; new entrants to the market will also have access to it. All funding drawn down by the SBCI must be used or returned to it. The Directorate General for Competition and the SBCI will require proof that the moneys involved have been passed on to SMEs. As a result, there will be no question of investment funds going anywhere other than to SMEs, which, of course, are the intended target of such funds. In addition, the SBCI will supply credit products that are innovative, that are in no way designed with the lender in mind and that are tailored to the needs of SMEs.

I am sure we will discuss this matter on many future occasions. However, what I have outlined is the general shape and scope of and intention behind what is involved. We will deal with any practical difficulties that arise as we proceed. I stress that the SBCI will operate independently of the Minister for Finance and the Government and in accordance with its own mandate.

The provision of credit directly from the SBCI is not precluded under the legislation. Section 8(1)(a) will ensure that direct and indirect lending can be made possible. The intention is, of course, to facilitate indirect lending in the first instance. Under section 8(1)(a), the corporation will be legally empowered to become involved in direct lending subsequently.

Deputy Michael McGrath: I thank the Minister for his reply, which was helpful. I wish to ask a number of follow-up questions. Will information relating to the funding to be made available through the SBCI be highlighted, front of house, in bank branches? Will SME customers be able to inquire about such loans in their local banks and will marketing information be available in respect of SBCI loans and the terms and conditions attaching to them?

I asked about the purpose for which funding would be made available. Initially it is for investment purposes for small and medium-sized enterprises. For how long does the Minister envisage this will remain the case? Is it his intention that the purpose of the funding can be broadened in scope to include meeting the day-to-day cash or working capital requirements of businesses?

Contracts will be entered into between the SBCI and financial institutions. Will they go into detail about the lending criteria to be applied? Ultimately, will it still be very much a decision of the bank on whether to lend? Will the normal lending criteria apply in the assessment of risk by the banks or will these transactions be specified as being different by way of the contract entered into between the SBCI and the bank?

Deputy Pearse Doherty: I am unclear on how the corporation will interact with Microfinance Ireland. The Minister said there would be engagement, but let us consider Microfinance Ireland. It is a stop-gap option for companies that have been refused by commercial banks. They go to this State-funded entity where the rate is 9.5%. Now we are setting up a vehicle that will provide funding at cheaper credit rates over a longer period and offer different products that it will design over time. The real question is whether it can fund Microfinance Ireland. Will we see Microfinance Ireland's interest rate drop substantially from 9.5% to a reasonable rate? Given the way it is structured as a company, will it be allowed to access the funds available from this corporation through on-lending arrangements?

Forgive me if I have missed it, but I have not heard an argument against the possibility of

direct lending. The Minister has indicated that this has been modelled on the on-lending concept or practice used by successful operations in Spain and Germany. He has said KfW will fund the company. KfW also allows for direct lending and has several associated proposals. It has been heavily engaged in direct lending to the wind farm industry. A direct lending option could and should be available. I am not suggesting it should be for wind farm energy projects but in any given area in which direct lending could be of help. It would be of benefit to allow this to take place from the start.

On Second Stage I mentioned that one of the major problems with the Bill was the lack of clarity on how it would work. We are putting infrastructure in place without real knowledge of how it will work from the consumer's point of view. Deputy Michael McGrath raised this point also. If a person from an SME goes to the bank, how does he or she access SBCI loans instead of those of Bank of Ireland, AIB and so on? What are the sureties required? The Minister has indicated that the banks will have to assure the SBCI that the money will be lent to small and medium-sized enterprises. We have been there and done it. The Minister has laid down targets for lending into the economy from the pillar banks. We have had representatives from the banks before the committee and they have told us they reached the targets set. However, they did it by removing overdraft facilities from small and medium-sized enterprises and turning them into loans. Let us consider the targets laid down by the Minister in mortgage resolutions. The banks abused the system of allowing legal letters to be issued and then counted them in meeting the targets.

There is not enough in the Bill to ensure lending into the economy and to SMEs. Will what is envisaged enhance the credit facilities available to SMEs? I simply do not understand why the concept of direct lending should be ruled out completely at this point. How will Microfinance Ireland interact with the organisation? Will the corporation be able to lend at low rates to Microfinance Ireland, a company owned by the State?

Deputy Richard Boyd Barrett: Like the discussion we had earlier, I simply do not understand why we seem to be taking aspects of the KfW model but not all of it. I forgot to thank the officials for the briefing which was very illuminating. If I understand the position of KfW properly, it provides products directly, but these products are also made available through other banks. It is possible for an SME to obtain a KfW product from other financial institutions. However, if an SME goes directly to KfW, there will be a different product from what it might obtain from the banks, given their narrower commercial focus or orientation. KfW has a different mandate and, therefore, different products. If we are modelling the corporation on KfW, why are we not doing what it is doing also? Perhaps the Minister might explain why we are doing a little of what KfW does but not all of it.

Deputy Michael Noonan: One of the major differences between the on-lending model through a wholesale provider of funds and what we are used to with high street banks is that the network is not in place. We will move to set it up immediately, but the first set-up will be some type of central office, probably in Dublin. It will not have a network of offices in every town in the country. The obvious way to deliver money to SMEs throughout the country is to have an on-lending arrangement with the institutions that already have networks. We will start with the established banks; then new entrants will come in, to be followed by companies such as Microfinance Ireland. I am a little vague about the model for Microfinance Ireland because it is in transition. It has a new chief executive. There are major changes in the agencies assisting industry - for example, the local enterprise offices are now playing a stronger part. The intention is that after the discussions between the new institutions and the Department of Jobs, Enterprise

and Innovation, Microfinance Ireland will be an on-lender and provide credit on much the same terms as on-lenders in the banking sector. That would imply a reduction in interest rates from their current level. The details have to be worked out because Microfinance Ireland is under review and the new chief executive has been put in place.

Why not do it all on the one day? We are starting something new which, as Deputy Peter Mathews pointed out, is going to be a permanent feature of the Irish financial landscape. We hope it will be a significant investment lender in the economy for many years to come. We hope what we are putting in place will be something like what our predecessors did when they established the IDA or one of the institutions which were very successful.

Deputy Peter Mathews: What about ICC bank?

Deputy Michael Noonan: I hope it will be successful in that way. In building any organisation from start-up, it is reasonable to phase its development. While we want to empower it to lend directly, the first phase incorporates an on-lending basis. A bank without a network must consider the logistics of direct lending. A bank could lend directly from a head office for big projects. For smaller projects, the on-lending model works best. One of the earliest steps will be taken this summer, in that there will be marketing and promotion of the strategic banking corporation of Ireland, SBCI. SMEs will know from where they can get SBCI loans. Like everything else in private business, the incentive for the on-lending banks will be their profit margins. This will largely depend on what margin is negotiated. Due to the reduced risk for and availability of money to on-lenders, they should not charge much more than a handling charge plus a small risk premium. We know there is a willingness among the banks to participate and the details will be worked out in the coming months. I am anxious to get this model up and running this autumn so that actual lending to the SME sector will have taken place in 2014.

Although the previous measures we have tried might not have worked 100% and all of the money earmarked for SMEs in 2011 was not drawn down, the situation improved in 2012 and 2013. In co-operation with us, the Central Bank asked RedC, the polling agency, to examine the funding of SMEs. The latest returns show that more than 80% of applications for investment funds from SMEs are being sanctioned by banks. A residue is not being sanctioned, but the situation has improved substantially. We are not claiming 100% success for any of our initiatives.

Regarding the Deputy's original proposition, there is also a demand-side problem with people who are indebted not wanting to borrow further. For those who were burned badly playing in the property market, the last place they will go is near the fire again. In general terms, Irish entrepreneurs and SMEs have become risk averse. Many try to limit their borrowing and are working with cash only. While this is prudent, we need SMEs to borrow, to invest, to grow their businesses and to provide jobs if the expansion we require is to happen. This is an objective we all share.

Deputy Peter Mathews: I thank the Minister and agree it would be good to see the SBCI up and going but, at the risk of being repetitive, I will underscore my comment by asking him to whip into shape the banks' boards and managements. They have not been behaving properly. They need to be whipped into shape, write off what is irrecoverable and be realistic with their accounts instead of dancing around the edges. It is time to take out the scalpel and perform the necessary surgery on the gangrenous financial remnants and carcasses of the past. Otherwise, the SBCI will not work.

Deputy Michael Noonan: That request makes it sound as if nothing has changed. On the infamous night of the guarantee, there were 75 or 76 directors of Irish financial institutions. Only one of those is left, and that at the request of private investors. Every other director has been moved on.

Deputy Peter Mathews: Every director from the 2002-08 period has vanished into the sunset. Not one has been held accountable for creating the credit pyramid. That is where we should start.

Deputy Michael Noonan: The Deputy is changing the argument.

Deputy Peter Mathews: I am not.

Deputy Michael Noonan: The Deputy stated that the scalpel should be taken out and there should be significant changes on the boards of directors.

Deputy Peter Mathews: I did not say that at all.

Acting Chairman (Deputy Robert Troy): One speaker at a time, please.

Deputy Peter Mathews: I asked the Minister to whip them into shape and obedience as regards wiping off debt.

Acting Chairman (Deputy Robert Troy): The Minister has the floor, Deputy.

Deputy Michael Noonan: "Whip them into shape and obedience" implies that they are still in situ and I, as Minister for Finance, have the whipping control. If they are gone into the sunset, I have no control-----

Deputy Peter Mathews: They have to answer for creating the problem.

Acting Chairman (Deputy Robert Troy): Will the Deputy please allow the Minister to speak without interruption?

Deputy Michael Noonan: I have no control over them any more. The Deputy should address his remarks to someone else in the institutions.

Deputy Peter Mathews: There are two different things - those who caused the problem and those who can solve the problem.

Acting Chairman (Deputy Robert Troy): The Minister without interruption, please.

Deputy Michael Noonan: The Deputy has switched targets.

Deputy Peter Mathews: The Minister knows what I am saying. Do not play with words. This is a reality. It needs to be addressed.

Deputy Michael Noonan: I am not playing with words at all.

Deputy Peter Mathews: You are.

Deputy Michael Noonan: What I am saying is that it is not true to claim that the directors of banks-----

Acting Chairman (Deputy Robert Troy): Is the amendment being pressed?

Deputy Pearse Doherty: Yes.

Deputy Michael Noonan: -----who were there on the night of the guarantee are still there.

Acting Chairman (Deputy Robert Troy): Minister, the amendment is being pressed.

Deputy Michael Noonan: They are all gone.

Deputy Peter Mathews: I did not say that. You are not listening.

Acting Chairman (Deputy Robert Troy): Deputy, please. The amendment is being pressed.

Deputy Peter Mathews: You have a deluded brain. Do you ever listen?

Deputy Michael Noonan: I find it difficult at times.

Amendment put and declared lost.

Acting Chairman (Deputy Robert Troy): Amendments Nos. 4 and 17 are related and may be discussed together.

Deputy Richard Boyd Barrett: I move amendment No. 4:

In page 6, between lines 11 and 12, to insert the following:

"(f) to create employment in the State,".

My intention is to broaden this strategic bank's mandate so that we can move away from banks' overly narrow focus and instead focus on the strategic priorities for the economy and our citizens. Creating employment is a self-evident imperative for society. It seems reasonable to insert this imperative into the Bill's list, which currently includes the general and correct imperatives of protecting the interests of taxpayers and contributing to the economic development of the State as well as enhancing the competitiveness of the State. I am not so crazy about competition, but that is the Minister's bias. The list refers to these imperatives and broader strategic objectives, but it does not explicitly state the need to create jobs. The Minister might claim such is implicit in the bank's objectives, but I do not know why it would not be explicit.

Sometimes, there can be a trade-off between imperatives if it is not fully understood that we want them all. In particular, some deem a competitive approach to be one that cuts jobs. I do not agree, but this is often how "competitiveness" is interpreted. In having a fully rounded set of objectives for this strategic bank, it is important to include as an informing principle an explicit commitment to create employment. Who knows? Maybe the Minister will accept this amendment.

Deputy Stephen S. Donnelly: I find myself increasingly agreeing with Deputy Boyd Barrett as the evening passes.

Acting Chairman (Deputy Robert Troy): Scary.

Deputy Stephen S. Donnelly: This amendment makes a great deal of sense. To ensure that my memory was serving me well, I checked to see whether one of the US Federal Reserve's

mandates was employment. It is - the exact wording is "maximum employment". The amendment seems to be a simple, useful, risk-free and costless change.

The focus on economic development and growth is welcome.

4 o'clock

However, there are probably a bunch of SME investment opportunities that may have fairly small economic growth potential but quite large employment potential. When the new strategic investment bank is in an ongoing relationship with the on-lenders, they will discuss the criteria under which they will lend money and the types of investment for which they will lend money.

Deputy Boyd Barrett's amendment proposes including in the purposes of the Act the wording "to create employment in the State," and I might suggest the wording "to support employment in the State" or "to maximise employment in the State," because it is about both creating new employment and protecting existing employment. Obviously, it is easier to keep somebody at work than it is to create a new job. It seems it would be useful for the Government and the strategic investment bank to be able to say to lenders that they think there are a significant number of opportunities which would create or protect employment and even though they may not be a huge boon to GDP or GNP, they would create and protect a bunch of jobs, and they think they should be lending to those as well. This amendment is an excellent proposal and I hope the Minister either accepts the wording proposed by Deputy Boyd Barrett or brings forward some similar wording such as "support, protect and maximise employment." I think it is an excellent idea.

Deputy Michael Noonan: These amendments seek to add additional purposes to the Act such that a specific purpose of the Act would be the creation of employment. From a first reading of it, I was very sympathetic towards this but the legal advice we got is that as neither this legislation nor the SBCI is specifically designed to tackle employment issues directly, it was better not to refer to creating employment in the section. I agree with the Deputy that the creation of employment is a key goal here, but enabling growth through enhanced credit provision in the economy is the more accurate purpose of the Act and the more accurate function of the SBCI, and it is this economic growth which can enable the creation of employment directly. Consequently, I am unable to accept the amendments.

Deputy Richard Boyd Barrett: The Minister's best instincts initially gravitated towards the value of this amendment, and then it seems the lawyers and officials pulled him back from it. I do not know what exactly happened, but the Minister's response is a little disappointing. Furthermore, it is a slightly contradictory response to say that although this legislation is about creating employment, we cannot put in that category for legal reasons because it goes beyond the remit of the Bill. I do not understand that. It is quite contradictory. It raises the question of why we do not call it an enterprise Bill or an enterprise bank Bill, if the Government wants to focus it so narrowly. That would be a good objective.

I was chatting to a Fine Gael colleague of the Minister's outside the House who made the point that this legislation is very important in terms of the need to provide finance to the small and medium enterprise sector which is not currently available, and I replied that I totally agreed but that there are other strategic economic and social objectives which are as important for the economy and our society, and I would have thought that was what a strategic bank should be. If it is simply an enterprise bank, we should call it an enterprise bank or a bank similar to the for-

mer ICC, which was mentioned, but I thought this was a strategic bank and that it had a slightly broader remit. That is what the name implies, yet the Minister is narrowing its focus. To narrow it down to the extent that the imperative to create jobs cannot be explicitly stated in this section seems odd. To elaborate on the point I and Deputy Donnelly mentioned, the categories of growth, economic development and competitiveness in the economy are quite general and one could argue they go beyond the priority the Minister is putting on SMEs, because they are quite broad - namely, protecting taxpayers and contributing to economic development. Therefore, why would the category of employment not be set out explicitly as an imperative, as there are things that would significantly benefit from job creation which might not necessarily be ticked under the other categories or imperatives?

I am surprised that the Minister will not accept this amendment, particularly when he is saying that it is the intention of the Bill, but we just cannot say so. It is an odd position. Perhaps he could explain that. It would be sensible to accept this amendment and it is what would mark out a strategic bank as opposed to another type of bank whose focus is more narrow.

Deputy Stephen S. Donnelly: I respectfully suggest that the logic in the Minister's response is flawed. He stated that the purpose of the Bill is economic growth and that economic growth and economic development are what he is talking about. That is not stated in the Long Title of the Bill, which states that the Bill is for the purpose of "making credit available to enterprises and to other persons". Under the section setting out the purposes of the Act, the only other wording is about the "availability of credit ... to benefit the economy". The section goes on, and pretty much out of nowhere it states: "to contribute to the economic development" and "to enhance competitiveness." The Minister's response was that he liked the idea of the proposed amendment but the legal advice he got was that the category of employment should not be included in this section because it does not link back to the purpose of the Bill. The categories of competitiveness and economic development are included in the section, but neither of these, with which I agree, are included in the Long Title. Therefore, if the category of competitiveness can be pulled into this section under subsection (h) and is not mentioned anywhere else, surely the category of employment can be pulled in.

We all talk about economic growth, and it is a good thing, but what is the purpose of it other than to get on top of our debt ratio? It is about employment and jobs. It is all well and good having the strategic investment bank thinking that it needs to lend money to SMEs in order to have economic development, but what is economic development? It may interpret it as GNP or GDP, which basically means that as long as the company is investing, GDP and GNP will go up, because that is one of the five constituent parts, but if the Government is going to bring in competitiveness as an explicit objective, surely the most fundamental economic objective is not GNP growth or competitiveness but employment. The only reason we want competitiveness is for the sake of employment. Competitiveness in and of itself is not a thing; it is an enabler of employment. If the category of competitiveness is included in the section, I respectfully suggest that the legal advice the Minister has is flawed and that including the category of employment would not just be a nice thing to do in terms of the legislation but would actively allow whoever ends up running the investment bank to say to a bank such as Bank of Ireland that it has given the bank a tranche of €500 million and it expects to see some very smart investments which result in the creation of jobs. I ask the Minister to reconsider this amendment; perhaps he might consider introducing a similar amendment on Report Stage. It seems a very sensible thing to do.

Deputy Michael Noonan: One can challenge legal advice, but law always comes down to

the precise meaning of words. While the purpose of much of what we do is the creation of jobs, that is not the direct purpose of this legislation. The purpose of this legislation is to provide credit to SMEs in a manner not previously provided and by an institution that has not existed heretofore. A consequence of this is that the SME sector grows and jobs are created. Employment is a consequence of what is being provided for in this legislation.

Competitiveness is a direct purpose of this legislation because we are providing therein a direct alternative source of credit to the SME sector as distinct from the sources of credit already in place. Growth in the economy is the first macro consequence of the provision of the additional credit. Employment is a secondary consequence. It is in this space the legal argument is made.

Deputy Richard Boyd Barrett: I do not wish to labour this point too much but the more the Minister says the less convincing it is. This is slightly worrying. There are regular engagements with the troika and the Irish Fiscal Advisory Council during which we have sight of fascinating tables regarding GNP, competitiveness, investment levels and so on. What probably matters most to our citizens and to people in business is jobs. Leaving aside all of the statistical indicators and so on, the bottom line is returning more people to employment. Everything else flows from that. We appear to be doing things the wrong way round. We are not suggesting that everything should be turned upside down; we are just asking that what is sought in the amendment be included. I do not see how an objective for creating employment is in a different category legally or any other way from the other purposes set out in the Bill, including the economic development of the State. How is that objective legally different from or more important than employment in terms of the objectives set out in the legislation? This does not make any sense.

These issues we are discussing and the legal advice which leads the Minister to reject these amendments further supports the claim that we should have had more time on Committee Stage to thrash out this legislation. I would like to hear a serious explanation of the legal advice that has led to the Minister saying we cannot include the creation of employment as one of the objectives of the strategic bank. This does not make any sense. I believe the Minister should reconsider this and, perhaps, interrogate his legal advisers a little more about it.

Deputy Stephen S. Donnelly: We are not allowed to interrogate the Minister's legal advisers.

Deputy Richard Boyd Barrett: That is the problem. We do not get the opportunity to interrogate the Minister's legal advisers, which we would like to do.

Acting Chairman (Deputy Robert Troy): One speaker at a time, please.

Deputy Richard Boyd Barrett: Sorry, Chairman, but as this is Committee Stage there is no harm in a little interaction. If sufficient time had been allowed for Committee Stage, we would have been able to thrash out this issue more seriously.

Deputy Michael McGrath: I support Deputy Boyd Barrett. What he said makes perfect sense. Ultimately, the Bill is about jobs. While this is implicit in the objectives set out in terms of the purpose of the SBCI, it should be explicitly stated. I do not accept that there is any legal impediment to specifying the employment objective. The only issue I would take with amendment 4 is that I would substitute the word "support" for the word "create" because we want to also support existing employment. It is equally important we do this. One of the benefits of this

new system, if it works, is that it will secure existing jobs and, hopefully, result in the creation of new jobs. Why the objective of the support of employment in the State cannot be included is beyond me.

Deputy Michael Noonan: I have nothing further to add.

Amendment put and declared lost.

Deputy Pearse Doherty: I move amendment No. 5:

In page 6, between lines 16 and 17, to insert the following:

"(2) The Minister for Finance will ensure the Central Bank has recourse to supervisory measures, including imposing capital requirements for borrowers from the SBCI who do not lend to the real economy as laid out in *subsection* 1(g) and (h)."

We touched on this issue earlier. This amendment arises out of the concern expressed by myself and other members that the banks will suck up this cheap money and lend it to customers to whom they were going to lend anyway, resulting in this not having any big impact on the SME sector or that the banks will lend on the money as overdrafts turned into loans and so on and then dress that up as new lending to SMEs. What sticks are available to us with which to beat the banks if they do this?

The Minister mentioned that the banks would be required to prove to SBCI that funding was being used for SME lending. What protections exist in this regard and what level of oversight does the Central Bank have in this regard? Also, what penalties can the Central Bank impose on banks if funding is not properly passed on? The amendment is structured to provide for a system similar to the mortgage arrears targets and the Central Bank's power to impose additional capital requirements and so on. However, the situation in the SME sector is different because of the way in which the banks are dealing with non-performing loans and so on. The amendment calls on the Minister to ensure that the Central Bank has recourse to supervisory measures, including imposing capital requirements for borrowers from the SBCI who do not lend to the real economy as laid out in *subsection 1(g) and (h)*. What measures are in place to ensure this lending takes place in the manner intended?

Deputy Michael Noonan: The SBCI will impose a number of requirements on lenders to ensure they use SBCI funding for SME financing, which will fulfil the purposes of this Bill. However, the SBCI must balance these requirements with the on-lender's reporting burden to ensure that it is economical for that on-lender to lend SBCI products. The SBCI operating model will be to provide funding to on-lenders, which is linked to the provision of credit products designed to meet the needs of SMEs. Extensive reporting requirements will ensure that the SBCI can monitor the use to which all funding has been put by the on-lender. Loan contracts with on-lenders are likely to include provisions which ensure that any funds which are unused by the on-lender are returned to the SBCI. While the amendment is well intentioned, it is unnecessary. Consequently, I cannot accept it.

Deputy Pearse Doherty: What the Minister referred to in his last contribution does not exist in legislation because the company has not yet been established and there is no requirement on the on-lenders to inform the SBCI how they are on-lending the money they are getting from it. We are speaking about a company that is being established to lend money to a bank which is regulated by the Central Bank and will lend vast amounts of money to customers throughout

the country and in other jurisdictions. This money will be sizeable in amount but only a small fraction of the overall lending of the larger institutions. The problem is that although the banks may be contractually bound to report to the company demonstrating the funds they accessed were lent to X, Y and Z in the SME sector, this arrangement may not work unless there is an institution with an overall picture of what is occurring. We have seen the unfortunate behaviour of some financial institutions that twist, bend and contort the rules to ensure the arrangement is in their own financial interest. Therefore, the appropriate agency to ensure oversight and ensure the spirit of this legislation is being adhered to is the Central Bank. It is only the latter that will have the potential to gain access to all the information. For example, it could ascertain that a product developed by the SBCI is not just supplementing lending already taking place within a bank. Perhaps the Minister's intention is that the company will just provide cheaper credit and not more credit to the SMEs such that those availing of credit today might be able to avail of different forms of credit, with different term loans and at cheaper rates. This would be a failure considering the aims of the legislation. Not only should different types of credit be available through different products - the Minister mentioned some of them, including holiday payments, longer durations and cheaper credit - but more credit should be available for SMEs. The company itself will not be able to adjudicate on that. Only the Central Bank of Ireland will be able to determine whether all of the funds made available by the company to a financial institution have been lent to SMEs. It would be able to determine, for example, that 50% of the funding replaced existing funds lent to SMEs and thus did not increase the flow of funding. A broader approach is needed involving the Central Bank in some way. I am not sure what the phraseology should be in the legislation, but the Central Bank should have a role. I do not trust the banks and I believe we have enough evidence to show that when rules are applied, it is the job of some of the very senior staff in banks to discover how to comply with them in a way that maximises profit or, at least, minimises the loss of profit to the bank. Therefore, the banks may comply with the letter of the law but not the spirit. That is why we need an adjudicator that can see around the corners that the company will not be able to see around.

Deputy Michael Noonan: The on-lenders will need to demonstrate that it is new lending in the first instance. The purpose of the Bill is to provide additional credit to SMEs. The word "additional" is important. It is not substitute credit to enable the banks to make more profit. It is not a scheme to assist the banks but a scheme to assist the SMEs.

Second, if a tranche of money is provided to an on-lender, the latter will have to account for how the money has been on-lent. Any moneys that have not been on-lent to an appropriate SME will have to be returned to the main lender. KfW does not have any particular problem with this because it operates the same model in Germany. The European Investment Bank also operates this model. It provides sizeable amounts of money to both AIB and Bank of Ireland, and there is a reporting system that ensures the money goes to SMEs and is not diverted to other borrowers at the banks' discretion. There are reporting systems in place that are satisfactory. We will continue to take advice from KfW. It has been very helpful in the negotiations thus far. It is committed to assisting us in the set-up stages of the new institution.

Deputy Pearse Doherty: We are not going to see eye to eye on this issue. Perhaps the Minister is more hopeful that the reports that come from the banks will be acceptable. As I stated, a report can be made to appear as if it fulfils the requirements.

I take the Minister to task on his statement that "additional" is the key word. Nowhere in the legislation does it state that lending must be "additional"; it actually just refers to making credit available. That is probably a good example of how the Minister's intention in drafting

this legislation is not reflected in the text. If one examines the stated purpose of the legislation, one will note it is to encourage the giving of credit in a prudential manner to enterprises, etc., and that it does not say anything about additional lending. It refers to "availing of credit and making credit available through on-lending to enterprises", "the making available of funding for the provision of credit to enterprises, particularly SMEs" and to availing of sources of funding. It does not state "additional credit". It is clearly the intention of the Government and this House to ensure that additional credit will be available, but rules are rules. If one lays down a rule for a bank, it may say additional credit is not required. I hope there may be provisions that will allow the SBCI to state that there must be additional credit, although it does not state that in the legislation.

It is for these reasons that I believe the Central Bank should have a role in stipulating that at least some of the funds lent be "additional". Perhaps there is an argument for stating that not all the funding needs to be additional and that some of the credit might simply be credit made available in a more flexible way. Some SMEs are availing of credit at this point in a way that is making them unsustainable, so access to credit in a new manner envisaged in the legislation might make them sustainable or increase their activity, thus leading to a spillover in terms of economic development and job creation. However, there needs to be additional credit. I am disappointed that there is no role at all for the Central Bank of Ireland.

I listened to what the Minister said about how the system operates in Germany. That may be the case, and I am not suggesting it is not, but I just believe that if we are to have a Stateguaranteed institution that will on-lend to the banks, some of which will be private and others of which will be in our ownership, as at present, we should be including protections so that the legislation will do what it says on the tin, namely, allow for the provision of both credit and additional credit to the SME sector.

Deputy Michael Noonan: It is a pity that in a debate like this, during which time is constrained and there is not a long interval between Second Stage and Committee Stage, it is very easy to miss detail in certain sections. There is actually a reference to "additional credit". Section 8(1)(a) states that a function of the SBCI shall be "to provide, and promote the provision of, additional credit in a prudent manner to enterprises or other persons in the State, in particular SMEs". I do not mention this to criticise the Deputies, because it is difficult to grasp all the details when one is moving rapidly through the legislation.

To return to the legalities of the matter, the wholesaler, which will be the SBCI, will be providing additional credit by definition because it will be a new lender on the market. What we need to do is to ensure that when credit goes to the on-lender, the on-lent credit will be in addition to what has already been lent to SMEs. We can provide for that in the protocols and contractual agreements that will govern the drawing down from the wholesaler to the on-lender.

Deputy Pearse Doherty: I appreciate that, but I believe my point still holds in that while the requirement of the SBCI is to provide additional credit, which it will do by putting credit into the marketplace, it does not necessarily require the banks or on-lending institutions to provide additional credit. That is my concern in that regard, which I think has been well flagged.

Deputy Michael Noonan: That will be governed by the legal contractual arrangements that are drawn up.

Deputy Pearse Doherty: We will see how it plays out.

Amendment put and declared lost.

Deputy Pearse Doherty: I move amendment No. 6:

In page 6, between lines 16 and 17, to insert the following:

"(2) Following the passing of this Act the Minister shall direct the Central Bank to publish the SME debt restructuring targets for banks and the performance of the banks in reaching these targets on a quarterly basis."

This provides for the inclusion of an additional subsection which provides that the Minister shall direct the Central Bank to publish the SME debt restructuring targets for banks and the performance of the banks in reaching these targets on a quarterly basis. There are two issues involved here. First, the targets must encompass all of the institutions, not just the State institutions or the pillar banks. Second, there must be transparency regarding what are the targets and how banks are meeting those targets. That is particularly important given that we will now have a State guaranteed fund that could be lending to institutions that might not be reaching the targets laid down by the Central Bank.

It is important that there is transparency about this. As was mentioned earlier by my colleagues, the finance committee looked at how the banks are dealing with people in mortgage arrears. In my view, the finance committee should also examine that issue in respect of small and medium enterprises. A very esteemed economist has suggested that this is a serious issue that the Department and the Central Bank must address, and I know there has been some engagement by the Central Bank with the professor in that regard. However, there must be transparency about the system. Given that we are dealing with on-lending to institutions that may have targets laid down for them by the Central Bank and that may or may not be meeting those targets, it is important that some transparency is brought to this, that the debt restructuring targets are disclosed and published and that performance in meeting those targets is published on a quarterly basis.

Progress reported; Committee to sit again.

Business of Dáil

Minister of State at the Department of the Taoiseach (Deputy Paul Kehoe): It is proposed, notwithstanding anything in Standing Orders or the order of the Dáil of this day, that a division demanded on the Second Stage of the Court of Appeal Bill 2014 tomorrow, 11 July 2014, shall be postponed until immediately after the Order of Business on Tuesday, 15 July 2014.

Question put and agreed to.

Strategic Banking Corporation of Ireland Bill 2014: Committee Stage (Resumed) and Remaining Stages

Debate resumed on amendment No. 6:

In page 6, between lines 16 and 17, to insert the following:

"(2) Following the passing of this Act the Minister shall direct the Central Bank to publish the SME debt restructuring targets for banks and the performance of the banks in reaching these targets on a quarterly basis."

-(Deputy Pearse Doherty)

Minister for Finance (Deputy Michael Noonan): First, the proposed amendment is well beyond the Long Title of the Bill. To use this legislation as a vehicle to compel the Central Bank to publish statistics about the restructuring of loans would certainly be in the Long Title of the Bill, so it is not an appropriate amendment.

Second, as the Central Bank is an independent body and is already equipped to deal with such matters, it would not be appropriate or, indeed, legal for us to seek to direct it in the manner in which it communicates information as it exercises its independent functions.

Deputy Pearse Doherty: I know it is beyond the scope of the Bill in terms of the Long Title, but we can change the Long Title on Report Stage if we wish. That is clear. The point is that this is relevant to what we are discussing here. Whether it is the Central Bank or the Minister directing it to do so is immaterial, and obviously there is an issue in that regard, but the real issue is that these targets should be published, and the Minister can ensure they are published. The mortgage arrears targets are published on a quarterly basis. The Department of Finance publishes its own figures.

I hope the Minister will go beyond the reasons he has given for not doing this in his next contribution. Why should we not publish the quarterly targets set down by the Central Bank? Does the Minister think it is not in the public interest to have them disclosed and published, so we will be able to measure whether the banks are dealing with this in an appropriate way and with the appropriate actions? Does he believe it is best that they are kept private? In light of the fact that we are establishing a company which will on-lend to some of the institutions that have targets laid down for them, does the Minister not think it is appropriate that transparency be brought to this issue at the time the company is being established?

Deputy Michael Noonan: With regard to the issue of SME debt, it should be noted that the Central Bank does not publish figures on arrears on non-performing loans specific to the SME sector. In June 2013, the Central Bank set quarterly institution-specific performance targets for covered banks to move distressed SME borrowers onto long-term forbearance solutions. The targets set reflect the banks' capacity and processing systems. The Central Bank has informed the officials in the Department of Finance that the banks have reported that they have met their required targets to date. This perspective has been re-affirmed by both the IMF and the European Commission, who report that the work-out of SME arrears is progressing and that imposed targets are being met.

Recently published results from the covered Irish banks indicate that both banks are well advanced in restructuring their SME loan books. Bank of Ireland's most recent published results indicate that it has reached resolution in 90% of distressed SME cases. Similarly, the AIB results indicate a resolution level of approximately 65%. It is also worth noting that defaulted loans for both banks have reduced year on year.

The Central Bank's process of assessing financial institutions in their efforts to move the stress tests of re-borrowers onto longer term sustainable solutions is an important element in assisting SMEs to potentially transition from a distressed to a more sustainable state, and will

continue in 2014. Additionally, the Government's decision to fast-track legislation to allow small companies, as defined by the Companies Acts, to apply to the Circuit Court for examinership and the ongoing work of the Credit Review Office, which has been given an expanded remit, are all initiatives that will assist viable SMEs in addressing their debt situations.

Deputy Pearse Doherty: In case I missed it, does the Minister believe these targets should not be made public? Does he believe the targets should continue to remain private or that we should have transparency in respect of the pillar banks as to what the targets are and how they are meeting them?

Deputy Michael Noonan: My position is that it is a matter for the Central Bank, which is independent in the exercise of its functions and which particularly exercises that independence in its dealings with the licensed banks, to which it provides the licences.

Amendment put and declared lost.

Question proposed: "That section 2 stand part of the Bill."

Acting Chairman (Deputy Robert Troy): I should point out that there are only three minutes remaining and if everybody is brief, everybody will get an opportunity to speak.

Deputy Richard Boyd Barrett: Three minutes remaining of what?

Acting Chairman (Deputy Robert Troy): The Bill is being guillotined at 4.42 p.m.

Deputy Stephen S. Donnelly: You must be kidding.

Acting Chairman (Deputy Robert Troy): That was agreed. There are three minutes remaining. I call Deputy Michael McGrath.

Deputy Michael McGrath: It is a joke that we are required to put through a legislative measure of this importance in this manner. It is unacceptable and farcical and we really should not accept it. We have dealt with only six amendments and other important amendments will not be even debated. I do not wish to use all the minutes remaining but I have some practical questions for the Minister. Will there be minimum loan amounts under these products? Who is the Minister targeting here? Is it the medium size enterprises? Is a minimum loan of $\in 50,000$ or $\in 100,000$ envisaged in respect of the loan products that will be made available? Again, there is the question of when it will move from being only available for investment purposes to being available for working capital for businesses.

Deputy Pearse Doherty: This has been a farce. It is terrible that the Minister has allowed this Bill to be guillotined in this way. I do not oppose this Bill and I believe most Members of the House support the concept of the Bill. However, it is very bad when we have not got past section 2 of the Bill. It is appalling. We genuinely wanted to tease things out so we would have a better understanding in trying to improve the Bill, if needs be.

Given we are to have no further discussion, once this is established when do we expect that SMEs will be able to apply for credit under the Bill?

Deputy Stephen S. Donnelly: I want to echo those points. I said at the start that I will support the Bill and I will do so because I agree with what the Bill is trying to achieve. However, honest to God, this is a \notin 5 billion fund for lending to SMEs with up to \notin 4 billion of a State

guarantee provided by the Minister for Finance, with no ratification by Dáil Éireann. This is absolutely no way to do business. I cannot understand it. We are clearly interested and we are clearly trying to improve the legislation. Maybe the Minister can tell us why Dáil Éireann does not get time to debate a €5 billion Bill that, critically, has a €4 billion State guarantee attached to it. It is an outrage.

Deputy Richard Boyd Barrett: I am absolutely stunned. I am more stunned than I was at the start about the guillotine because I was under the impression that this was at least going to run until the close of business at 7 p.m. today. Now, we discover it is finishing at 4.40 p.m.

Acting Chairman (Deputy Robert Troy): It should be finished.

Deputy Richard Boyd Barrett: It is absolutely shocking that the Government is doing this. It is cynicism beyond belief. It is bad enough that we would not have got through all the amendments but the fact we have not even got to the issue of the guarantee is shocking. This is €4 billion that we could guarantee after what guarantees did to this country, and the Minister has the right to give these guarantees to foreign and private investors. It is extraordinary that we did not have a chance to debate amendments on that issue and other important aspects. It is a shocker. It really is disgraceful cynicism. I believe cynicism lies behind it, which is even worse when we are dealing with such important matters.

Acting Chairman (Deputy Robert Troy): In the interests of fairness, I call Deputy Mathews, but I ask him to be brief.

Deputy Peter Mathews: The conduct of this Bill through the Dáil has been an affront to Parliament and a dismantling of democracy, nothing more, nothing less.

Acting Chairman (Deputy Robert Troy): As it is now 4.42 p.m. I am required to put the following question in accordance with an order of the Dáil of this day: "That each of the sections undisposed of is hereby agreed to and the Title is hereby agreed to, the Bill is hereby reported to the House without further amendment, Fourth Stage is hereby completed and the Bill is hereby passed."

Question put and declared carried.

Topical Issue Debate

Minister of State at the Department of Education and Skills (Deputy Sean Sherlock): To be helpful, as the Minister dealing with the first matter has not arrived, I suggest we take the second matter first.

Acting Chairman (Deputy Joe O'Reilly): If Deputy Dowds will agree. He is normally a very helpful individual.

Deputy Robert Dowds: What can I do but agree?

Acting Chairman (Deputy Joe O'Reilly): Very good. We will move to the second Topical Issue with the helpful co-operation, as always, of Deputy Dowds.

10 July 2014

Schools Amalgamation

Deputy David Stanton: I thank the office of the Ceann Comhairle for allowing me to raise this issue and I am delighted my constituency colleague, the Minister of State, Deputy Sherlock, is present because we have been working together on this issue for quite some time. I am sure the Minister of State will have some positive information to impart.

Carrigtwohill was a village and is now a town between Cork city and Midleton. Because of the Cork area strategic plan, CASP, and the opening of the rail link to east Cork a number of years ago, a lot of zoning was done in Carrigtwohill, the population of the town increased dramatically in recent years and there are plans to increase it even further. There are three schools in Carrigtwohill, two primary schools - a boys school and a girls school - and a secondary school, St. Aloysius' College, which is also a girls school. They are very successful schools but, at this stage, the two primary schools are chock-a-block with students. I believe there are close to 900 students between the two of them, although the Minister of State might have more up-to-date figures, and there are prefabs stacked on top of prefabs at the boys school. The Minister of State has visited these schools, as I have, and will know they are excellent schools.

A number of years ago, an agreement was made to amalgamate the two primary schools and build one new primary school. For some time, work has been ongoing to locate a site in order to build these new schools. I understand funding is in place and everything is ready to go, except a site is needed. This has been ongoing for a long time and it is now reaching a critical point in that the schools are really and truly at breaking point because there is no space left in which to put any more prefabs and the number of children is set to increase in the next year or two.

I know the Department and the Government have decided that a new school is going to be built. I also know there are plans to build a mixed second level school in Carrigtwohill, which is badly needed. A survey was carried out among parents and I believe it is to be an ETB school, in conjunction with the Bishop of Cloyne, which is fine and is what the majority of people wanted.

What is needed now is some action on the ground. I urge the Minister and the Department to redouble their efforts to acquire a site, get planning and have these schools built. Two schools are needed, a new primary school, which is an amalgamation of the two existing primary schools, and the new secondary school. My understanding is that when this new primary school with 24 classrooms is built, it will just about accommodate current numbers so, even as we speak, we may be looking for another primary school. Perhaps the existing buildings could be used for other educational purposes.

This is now more than urgent. A very welcome extension is under way at the CBS secondary school in Midleton, a project worth over €3 million, and that school is planned to increase to 1,000 students. It is the same in St. Colman's Community College in Midleton, where another extension is planned, and other schools in east Cork. The big issue here is that east Cork is developing. Since the rail link was established, a lot of land has been zoned, many houses have been built, many young families have moved in and many children are coming on stream who need schools and education. A lot of work is ongoing there in east Cork but Carrigtwohill urgently needs attention and needs new buildings for the amalgamated primary schools and the secondary school. Having said that, we probably need another primary school to be planned for Carrigtwohill because even if a 24-room school is built now, it will be inadequate to cater for what is there as we speak let alone what is coming down the tracks, pardon the pun, in a

little while.

I am very interested to hear what the Minister of State is going to say on this. He might give us an idea of what the timescale for construction of the schools is once tendering has been completed and how big this proposed secondary school might be when it goes ahead and the plans for that. Is the Minister of State confident that the timescale laid down with construction to start in 2014-15 will happen?

Deputy Sean Sherlock: I thank Deputy Stanton for raising this matter. Both Deputy Stanton and I are playing as a tag team in respect of this issue because it is pertinent to our constituency. The area referred to has been identified by my Department as one of the areas where due to demographic changes it is projected that there will be a requirement for significant additional school provision at both primary and post-primary levels over the coming years. I think Deputy Stanton first identified the precipice that has been reached in respect of those demographic issues in the first instance. Since that time, we have been working together to get these projects over the line. We have had success particularly in respect of Midleton and the Gaelscoil at Mainistir na Corann.

Building projects for five primary schools, one of which involves the amalgamation of two existing schools referred to by Deputy Stanton, are proposed for the Midleton and Carrigtwohill areas to meet demographic growth. Scoil Chlochair Mhuire and Scoil Mhuire Naofa are existing boys' and girls' primary schools currently operating on separate sites in a combination of temporary and permanent accommodation. A project to deliver a new 32-classroom primary school building in Carrigtwohill is planned to facilitate the amalgamation and expansion of these two schools, as Deputy Stanton has outlined. The Department has approved additional temporary accommodation for both of these schools to meet their interim needs for September 2014.

In addition to this particular building project, a further four building projects are proposed that involve three primary schools and one post-primary school in order to meet demographic growth in the area. There will be a new 16-classroom school building to replace an existing temporary school building for Midleton Educate Together national school, Midleton. The site acquisition is ongoing at present. I have already referred to the new 24-classroom school building to replace an existing temporary school building for Gaelscoil Mhainistir na Corann. This is going through the rapid planning process as we speak. The Deputy has also referred to the possible need for another primary school because of the demographic challenges. In that regard, a new 16-classroom primary school with patronage to be decided will be built and a new 1,000-pupil post-primary school is due to be established under the patronage of Cork ETB involving the Catholic Bishop of Cloyne.

The Department, with the assistance of Cork County Council, has identified and is currently engaged in the site acquisition process for the primary and post-primary school projects in Carrigtwohill referred to by the Deputy. Once sites are acquired, the school projects concerned will be progressed immediately through the architectural planning process. I want to assure the people of this area and Deputy Stanton that I as a Minister of State in that Department am personally overseeing those projects. The Deputy and I have discussed the commercial sensitivities around specific sites. Given that we have had some success so far in respect of Gaelscoil Mhainistir na Corann, an issue that went on into its second decade, and the fact that the planning process has now started, I am confident we will continue to give this top priority in respect of Carrigtwohill. I can assure the Deputy and the people of that area that we are working on this

on a daily basis and we will continue to work, if I dare say it, as a tag team on the Government side of this House to deliver these necessary projects.

Deputy David Stanton: I thank the Minister of State for his response, which was very positive. The people down there will be very pleased to hear that. Again, I acknowledge the work that has gone on with respect to Gaelscoil Mhainistir na Corann where the issue has been ongoing for almost two decades and the Educate Together primary school in Midleton. I notice that the Minister for Transport, Tourism and Sport is sitting alongside the Minister of State. The Minister will know that the reopening of the rail link to Midleton is one of the reasons we have such significant growth in development, building, rezoning, people moving in and prosperity. It goes to show how a rail link can make a big difference to an area. The council agreed to rezone land in east Cork once the rail link opened and the rail link could not open until the land was rezoned but now we have these children who need school places.

The Minister listed about six school projects that are being planned or are ongoing in the area. Could the Minister of State give us any idea as to when we might see shovels on the ground or diggers on the site in respect of the schools in Carrigtwohill and the Gaelscoil? Perhaps he cannot do so but is there any indication as to when we might see work starting on these projects? Will work start sometime in mid-2015? It would be nice if people could know that and if the Minister of State could announce it this evening to the House and the area. We could both go down to the area together and people would be very pleased.

Deputy Sean Sherlock: I understand that the site notice is up for Gaelscoil Mhainistir na Corann. I think that was the project referred to by Deputy Stanton.

Deputy David Stanton: No, they were the ones in Carrigtwohill.

Deputy Sean Sherlock: The Deputy and I have been through the process of teasing out the site acquisition. I suppose that it is one of the flaws in the system, notwithstanding the fact that there is a memorandum of understanding with the local authority, when one is seeking to acquire privately owned land and there is a market value on the land. There is an inherent challenge there because of the constitutional right to private property and the market value inherent therein. On top of that, if there is a number of sites that have been designated, there are certain commercial sensitivities around that.

I am confident that because we have been through the Gaelscoil Midleton process together, the same energy is being applied to the challenge in Carrigtwohill. I am confident that once the site is acquired, we can move rapidly. If I retain my position or indeed regardless of my position, I will continue to advocate with the Deputy on ensuring that we can move rapidly to getting these schools built. I cannot give the Deputy a definitive timeframe at this point but both he and the people in that area should be assured of our commitment to ensuring that we deliver within the five-year planning programme. That is the aim.

Acting Chairman (Deputy Joe O'Reilly): In fairness, we should revert to Deputy Dowds who had the first indicated topical issue.

Road Toll Operators

Deputy Robert Dowds: I have received a number of complaints from constituents regarding difficulties they have had in dealing with eFlow customer services. Given that the Minister for Transport, Tourism and Sport represents the neighbouring constituency on the north side of the Liffey, he may have received complaints as well. I would be interested in hearing his response. From the answer I received from eFlow arising from a parliamentary question, I understand there is quite a comprehensive customer service mechanism in place but at the same time, problems arise from time to time. In a particularly extreme case, a constituent of mine whose licence plate had been cloned by individuals engaged in criminal activity was charged for journeys the constituent definitely did not make. It was extremely difficult to get eFlow to deal with this issue. Eventually, it did deal with it but we had to involve the gardaí who had to prove that this was correct. Even when it was proved, eFlow was still very reluctant to resolve the issue, although it was resolved in the end.

5 o'clock

It was incredibly difficult but I appreciate that is a rare occurrence.

However, the system is too inflexible with automated responses being generated without any reviews by staff who could exercise their common sense. That causes difficulties for motorists. What is the relationship between the NRA and eFlow in the context of oversight? I understand the implementation of individual national roads schemes, which provides for tolling, is a matter for the authority under the Roads Acts 1993 to 2007. Is a service level agreement in place that contractually requires eFlow to deal with customer queries in a timely and efficient manner? Has the NRA power to require the company to do so? What is the position regarding informing customers that they have failed to pay a charge? It is my understanding that within two months, a person may face a fine of more than €150 and a court appearance without realising it. One of the key issues I would like to address is the need for eFlow to remind somebody who may have forgotten to pay a charge to do so.

For a road that is travelled by so many people on an infrequent basis, more could be done to make the public aware of the importance of paying tolls and customers who fail to do so more quickly should be contacted in order that they do not face excessive charges. Could a warning system be provided for those who forget to pay the toll? The penalties mount up quickly. If one crosses the toll in a car and does not pay the \in 3 charge by 8 p.m. the following day, the charge is immediately doubled and it increases by \in 41 if it is not paid within 14 days after that. Ideally, no one should end up in a court case like a constituent of mine recently and a warning system would ensure the deadlines are met.

What are the procedures regarding foreign-registered vehicles? I understand special numbers are in use to receive calls in this regard. What powers has eFlow to track down the owners of vehicles registered abroad?

Where do eFlow's profits go? Will charges be reduced in the future?

Minister for Transport, Tourism and Sport (Deputy Leo Varadkar): I thank the Deputy for the opportunity to address this issue. I have responsibility for overall policy and funding relating to the national roads programme. The planning, design and implementation of individual road projects is a matter for the NRA under the Roads Acts 1993 to 2007, in conjunction with

the local authorities concerned. Furthermore, the statutory power to levy tolls on national roads such as the M50, to make toll by-laws and to enter into toll agreements with private investors in respect of national roads is vested in the NRA under Part V of the Roads Act 1993, as amended by the Planning and Development Act 2000 and the Roads Act 2007.

The Roads Acts authorise the making of by-laws to deal with the operation and management of a toll road and to deal with various operational matters. By-laws for toll roads generally specify who is to be liable to pay a toll and the different levels of tolls for different types of vehicle, regulate the way in which payment is to be made, specifically require the payment of the appropriate toll before a vehicle may use the toll road and impose that obligation on the driver of the vehicle and provide that failure by a person liable to pay the toll is an offence.

Since 2008, a barrier-free tolling scheme called eFlow operates on the M50. This allows all motorists to pass through the toll at motorway speed, with their journeys and consequent liability to pay a toll being recorded by the barrier free system that has been put in place. The principal types of road users are a tag holder, whether issued by eFlow or some other tag issuer; a video account holder where a camera at the toll booth recognises the pre-registered registration number of the vehicle and charges the account by reference to the registration number of the vehicle; and an unregistered road user where he or she has until the following day at 8 p. m. to pay the toll at any Payzone outlet, online or by telephone. The tolls payable vary depending on the category of user. There is significant signage on the approach to and from the M50 toll point indicating tolls are in place. Every effort is made to ensure motorists have an opportunity to comply fully with the toll system and there are a variety of ways such as telephone, online, pre-pay and shops with Payzone logo to pay the legally due tolls. I understand that a guide for tourists using any of the Republic's 11 toll points is available on the eFlow website.

The NRA has established an enforcement policy to assist in the recovery of unpaid toll charges and fines and the prosecution of all toll evaders of Irish or foreign-registered vehicles. An effective enforcement policy is necessary for barrier free tolling to work. Sanef ITS Operations is the operator of eFlow on behalf of the NRA. It is a customer focused e-commerce business with more than 2 million customers and I understand it handles approximately 45 million transactions per year, making it one of the largest customer operations in Ireland.

Moving from a toll plaza facility to barrier-free tolling was a significant change not just for Ireland but also within Europe. The M50 motorway was the first European barrier-free toll system that catered for all vehicle types. Other European countries had only implemented barrier-free toll systems for HGVs.

Prior to the introduction of barrier-free tolling on the M50, traffic in 2007 had reached 90,000 vehicles per day, almost three times the original forecast level. Major traffic congestion was frequent, with delays of up to an hour at peak times. The free flowing system which was introduced as a result of the M50 upgrade has led to increased efficiency, faster journey times and increased capacity for motorists. The M50 is Ireland's busiest road, with more than 110,000 vehicles passing along it each day. Traffic analysis undertaken as part of the widening scheme of the past few years suggested that, by 2023, many sections would have traffic flows in excess of 200,000 vehicles per day. As such, it is important and vital that the M50 can perform its function for the foreseeable future and barrier-free tolling is a key component of that.

Deputy Robert Dowds: Could a warning system be introduced for motorists who forget to pay the toll in order that they are contacted because that is one of the key issues I raised? I

greatly appreciate the fact that it is a barrier free toll because if it was not, we would continue to experience the appalling traffic jams of the past on the M50 bridge. From that point of view, it is a great advance. However, it would be useful if a system could be in place to communicate clearly with people who have not paid, say, within a fortnight to urge them to pay as quickly as possible.

How much has eFlow raised from the tolling of the bridge? Where does the money go? I have an idea that it is going into the Government's coffers but I would appreciate it if the Minister could shed some light on that.

Deputy Leo Varadkar: I do not know the answer to all the Deputy's questions. eFlow operates at a certain distance from the NRA, which operates at a certain distance from me and, therefore, I am not fully competent to answer all the questions. However, if the Deputy would like to put them in writing or send them via e-mail, I may be able to give him better answers.

He asked about a service level agreement. I am not sure if such an agreement is in place but there is a contract and I imagine that forms part of it.

The NRA tries to pursue foreign-registered vehicles. It is not easy but it retains a collection company and a company in London to pursue the drivers of these vehicles.

I will take the warning system issue up with the NRA, although it may be argued that people are well aware of the tolls now and they know they must pay them. I am not sure how much warning they need but I can ask the authority to consider this. A lot of money comes into the NRA from the tolls, particularly from the M50 but also from some of the PPP projects around the country.

Deputy Robert Dowds: Does it go into capital investment?

Deputy Leo Varadkar: No. Largely, the tolls from PPP roads go to the private companies. Because the M50 bridge belongs to the State, the tolls come into the NRA's budget, however it goes to pay back the money that was used to buy the bridge. The previous Government bought the bridge back at considerable expense. It is intended that after the money has been paid back, the tolls could go into capital development.

Respite Care Grant Administration

Acting Chairman (Deputy Joe O'Reilly): Which Minister will take the third Topical Issue on behalf of the Tánaiste and Minister for Social Protection, Deputy Burton? It is the Minister of State at the Department of Education and Skills, Deputy Sherlock. Is Deputy Lawlor happy with this?

Deputy Anthony Lawlor: Yes, I understand where the Tánaiste is today. I see the Minister of State has his telephone on.

Deputy Dara Calleary: Has Deputy Lawlor not got his on?

Deputy Anthony Lawlor: No, mine is dead.

Acting Chairman (Deputy Joe O'Reilly): The Minister of State bought an extra one.

Deputy Sean Sherlock: It is ominous that she sent me here to reply.

Deputy Anthony Lawlor: As is well known, I am so far up the backbenches that even the pigeons do not fly this high. I have no chance of getting a call, and I do not think the signal works in here. I thank the Ceann Comhairle's office for allowing me to raise the issue. It came to me from a constituent whose son, for whom she was the carer, had passed away. The carers are very important and the work they do is vital to ease the burden on our health services. Deputies on all sides appreciate the work they do. From this perspective, the respite care grant is payable to all those who receive carer's allowance, domiciliary care allowance or prescribed relative's allowance and is a very welcome payment. Approximately 57,000 people receive the respite care grants each year, a total of more than €800 million in 2014.

The payments were made recently, in early June. The cut-off date was 5 June, and there is a six week grace period during which one can receive the respite care grant. However, if a person passes away just before the six-week period, his or her carer receives nothing. It seems slightly unfair that a person who passes away on a Thursday would not receive the grant while a person who passes away on a Friday would. Could we consider a phased payment of the very helpful respite care grant? Why was the first Thursday in June chosen as the payment date when the legislation was enacted in 2006? Could we phase in a payment for those affected by the cut-off date? Notwithstanding the difficult economic times, given that the carers do significant work for society by looking after people in their homes could the grant be increased?

Deputy Sean Sherlock: I am taking this matter on behalf of my colleague, the Tánaiste and Minister for Social Protection, Deputy Burton. As the Deputy said, we acknowledge the crucial role carers play in society. In 2014 the estimated Department expenditure on various supports for carers will be almost \in 886 million, comprising approximately \in 557 million on the carer's allowance, \in 21.5 million on carer's benefit, \in 122 million on the respite care grant and \in 105.1 million on domiciliary care allowance. I welcome the opportunity to highlight one of these key supports for carers provided by the Department, namely, the respite care grant.

The grant was introduced in June 1999, at which time the Department of Health also paid a respite care grant to people receiving domiciliary care allowance who were not in receipt of carer's allowance or carer's benefit from the Department of Social Protection. The domiciliary care allowance scheme transferred to the Department of Social Protection in 2009 as did responsibility for the related respite care grant. In 2005 the stand-alone respite care grant was introduced for all full-time carers. All respite care grants are now administered by the Department.

Although the grant is not subject to a means test, applicants are not eligible for the grant if they are working more than 15 hours per week outside the home, if they are getting a job-seeker's payment or if they are signing on for credits. There is no obligation on carers to use the respite care grant to access respite services. The value of the grant stands at €1,375 and this year it is estimated that the grant will be paid to some 87,000 persons at a cost of €122 million. A person caring for more than one person receives a grant for each person for whom they care. The grant is paid on the first Thursday in June of the relevant year to cover 52 weeks from this date. As it is an advance payment, the type of circumstance to which the Deputy referred is already covered.

The grant is not paid on a proportional basis and in order to qualify a person must, in addition to other criteria, be caring for at least six months. The mid-year June payment date allows

carers to avail of respite over the summer months, facilitates the administration of the grant and ensures that the grant is targeted at those providing full-time care over a significant period of time. In a review of the grant undertaken by the Department in recent years, carers were asked about their preference regarding payment. The options of splitting the grant into two or three payments through the year were put to people and the vast majority of respondents, 84%, indicated that they would prefer no change to the current arrangements. This view was prevalent irrespective of age group, social welfare status, gender, location, number of care recipients or marital status.

In favouring the current annual payment, people expressed the view that a large lump sum would be more likely to be used for a specific purpose, such as a holiday, whereas smaller sums paid more frequently would be more likely to be absorbed in the day-to-day expenses of the household. In general, respondents stated that they were very pleased to receive the grant and that it was very helpful to them in easing the financial stress they had been experiencing. Those who used the grant for a holiday generally felt that the break would not have been possible without the grant. People who use the grant for other purposes, particularly to pay regular household bills, considered that the grant eased their financial worries generally.

Deputy Anthony Lawlor: I thank the Minister of State for the comprehensive reply. I had not realised the people in receipt of the payment had been asked how they would like to be paid. Had I received the information in a response to a parliamentary question I would not have needed to ask about it here. It is clear that people prefer to receive it as they do. The cut-off date of 5 June seems to confuse people. A better date might be 31 December and it could remain payable around 5 June. I am happy with the response and I understand where the Minister of State is coming from. The Minister did not say if the Government might be in a position to increase the payment to carers. We all recognise the work they do.

Deputy Sean Sherlock: There is a recognition of the work carers do, which is part of the Irish psyche and the intergenerational solidarity that exists here. I do not know if the Government will increase the payment because we are not in a position, regarding the budget arithmetic, to ascertain whether there is scope to do so.

Dublin-Monaghan Bombings

Acting Chairman (Deputy Joe O'Reilly): Deputies Seán Crowe, Dara Calleary, Finian McGrath, Thomas Pringle and Brendan Smith have ten minutes in total to make an initial statement but in any event each Deputy has two minutes and will speak in the order in which I have named them.

Deputy Seán Crowe: On 17 May 1974, 34 lives were lost in no-warning bombings in Dublin and Monaghan. There is compelling evidence that the bombing was carried out by British agents in loyalist paramilitary organisations assisted by members of the RUC and the UDR. Following the bombings, a cover up was put in place by the British military and political establishment. Investigations have been frustrated by misdirection and lack of co-operation right up to today. In common with all cases of collusion, there was no indepth investigation, no charges were laid and no one was held to account. Like all victims of conflict, the families of those killed and injured deserve to know who was involved and who facilitated and led the cover up.

All parties in the Oireachtas supported a motion six years ago calling on the British Govern-

ment to make available all information in its possession on the bombings. To date, the British Government has ignored the motion and, by extension, the wishes of the people of the State. Worse, it has compounded the injury to the families of the victims of these bombings. Does the Minister agree that the relationship between Britain and ourselves must be based on equality and respect? What is the Irish Government's strategy to get Britain to live up to its responsibility and disclose the information requested by the House in the all-party motion six years ago?

Deputy Dara Calleary: I thank the Ceann Comhairle for providing us with the opportunity to raise the issue six years from the date on which the Oireachtas agreed the all-party motion. Deputies Smith, Crowe, Pringle, Finian McGrath and I are all on the cross-party group working with Justice for the Forgotten in this area and we agreed to submit this Topical Issue today to mark that anniversary. It is also 40 years since 34 families had their lives destroyed. A lifetime later, they continue to live with the physical legacy as well as the psychological side of it. It is unprecedented when one considers the huge improvement in relations in the last number of years that the Government of the UK continues to deny access to necessary information. The families and the Justice for the Forgotten group put forward a proposal that a mediator would assist, which was not accepted, and every effort has been made on this side to come to a position where the information can be shared and made available. As an Oireachtas we must unite in both Houses in calling on the British Government to get its act together on this, respect the families and the lives that were lost by providing information that may give answers. At the very least, it would bring people down a path.

A further issue is that the compensation paid to the families covers physical injuries only. I understand the Minister is in correspondence with the families on that. The Minister is restricted in terms of the definition of the compensation, but the families cannot get funding for counselling for psychological conditions arising from the effects of the bombings, including PTSD. It is an area we must examine as the psychological scars, while not visible, are as raw and sore as the physical ones. It is an old way of looking at mental health. We do not want to look at it. This would be a way to assist the families and we should address it as well.

The main issue for today is that once again, six years on, the Oireachtas unites to call on the British Government to do the right thing.

Deputy Brendan Smith: I appreciate the Ceann Comhairle giving us an opportunity to raise this important issue, which is one of concern also to the Acting Chairman, Deputy Joe O'Reilly. It has been raised by our constituency colleague, Senator Diarmuid Wilson, in the Seanad on a number of occasions.

Bombs in Monaghan and Dublin on 17 May 1974 resulted in the deaths of 33 civilians and the wounding of almost 300 people. Those atrocities resulted in the highest number of casualties on any one day during that very difficult era commonly referred to as "the Troubles". The UVF, a loyalist paramilitary group, claimed responsibility for the bombings, but there are credible allegations that elements of the British security forces colluded with the UVF in the bombings. Some years ago, the Oireachtas joint committee with responsibility for justice affairs called the bombings an act of international terrorism. Six years ago, the then Government Chief Whip, Pat Carey, moved a motion on the matter which received the unanimous support of all parties and Members in the House. A similar motion was also passed in May 2011. By way of the motions, the House requested the British Government to allow access by an independent international judicial figure to all original documents held by the British Government relating to the atrocities that occurred in this jurisdiction and which were inquired into by Mr. Justice

Barron. Those requests from this House - this sovereign Parliament - have fallen on deaf ears.

More than 40 years on, it is high time for the British Government to respond in a responsible way to our request. Minimum co-operation is not acceptable. We demand and must receive maximum co-operation from the British Government. The release of the files would permit the assessment of the documents to assist in the resolution of these awful crimes which continue to scar our country. The concerns, grief and untold hardship endured by so many families must be our uppermost concern. I note from all of the meetings and conversations I have had with the families of the victims that all they want is the truth. Indeed, it is a very basic request from families who continue to suffer owing to the deaths of loved ones as well as for the many who had injuries inflicted on them on that day of carnage.

Deputy Finian McGrath asked me to convey to the House that he is unable to come and contribute to the debate this evening.

Minister for Justice and Equality (Deputy Frances Fitzgerald): I thank the Deputies for raising this issue. Only a few short weeks ago, we saw the 40th anniversary of the savage bombings in Dublin and Monaghan which resulted in the tragic loss of life and injury referred to by the Deputies. On that day in May 1974, three bombs exploded around Dublin during the busy evening rush hour, including one not far from where we are now. Approximately 90 minutes later, another bomb exploded in Monaghan town. As a result of these brutal bombings, 33 people were killed and over a hundred people suffered injuries. While the passage of 40 years may have eased the pain of the families of those killed and injured to some small degree, we must always remember that they have had to bear the consequences of their injuries and the grief of those tragic events. Their suffering has not gone away and the memory of their loved ones lives on with them and will do so forever.

The late Mr. Justice Henry Barron carried out a detailed and painstaking inquiry into those awful events and, indeed, other atrocities between 1972 and 1976 in which so many innocent people lost their lives. Related matters were also investigated by a commission of investigation led by Patrick McEntee SC. While acknowledging cooperation received from the British authorities, both the Barron and McEntee inquiries concluded that they had been limited somewhat by not having access to certain British Government documents which may be relevant to their terms of reference. This House and the Seanad have unanimously called on the British Government to make this documentation available. It is a matter of regret that, to date, it has not proved possible for access to be made available to such documentation as may exist.

As he has stated to the House, the Taoiseach has raised the matter directly with the British Prime Minister, Mr. David Cameron. The matter has also been raised by the Minister for Foreign Affairs and Trade with the Secretary of State for Northern Ireland, Ms Theresa Villiers. The Government remains in discussions with the British Government in support of the families' request for access to documentation. Dealing with the legacy of conflict and facing up to the past is not an easy task and there is no ready formula of words or set of actions that can put things right. The House will be aware that work is ongoing to try to find ways to address the legacy of conflict in Northern Ireland.

Although there is no easy resolution to the complexity of addressing the past, as is clear from recent events in Northern Ireland, the Government remains strongly committed to working in partnership with the British Government and with the parties in the Northern Ireland Executive to find a way forward. It is a challenge that the two Governments and the Executive

are determined and willing to undertake. That said, it is also a challenge that all of those who were party to the conflict must also be willing to take up.

The Good Friday Agreement recognised the special position of victims and, in remembering the victims and their families, we should be strengthened in our resolve to construct a changed society in the spirit of the Good Friday Agreement. As we seek to build a better future for all communities on the island and those who live on the neighbouring island, we cannot forget those who died, those who were injured and those left behind to mourn the loss of their loved ones

As in the past, this House is unanimous in its message to the British Government to make the relevant documentation available. I hope we can also send a message of solidarity to the families of those who were so tragically killed in Dublin and Monaghan and to the families of all those who lost their lives in the conflict.

Deputy Seán Crowe: In the past, we heard what could not be done and today we want to hear what can be done and what the Minister will do. There needs to be a strategy in respect of moving the British Government on this issue. People ask why they will not release these files. They say there is no silver bullet and no information. Why will they not release the files if that is the case? It is a rational and logical question to ask. The big fear among families is that they have something to hide. There is a view that this is the appalling vista, and that they trained, armed, released intelligence, facilitated travel, supplied transport and supplied bomb-making know-how to loyalists to create the conditions to change the laws in this State, to bring about more oppressive laws, to frighten people and to create a climate of fear. That was the scenario behind these bombs. If that is the appalling vista of which they are afraid, people are already aware of British collusion in other cases. If this is what they are frightened of, we cannot move on as to equal states as long as the information is lacking. There is a responsibility on us to move this forward but also on the British Government to release the files.

Deputy Dara Calleary: The Good Friday Agreement recognises the special position of victims. Recognition is one thing and those who signed up to, and negotiated, an agreement must put actions into the recognition. In this case, the British Government must act and provide that information. I encourage the Minister to work with Justice for the Forgotten in pursuing the notion of an independent mediator who will work to assess the information and provide a report. The British Government cannot hold other signatories to the Good Friday Agreement to account for their responsibilities to the agreement if it does not act on its responsibilities. It cannot be a guardian of the agreement if it is failing the agreement.

Deputy Brendan Smith: I thank the Minister for the reply and I endorse the comments of my colleague, Deputy Dara Calleary. Over the past two years, as Fianna Fáil spokesperson on foreign affairs and trade, in priority questions and oral questions, I have raised this very important issue with the Minister for Foreign Affairs and Trade. During that period, I have had the opportunity to meet the Secretary of State for Northern Ireland, Theresa Villiers, and the Labour Party spokesperson on Northern Ireland, Mr. Ivan Lewis, MP. I have impressed upon them the absolute need to provide a positive response to the request of this House.

At the time when British and Irish working relations are so positive, it is important the files that will establish the truth of what happened on that awful day in 1974 are released. The least the families of the victims deserve is the truth. The British Government has a major responsibility in this regard and it is a responsibility it must not be allowed to evade. In his good work

Dáil Éireann

undertaken and completed in 2003, Mr. Justice Barron referred to the clear collusion that occurred with some British State security forces in assisting the UVF in those desperate atrocities and other murders. The Government, particularly the Taoiseach, the Minister for Justice and Equality and the Minister for Foreign Affairs and Trade, must bring the utmost pressure to bear on the British Government to finally assist in reaching the truth about these evil deeds. Access to the files is urgently required.

The least the families deserve is a full investigation into these atrocious crimes. Minimal co-operation by the British Government will not be acceptable. I record so many other families that lost loved ones in my constituency and the neighbouring constituency in the south of Ulster. Deputy Joe O'Reilly also knows some of the families. Many of the families have no semblance of justice and no one has been brought to account for carrying out those awful deeds. I can think of two young teenagers, Geraldine O'Reilly from Belturbet, County Cavan, and Mr. Paddy Stanley from Clara, County Offaly, killed on 28 December 1972 as a result of a bomb in Belturbet beside my home area. These were two young teenagers going about their business. So many families are suffering still and all the families have asked me for is the truth. They are not looking for revenge of any sort.

Deputy Frances Fitzgerald: I agree with Deputies opposite who said we can never forget the horrific events of 40 years ago that we are remembering today. We cannot forget the pain of the survivors and the families that Deputy Smith has spoken about. The grief of those families has not eased despite the passage of 40 years. I assure them that the memories of their loved ones will never be forgotten. The debate has provided an important opportunity for the House to express solidarity with the families of the victims of the Dublin and Monaghan bombings in 1974 and all of the victims. It is important that it has given us the opportunity to reaffirm the united position the House has adopted, which is essential to maintain. I thank the Deputies opposite for reinforcing the point. It is critical we maintain the united position and I assure the House that the Taoiseach and the Minister for Foreign Affairs and Trade continue to raise the matter. The latter stated:

The Taoiseach and I greatly welcome and have worked hard to encourage a sea change in British-Irish relations. In this context, it is particularly disappointing that forty years on, it has not yet proven possible for the British government to respond positively to the Dublin-Monaghan families. I call on the British government to look afresh at this request, which has been the subject of two all-party motions in Dáil Éireann.

A few weeks ago, Theresa Villiers stated "Since May 2010 both my predecessor and I have discussed this issue several times with counterparts in the Irish Government and I continue to do so." I assure Deputies that it will be maintained and that we will continue to raise these issues at the highest level, reflecting the unified position in the motion in the Dáil and in the Seanad. Every effort will be made to progress the situation so that the information about which Deputies have spoken will be made available. I conclude by repeating that this is being dealt with at the highest level and will continue to be dealt with in this manner in the coming months.

Forestry Bill 2013: Report Stage (Resumed)

Debate resumed on amendment No. 1.

In page 6, between lines 1 and 2, to insert the following:

""ancient woodlands" means those woodlands which have had continuous tree cover since 1650 or before and which are most likely to have arisen naturally and to be descended from Ireland's original forests;".

(Deputy Richard Boyd Barrett)

Minister of State at the Department of Agriculture, Food and the Marine (Deputy Tom Hayes): The Deputy had sought clarification in regard to the situation at Gougane Barra. I researched what happened in Gougane Barra in regard to the felling of trees and believe it would be helpful to clarify this for the House before we continue with this Bill.

I assure the Deputy that Coillte was acting on instructions and following best scientific advice from the Department regarding controlling the larch tree disease. The disease is serious and affects many species, but larch is particularly susceptible to it. The Department of Agriculture, Food and the Marine issued a legal disposal notice instructing Coillte to carry out felling at Gougane Barra. The decision was not taken lightly. It was important to take it in order to limit further spread of the disease, which was found in various parts of the forest.

I believe it is important to point out that the forestry inspectors from the Department took samples from the forest and sent them for analysis to two separate laboratories, the Department laboratory in Backweston and the Coillte laboratory in Wicklow. In regard to the use of the Coillte laboratory, I would like to make it clear this laboratory has particular expertise in forestry pathology and the Department often uses it for testing samples. Coded samples that do not indicate the location are sent. In other words, only the Department knows from where the samples being tested come.

The decision was not taken lightly, but on the best scientific advice available within the Department. It was the forest service of the Department which took the decision to fell, not Coillte. In fact, Coillte was instructed by the Department.

Deputy Richard Boyd Barrett: I appreciate that information as it helps put the jigsaw of what happened together.

The issue of consultation will arise further on in this Bill. I am not a scientific expert. I am open minded on this and do not assume the worst, but I believe one of the things missing in regard to this is consultation, particularly in regard to the cutting down of 16,000 trees in a national park on what appears to have been a preventative basis. Subsequently, there has been some controversy over whether this was necessary.

I am sure the labs say it was necessary. However, one thing Coillte is bound by, with its eco badge, is a commitment to public consultation on any significant action affecting the forests in its care and stewardship. As far as I am aware, there was no public consultation about this action, which has had such a huge impact on Gougane Barra, which is one of our most important national forests. Therefore, there are still questions to answer, but we can discuss them when we get on to the issue of the public consultation and the importance of having the most robust system of public consultation for dealing with forests.

Much of the Minister of State's response to the proposal made in my amendment centred on the fact that with special areas of conservation and so on, our concerns are covered in terms of the protection of ancient woodlands. However, the point that has been made to me is that what we are missing are specific management plans for the remnants of our ancient woodlands. We need this because of their incredible importance as a crucial part of our heritage and as a genetic bank of biodiversity. We do not have this genetic bank with industrial forestry, which is mostly based on species that are cloned or imported, which are, therefore, genetically weak and more vulnerable to disease. Our native ancient woodlands are a genetic and biodiversity storehouse of our forests. Therefore, we need specific management plans to protect them against possible dangers and threats such as disease. That is the reason for these amendments.

Amendment put and declared lost.

An Ceann Comhairle: Amendment No. 2 is in the name of Deputy Ó Cuív, but as he is not present it cannot be moved.

Amendment No. 2 not moved.

Deputy Michael Colreavy: I move amendment No. 3:

In page 6, line 19, to delete "0.1 hectare" and substitute "0.5 hectares and five metres in height".

Deputy Ferris sends his apologies and has asked me to take his place here.

An Ceann Comhairle: I remind the Deputy that on Report Stage, the first contribution is unlimited, but a second contribution is restricted to two minutes. The mover of an amendment may then make a third contribution.

Deputy Michael Colreavy: The reasoning behind this amendment is simple. It is our view that 0.1 hectare is a very small area of land, not even a considerable back garden. We are concerned in regard to enforcing this legislation in terms of such a small area of land. It would seem more sensible to set the size at 0.5 hectares.

Deputy Tom Hayes: I am not in a position to agree this amendment. As I already stated on Committee Stage, for international and national reporting requirements Ireland has defined a forest area as being at least 0.1 hectare as described in the Bill. We are committed to using the same forest definition for reporting to the UN Framework Convention on Climate Change. The Food and Agricultural Organisation definition may use 0.5 hectares, but countries reporting to the FAO can use their own definition, with Ireland having adopted the use of a 0.1 hectare threshold.

It is worth noting that a number of other member states, including the UK, use the 0.1 hectare threshold for reporting purposes under the UN framework. Some other countries define forest areas at a lower threshold than 0.1 hectare, for example, the Czech Republic and Austria. Changing the definition would mean that all carbon stocks previously reported to the UN would have to be revisited, as well as an estimate being provided to the European Union in regard to projected levels of carbon sink. The 0.1 hectare threshold is also the minimum area where consent is required for all proposed afforestation projects as described in Ireland's forest consent assessment regulation 2010. The area definition should also take into account the fact that this Bill describes trees as either inside or outside forests. If the threshold were lowered, it would mean that all areas below 0.5 hectares could be removed without either a licence or a requirement to replant.

From the point of view of Ireland, with its historically low levels of forest cover, it is important to record as many forests as possible. Reducing the threshold would facilitate deforestation

and result in a potential loss of biodiversity. In many cases, small woods interlink with and adjoin the massive network of hedgerows in Ireland and are an integral part of our landscape. As stated previously, my Department has provided grant aid since the early 1990s in respect of broadleaf woodlands which meet the threshold of 0.1 hectare. Many important areas of woodland along rivers and valleys are small in size, and an upward movement in this threshold could result in their being deforested and in no replanting taking place. I cannot, therefore, accept the amendment.

Deputy Michael Colreavy: Are there implications in terms of monitoring and enforcing compliance with the 0.1 hectare threshold?

Deputy Tom Hayes: There is no difficulty in that regard. It is currently being enforced without any problems arising.

Deputy Michael Colreavy: That is fine.

Question, "That the words proposed to be deleted stand," put and declared carried.

Amendment declared lost.

An Ceann Comhairle: Amendments Nos. 4, 5, 8 and 16a are related and will be discussed together.

Deputy Richard Boyd Barrett: I move amendment No. 4:

In page 7, between lines 19 and 20, to insert the following:

"Rio Forest Principles" means the "Forest Principles" adopted at The United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro in 1992;".

From my point of view, these amendments are some of the most important I have tabled. They go to the heart of what I and people concerned with the future protection and development of Irish forestry and woodlands believe to be quite central to this matter - namely, putting in place a proper definition of what constitutes sustainable forestry. Such a definition would inform both the Bill and our overall approach to forestry. The highest standard of definition that has been laid down in this regard is that which is contained in the forest principles adopted at the United Nations Conference on Environment and Development, which took place in Rio in 1992. Those principles make for fantastic reading because they provide a real sense of the multiple values and downright importance of forests and trees.

In the day-to-day rush of life, work, stress and pressure, what is happening with our forests might not seem of immediate importance. However, the 1992 principles set out - in a wonderful way - how existence on this planet is dependent on forests, which are the lungs of the world. Our failure to protect them has probably been the single biggest contributory factor to climate change. Forests regulate both climate and weather, and massive deforestation have not helped in that regard. The World Cup is taking place in Brazil at present and the destruction of the equatorial rain forests in that country is a threat to the existence of humanity. An area of trees equivalent to that football pitch is cut down each day by people who either do not understand or do not care about the value of forests not just to the people of Brazil or the indigenous tribes that live there but to the entire world. If we do not do something to protect these forests, the whole planet will be under threat.

Dáil Éireann

What I am talking about is not a matter for the long-distant future. The impact of deforestation is apparent in events that are having an adverse impact on people in this country. I refer, for example, to flooding. Our native forests were cut down as a result of successive waves of British invasion and colonisation and we have done relatively little to replant them. This deforestation did considerable damage to the cohesion of the soil in this country. In so far as reafforestation has taken place, it has been industrial and monocultural in nature and the focus has mainly been on planting Sitka spruce rather than native species. That has contributed significantly to soil erosion, to the acidification of soil and rivers and to silting, all of which have an impact with regard to flooding, disease, etc. In general, the fertility of the soil has been adversely affected.

I do not really want to do so but if I were to argue the matter in the context of economics, I could state that there would be huge potential - from the point of view of the economy and job creation - to expand activity in respect of the planting of native species way beyond the level that has obtained to date. Up to now, we have been far too focused on a particular industrial model of forestry that has failed on all sorts of levels. We are not meeting our afforestation targets and we were recently obliged to revise them. We are failing to diversify our afforestation activities by increasing the number of native species we could and should plant.

The Rio principles set out why all of the matters to which I refer are so important for society and culture and refer to the importance of striking a balance in the context of social, economic and environmental concerns. They are vital to understanding the impact of forestry on many levels. The definitions contained in the principles were developed in Rio and it was a fantastic achievement on the part of all involved that they achieved a consensus about the vital importance of forestry. In such circumstances, it would seem sensible that the definition to which I refer should be inserted into the Bill in order to inform both it and how we deal with the process of forestry.

In 2009, Mr. David Gunning, the former CEO of Coillte, when giving evidence to the Committee of Public Accounts, stated - I stress that it was not me or some environmental fringe group which did so - that, from many different points of view, the traditional forestry model used in this country was no longer viable and had to be changed. However, that model has not been changed in the interim. A major difficulty with the Bill is the fact that the review of Coillte, the largest owner of forestry in the country, has never been completed. This is because the Forestry Act 1988, under which Coillte was established and which predates the Rio principles, has never been amended.

6 o'clock

There is no review. We have not received the review - it was never completed - of what is going on in Coillte. The Bill that governs Coillte, the biggest owner of forests, does not take into account the Rio forest principles in terms of environmental protection, the importance of biodiversity and the multiple uses and value of forestry. That seems to follow through in some of the thrust and bias of the objectives of the Bill.

I am hoping to insert these definitions of sustainable forestry from the Rio forest principles. There is still too much of an emphasis on the narrow industrial or commercial view of forestry. I use the term "narrow" because in arguing for the Rio principles and a more holistic view of forestry development I am not arguing against developing the economic potential or value of forestry. I am trying to explain that we have had too narrow a view of them, with an industrial approach based largely on one species. It has not really worked and is potentially damaging

and threatening to the future of the forestry sector overall. If we really want to develop the economic, employment, tourist, amenity, biodiversity and heritage potential of forestry, we need to have a more balanced and sustainable long-term view, rather than a narrow focused industrial view. The Rio forest principles set the balance correctly in the most comprehensive way and better than any other forum. That is why they should be included in the Bill. That is the argument. As we signed up to them, why not include them in the Bill? I do not see any reason not to do so.

Deputy Michael Colreavy: I support Deputy Richard Boyd Barrett. I was not involved in the previous debates on the matter. This is well intentioned and, in the main, good legislation. Given that it is, I was surprised by the absence of the Rio standard, the gold standard for forestry management throughout the world. If the principles and activities of forestry management are undertaken within the Rio forest principles, we can be assured that they meet the gold standard, that it is a certain standard, rather than making it up as we go along. We have several amendments tabled. Most of them are detailed and deal with specific points. However, if the legislation was put to work towards and within the gold standard of forestry management principles, that is, the Rio forest principles, my concerns about the other amendments would largely dissipate. Will the Minister of State reconsider accepting them?

Deputy Tom Hayes: I am taking amendments Nos. 4, 5, 8 and 16a together. I addressed the proposed amendments Nos. 4, 5 and 8 in a comprehensive manner on Committee Stage. The Government is totally committed to the advancement of the principle of sustainable development in Ireland. In 2012 my colleague, the Minister for the Environment, Community and Local Government, Deputy Phil Hogan, published Our Sustainable Future: A Framework for Sustainable Development for Ireland. More recently, he published the general scheme of the climate action and low carbon development Bill 2013. This policy and legislative framework is based on a joined-up whole-of-government approach to firmly embedding sustainable development principles in policy formulation and decision-making across all sectors. It includes a commitment to continue support for the sustainable development of the forestry and forest product sectors.

Deputy Richard Boyd Barrett has brought forward amendment No. 5. There is no universally agreed definition of sustainable forest management. Sustainable forest management is not a fixed concept. In Europe the most widely accepted definition is that developed by the FOREST EUROPE process. Ireland has integrated the FOREST EUROPE definition with its national forest standards. Discussions are under way in FOREST EUROPE on the criteria and indicators for sustainable forest management and to facilitate the evaluation of progress towards attaining that end. Further to recent communications from the European Commission on a new EU forest strategy, discussions have been initiated at Council working party level and at the standing committee on forestry on the possibilities of applying sustainable forest management criteria to all uses of forest biomass. The outcome of these discussions will, undoubtedly, have a bearing on any future evolution of the definition of sustainable forest management. Given the foregoing, I continue to take the view that there is no need to include the definition of the Rio forest principles of sustainable forest management in the Bill. The sustainable development of the forestry sector is sufficiently covered.

Coillte has signed up to the concept of sustainable forest management through Forest Stewardship Council certification. The Department's forest service regulates in accordance with the principle of sustainable forest management also. I am, therefore, not in a position to agree to the amendments.

Amendment No. 16a reflects the need to ensure that in the exercise of his or her functions relating to forestry the Minister shall have regard to the policy of the Minister for the Environment, Community and Local Government ion climate change.

Deputy Richard Boyd Barrett: I do not agree with the Minister of State who said there was no agreed international definition of sustainable forest management. I have before me the report on the United Nations conference on environment and development, annex III, non-legally binding authoritative statement of principles for a global consensus on the management, conservation and sustainable development of all types of forests. It is not legally binding, but we signed up to it. Therefore, there is agreement on the issue. This consensus is unprecedented at an international level on the nature of sustainable forestry. It is the most comprehensive statement on the matter and brilliant. My fear is that there is a reluctance to sign up to it in legislation because it would tie us to the sustainable forest model we need and that this might infringe on certain vested interests who have no wish to sign up to the model. That concerns me.

It is not as if everything is well in the forest, to use a pun, when it comes to the forestry sector. We are failing to meet our targets. Biodiversity is under severe pressure. Let us consider diseases such as ash dieback, ramorum and so on which indicate that we have got things wrong. Native species are far more resilient and have an immune system that cloned and imported species do not have. We, therefore, need to change the model. We could develop a sustainable model under the Rio forest principles. I disagree with the Minister of State; it is critical that they be included.

Deputy Tom Hayes: The process in which we are involved is Forest Europe. We are trying to develop a forestry business that is commercially viable. This is important for our country. We will take all environmental issues on board, but Forest Europe is the way we will do that in concert with other European countries.

Amendment put and declared lost.

Deputy Richard Boyd Barrett: I move amendment No. 5:

In page 7, between lines 19 and 20, to insert the following:

""sustainable forest management" means the management of forests following the definition of sustainable forest management as set out in the 1992 Rio Forest Principles;".

Amendment put and declared lost.

An Ceann Comhairle: Amendments Nos. 6, 14 and 68 are related and will be discussed together.

Deputy Michael Colreavy: I move amendment No. 6:

In page 8, line 6, after "afforestation" to insert "and timber production".

This is to make the introduction more comprehensive.

Deputy Tom Hayes: Regarding amendment No. 6, I remind Deputies that the Government introduced an amendment to section 5(l) on Committee Stage, which reads "to promote the production and use of timber". Therefore, this issue has been adequately addressed.

As regards amendments Nos. 14 and 68, section 5 already provides to the Minister a number

of promotional functions in facilitating the development of forestry, which in turn will contribute to a competitive timber industry and the creation of jobs in rural Ireland. Paragraph (b) reads: "to promote the development of forests and forest-related activities and industries in such a way that forests provide an economically, environmentally and socially sustainable yield of forest goods and services, while maintaining and enhancing their biological diversity". Paragraph (k) reads: "to promote the development and marketing of a quality-based forest industry sector". Paragraph (l) reads: "to promote the production and use of timber". Section 30(4)(b) reads: "promoting the development of forests and forest-related activities and industries in such a way that forests provide an economically, environmentally, and socially sustainable yield of forest goods and services, while maintaining and enhancing their biological diversity". I am satisfied that adequate provision has been made to meet the objective identified by the Deputy and do not see the need for repetition in sections 5 and 30. Therefore, I cannot agree to these amendments.

Previously, I explained the constraints under competition law precluding the Minister from interfering in markets. People have a right to decide when and to whom they sell their timber. However, it should be noted that, through the promotion of afforestation, I am effectively increasing the outputs of primary producers and working towards the continuity of and increase in supplies.

Amendment put and declared lost.

An Ceann Comhairle: Amendment No. 7 is out of order, as it involves a potential charge on the Exchequer.

Amendment No. 7 not moved.

Deputy Richard Boyd Barrett: I move amendment No. 8:

In page 8, to delete lines 7 to 10 and substitute the following:

"(b) to promote sustainable forest management as set out in the 1992 Rio Forest Principles, forest resources and forest lands should be sustainably managed to meet the social, economic, ecological, cultural and spiritual needs of present and future generations. These needs are for forest products and services, such as wood and wood products, water, food, fodder, medicine, fuel, shelter, employment, recreation, habitats for wildlife, landscape diversity, carbon sinks and reservoirs, and for other forest products;".

Question, "That the words proposed to be deleted stand," put and declared carried.

Amendment declared lost.

An Ceann Comhairle: Amendments Nos. 9 and 10 are related and will be discussed together.

Deputy Richard Boyd Barrett: I move amendment No. 9:

In page 8, line 17, after "against" to insert "the harmful effects of pollution including airborne pollution and".

The reason for this amendment is self-evident, in that airborne pollution is a danger to forestry and it should be explicitly set out that we seek to protect our forests from it. I am taking my lead from the Rio forest principles. Indeed, the amendments' phrasing is taken directly from Article 2(b) of the declaration's principles and elements section. The declaration rightly recognised the need to indicate the various threats to forestry and woodlands against which it was critical to protect. If we are to protect our forests, ancient woodlands, biodiversity and so on properly, we need to recognise this threat when developing forest management, protection and conservation plans and measures. These are sensible amendments that follow an international precedent and I do not know why the Government would not deign to accept them.

Deputy Michael Colreavy: I support Deputy Boyd Barrett's amendments.

Deputy Tom Hayes: In amendment No. 9, the Deputy is correct to highlight the potential harmful effect of airborne pollution on forests and other habitats. However, responsibility for controlling and monitoring pollution, including airborne pollution, and ensuring Ireland is protected from its harmful effects rests with the Minister for the Environment, Community and Local Government, partially via the Environmental Protection Agency and local authorities. It would not be appropriate for me to interfere with or replicate the statutory functions of the Minister and the agencies under his remit. Therefore, I cannot accept amendment No. 9.

Regarding amendment No. 10, it is implicit in the section that, in seeking to ensure forests are protected against harmful pests, diseases and invasive species, the Minister for Agriculture, Food and the Marine will have regard to the maintenance of their full multiple value as far as is practicable. However, maintaining the full multiple value of every forest in the State cannot be guaranteed. Whether a forest is managed so as to maintain its full multiple value is a matter for the forest's owner or manager. For example, a forest owner who has permitted public access to his or her forest may wish to restrict or rescind access temporarily to all or part of that forest because of, for example, illegal dumping or proposed felling works.

Deputy Richard Boyd Barrett: I am afraid that was not convincing. The demarcation lines of bureaucracy and Departments should not be what inform our approach to forestry. We often hear the phrase "we need joined-up thinking" and often people comment of the lack of it in Government and in other areas. Where areas overlap and there are certain demarcation lines, we need flexibility and imagination and to remember that what is important is the issue with which we are dealing and not the pre-existing demarcation lines set by the Government and bureaucracy. If such flexibility and creativity informed the way the Government works, it would work much better and probably alienate far fewer people.

The Minister has not given a terribly good explanation for not being able to accept the first amendment in this grouping because in terms of what I proposed we are dealing with forests and this is the Forestry Bill. Let us get the protections and the approach to it right and let the Government catch up with how it deals with overlapping responsibilities between one Department and another. I am sure they can figure it out. I do not accept the argument he put forward. Principle 2(b) of the Rio declaration states: "Appropriate measures should be taken to protect forests against harmful effects of pollution, including air-borne pollution, fires, pests and diseases, in order to maintain their full multiple value." That is the holistic and right approach.

On the Minister of State's response to the second amendment in the grouping, there is a tendency in many of his responses, and it is also inherent in the Bill, to create a false tension between the forest owner, particularly the private forest owner, or the farmer and more environmental concerns. The thrust of all my amendments is to point out that this is a false distinction. What is good for the forest is good for the farmer but it is not always seen that way. The way

legislation is often framed is informed by the view that there is some contradiction between those two things and there is not. If we do not understand that and overcome that false distinction, we will do a disservice not only to forestry but to farming.

Deputy Tom Hayes: I agree with the Deputy that we need joined-up thinking. It is important to have it across Departments. The Department of the Environment, Community and Local Government and the county councils have their responsibilities and whether it is in regard to pollution or whatever, responsibility for it rests with the Department of the Environment, Community and Local Government. The Forest Service and this Bill seek to make forestry accessible. It involves a huge shift in mentality for landowners to decide to plant their land. The reason we introduced this Bill is to encourage people to plant their land. There is much marginal land across the country that could provide employment in rural areas and that is what we want to achieve through this Bill. The Forest Service and the Department of Agriculture, Food and the Marine want to encourage that. We want to encourage more people to get involved in forestry; we do not want to make it more difficult. We do not want to bring in other matters related to pollution controls and so on, which would make it more difficult for people. We want to make it easier and encourage people to get involved in forestry. I want to be clear in pointing out that my objective in bringing forward this Bill is to encourage and make it easier for people to get involved in forestry. It would be a good use of agricultural land that is not suitable for production of grass or cereals. I travelled the length and breath of the country, particularly during the past 12 months, and I saw huge opportunities for forestry in many parts of the country. I know Deputy Colreavy would agree with me on this. Deputy Boyd Barrett would agree that we must encourage more people to get involved in forestry. The idea behind this Bill is not to encroach on any other Department.

Amendment put and declared lost.

Deputy Richard Boyd Barrett: I move amendment No. 10:

In page 8, line 18, after "species" to insert "in order to maintain their full multiple value".

Amendment put and declared lost.

An Ceann Comhairle: Amendment No. 11 in the name of Deputy Boyd Barrett arises out of Committee proceedings.

Deputy Richard Boyd Barrett: I think the Minister accepted this one.

An Ceann Comhairle: According to the list of amendments, Amendment No. 11 is on the list. It proposes "to delete lines 27 to 32 and substitute the following ...".

Deputy Richard Boyd Barrett: I think the Minister may have accepted it. Did he? I submitted all my amendments from Committee Stage for Report Stage but I note from the Bill, as amended, that paragraph (n) is included. Is the wording of it the same as proposed in my amendment? No, my apologies.

An Ceann Comhairle: The Deputy should move amendment No. 11.

Deputy Richard Boyd Barrett: I move amendment No. 11:

In page 8, to delete lines 27 to 31 and substitute the following:

Dáil Éireann

"(n) to promote and monitor the protection and enhancement of water quality and water status in all aspects of forestry, so as to ensure that forestry plans, operations and forest-based activities regulated under this Act are compatible with the requirements of Directive No. 2000/60/EC of the European Parliament and of the Council of 23 October 2000 on water policy;".

I am a little confused.

An Ceann Comhairle: The amendment states "to promote and monitor the protection and enhancement of water quality and water status in all aspects of forestry" etc.

Deputy Richard Boyd Barrett: I will wait to hear the Minister of State's response before I speak on the amendment.

Deputy Tom Hayes: The substitution of the word "ensuring" with "so as to ensure" is simply a rewording of the existing text.

Deputy Richard Boyd Barrett: That might explain it.

Deputy Tom Hayes: Yes, exactly. It does not alter the intention of the provision. The existing text already obliges the Minister to ensure that forestry operations and activities that are regulated under the Bill are compatible with the water framework directive. I do not believe that this amendment is necessary and I cannot therefore accept it.

Deputy Richard Boyd Barrett: I will submit to the Minister of State's guidance on that one.

Amendment, by leave, withdrawn.

Deputy Richard Boyd Barrett: I move amendment No. 12:

In page 8, between lines 31 and 32, to insert the following:

"(o) to promote conservation, expansion, restoration, and positive management of natural and semi-natural woodlands, including the remnants of Ancient woodland and ensure that management plans are put in place for these woodlands once identified, whether they occur in Special Areas of Conversation or Natural Heritage Areas or otherwise, and that this is prioritised in forest policy;".

Amendment put and declared lost.

Deputy Richard Boyd Barrett: I move amendment No. 13:

In page 8, between lines 31 and 32, to insert the following:

"(o) to promote silviculture based on natural conditions using continuous cover forest planning and management using native species adapted to the site, having small scale operations and by encouraging natural regeneration, ensuring the protection of rare, endangered, and ecologically important areas while maintaining, conserving and enhancing biological diversity in forest ecosystems;".

I have made many of the arguments already for what I propose in this amendment and I will not labour the point. As in the case of many of the amendments I submitted, I stress in respect

of this amendment the need to develop our native organic forestry which has been massively depleted in favour of deforestation, in the first instance, and in so far as we have started to recover forestry in Ireland, it has been too focused on an industrial and monocultural module and too narrowly focused on the idea of developing its economic potential. This amendment proposes a different model and approach which recognises the multiple values - the environmental value but also the economic, social and cultural value of recovering and regenerating our native species and woodlands.

The Minister of State in his last response spoke about wanting to encourage people to take up forestry and to use land that is not being used for other purposes, and I agree with him completely on that point. I do not want to do anything to discourage this. What we need to do is create an understanding among people of a slightly broader view of what the forestry sector can be and how, if we embrace and develop that broader concept, everybody can be a winner, including the environmentalists, farmers, the economy, rural communities and even urban communities which should also develop forestry. Everybody can be a winner in terms of job creation and the development of much more community-based forest-related industries rather than industrial processes and so on. That is the thrust of many of my amendments, including this one.

The value of forestry has not been fully grasped. When the case in this regard is presented, people immediately see the value of it. This was evident in the huge outpouring of concern about sale of Coillte's harvesting rights. When people thought about it, they came to the view that our native forests were important to us but that we did not think about them most of the time. The more one thinks about and understands forestry, as I have come to do in the past year or two, one realises we are not getting it right. We need to radically shift what we are doing if we are to make forestry sustainable and develop its enormous economic potential. It will take a more holistic view of forestry to develop that potential.

Deputy Tom Hayes: I welcome Deputy Richard Boyd Barrett's positive attitude to forestry. However, that is a debate for the future and I would welcome that discussion. The benefits of forestry are not known. Many people do not appreciate forestry until such time as they come to understand the business of forestry, trees and the environment. I would welcome a debate or legislation in this area in the future. However, what we are doing in this Bill is trying to encourage people with marginal land to become involved in forestry because of its economic benefits, particularly in rural areas. There is huge potential for the creation of jobs.

A few weeks ago I visited a wood-related industry on the Cork-Kerry border. It employs 1,000 people, 200 of whom were only taken on during the past few months. There were no press releases or announcements, but the company is now exporting to the UK market. There are great benefits to be gained in forestry and there is a need for a huge change of mindset. I would welcome and encourage this and acknowledge that this is the thrust of many of Deputy Richard Boyd Barrett's amendments. I would welcome the opportunity to debate the issue in the future.

On amendment No. 13, continuous cover forest involves the use of harvesting systems and natural regeneration to promote uneven aged forest stands and continuous tree cover more typical of natural forests. The use of continuous cover forests, although not widespread, is practised to a small extent in a number of areas in Ireland. While there is little experience of continuous forest cover in Ireland, in recent years there has been an increasing interest among many forest owners and forest professionals in these forest management systems. As forest estate matures

Dáil Éireann

and forest diversity increases a trend towards more continuous cover forest management systems in Ireland is likely. While I accept that continuous cover systems should be encouraged, I must also recognise that other forest management systems such as clear felling and replanting also play an important part in the sustainable management of forests.

It would not be appropriate to promote in primary legislation one forest management system over another. The function of the Minister should be to promote all forest management systems as long as they are compatible with good forest practice. This is provided for in section 5(c) which empowers the Minister to promote good forest practise within the forests and forest-related sectors. The provision already provides the Minister with sufficient powers to promote the range of management options available to forest owners, ranging from continuous cover forest systems to clear felling and replanting systems. Consequently, I cannot accept the amendment.

Deputy Richard Boyd Barrett: The Minister of State welcomes my positive attitude and I welcome his. While there are different forest management approaches and so on, overwhelmingly, the forestry sector has been focused on one system, namely, the big industrial single species clear felling system with sitka spruce. We need to move away from this system. The situation in Gougane Barra is possibly an indication of why we must move away from this approach. What happens if the forestry sector in Ireland which has the potential to create jobs and so on is suddenly hit - it is very vulnerable to this because we are so focused on one species and one approach to forestry - by a serious disease that wipes out a substantial portion of our currently economically valuable forestry? That would be a disaster and it could happen given what happened in Gougane Barra. The point about this approach and specifically promoting and upgrading the importance of developing this type of forestry system is that it is more resistant because it encourages a greater level of biological diversity and, therefore, a type of immune system against threats, diseases, bad weather and so on. That is the reason I suggest we need to recognise specifically the need to develop forestry in this direction.

Amendment put and declared lost.

Amendment No. 14 not moved.

An Ceann Comhairle: Amendments Nos. 15, 16 and 21 are related and will be discussed together.

Deputy Richard Boyd Barrett: I move amendment No. 15:

In page 8, after line 35, to insert the following:

"(2) The Minister has a duty to provide information to ensure the public and other authorities are regularly informed on the role and condition of forests as well as on all forestry activities.".

This amendment relates to the entitlement of stakeholders, communities, environmental NGOs and so on to information on the development, planning and management of forests. It is important that this imperative be provided for in the legislation. This is important for many reasons, one of which follows on from comments made by the Minister of State. In terms of the need to develop forestry and win people over on the huge potential it presents, we should start the process by involving those who are most enthusiastic about forestry. I get the sense from people who spend all of their time worrying about these issues that there is deep alienation

from the powers that be, including the Government and Coillte which owns half of the forests in the country, in the planning, management, development and protection of forests. We need to address this issue. We need to unite all of those with an interest in developing forestry. From the involvement of all stakeholders will come better ideas.

People will learn from one another. They may also learn to overcome certain suspicions they have about one another. I still believe - it is not the Minister of State's fault - that environmentalists and farmers are still suspicious of one another and that these suspicions need to be broken down. The involvement of all stakeholders, including NGOs and those with environmental concerns, would help to overcome suspicions to the benefit of forestry as a whole. People could learn from one another.

A farmer must make a living and an investor in forestry does not want to be burdened with unnecessary regulations that might hamper his ability to make a living. Sometimes, perhaps, environmentalists need to understand that. Perhaps they do not fully appreciate it all the time. Equally, farmers sometimes do not fully understand the knowledge and value environmentalists could bring to developing forestry to the benefit of everybody.

Over the past year or two I have been forced to learn a little about forests, given the campaign we are involved in. I learned about agro-forestry and how planting native species on the boundaries of land used for growing crops or grazing cattle enriches the fertility of the soil on that land, thus benefiting the produce. Therefore, there is a double benefit. One is not only developing forestry, because there are also spin-off benefits at all sorts of levels, including for the farmer and environment. The land being used for a more conventional agricultural purpose benefits. Perhaps this is not always fully appreciated.

These are examples of where more buy-in and participation from NGOs, concerned community groups and other stakeholders could actually result in the development of forestry to the benefit of everybody.

With regard to information, let me return to the subject of Gougane Barra. There is suspicion about this matter. I do not know whether it is justified, but there seems to be a lack of information on the basis for the decision that was made. I submitted a series of questions, prompted by people concerned about the matter, and slowly information began to trickle out. Should a decision as big as this not have been subject to the making available of much more information? Should there not have been much more pre-consultation such that everybody would understand that action would have to be taken if there were a very big threat? On the basis of evidence to prove certain action is necessary, everybody could be satisfied. That has not happened in this regard and, therefore, there is suspicion and a bit of a cloud. I do not know the truth of the matter but I contend that there is concern and some suspicion.

If this Bill is to help develop forestry, it must recognise these problems and set out to achieve an improvement by having a more robust regime for giving information to the public on what is happening with forestry. The public should be involved in decisions on the planning, management and development of forestry.

Deputy Michael Colreavy: Amendment No. 21 is similar in intent to amendment No. 16. Sometimes I believe the Government and Government agencies regard people as a problem and just do not trust them. It is believed that if people are told too much, they will make life difficult. We are moving towards a more enlightened model of community participation, not

one based on the type of consultation we have always been talking about. The Government and industry are learning that if people are involved from the very beginning, one ends up with better decisions and outcomes. This is because the choices are more informed. Amendment No. 21 would simply encourage openness such that information would flow freely to people, and it would ensure people were involved at each stage of decision-making.

Deputy Tom Hayes: I do not see the need for amendments Nos. 15, 16 and 21. Consequently, I do not propose to accept them. There is already legislation in place that entitles citizens to information on forestry and to participate in forestry planning. I remind the Deputies that my Department, like all other Departments, is a public body that allows access to information on the environmental regulation, which allows members of the public to request environmental information held by public authorities. This places an obligation on public authorities to be proactive in disseminating environmental information to the public.

Under the European Communities (Forest Consent and Assessment) Regulations 2010, my Department is already required to consult stakeholders and the general public when deciding whether to grant consent for afforestation and forest road projects. My Department is also an authority for the purpose of the European Communities (Environmental Assessment of Certain Plans and Programmes) Regulations, which require the Department to carry out a strategic environmental assessment, SEA, of any proposed programme for forestry and to consult widely and facilitate public participation during the process. In this regard, I announced on 10 March the formal signing of a contract to carry out, among other things, an SEA of the new forest programme for the period 2014 to 2020. The SEA process includes consultation with all stakeholders, including environmental NGOs. The first round of stakeholder consultation on the proposed measures for the new forest programme for 2014 to 2020 has already been completed, and further consultation on the environmental report and revised forestry programme will commence shortly. My Department already publishes and disseminates a wide range of information on forestry, including statistics and information on the condition of Ireland's forests. Deputies may recall that only last December I announced the publication of the main findings of Ireland's second national forest inventory. This information, along with more detailed information generated by the inventory, is available on the Department's website.

Furthermore, section 5(j) of the Bill already provides the Minister with the general function of collecting and disseminating information and statistics on forests, forestry and forest-based industry.

I agree that we need to involve people. The point Deputy Boyd Barrett made about trust between landowners and environmentalists is good. Trust certainly needs to be built up. I see regularly in my rural constituency the lack of trust that exists. There would be many fewer objections to projects around the country if more information were shared and there were more trust among the various groups. As Deputy Colreavy rightly pointed out, we are moving away from the era of not giving out information. The information is available. When I was a public representative on the other side of the House, I was often critical of the Department and various public bodies not giving out information but now that I work in the Department I see it from a different angle. Public officials are quite intent on giving out information they have to hand.

Deputy Boyd Barrett raised the issue of Gougane Barra and the lack of trust. Last night, when I went straight to the departmental officials, everything was forthcoming. There was no hiding of information. The Deputy has tabled parliamentary questions on this matter and I read them and the answers. A great deal of information was provided and there was no hiding. With

regard to what happened in Gougane Barra, nobody took that decision lightly. The decision was taken on foot of two tests reports from two independent bodies. I have the two reports with me. They directed the Forest Service, which directed Coillte, to carry out an operation that was needed for the future of the forestry industry and to protect the trees of the country. That is what happened. The information is in the public domain for everybody to see. I have the two reports and they are available to the public. It was not nice to have to cut down the trees but it had to happen for the reasons outlined in the two independent surveys.

Deputy Richard Boyd Barrett: We are probably on the same page in terms of trying to move the situation forward.

Deputy Tom Hayes: Yes.

Deputy Richard Boyd Barrett: I do not dispute that matters are progressing and that, hopefully, we have moved substantially from the era when decisions were made at the top and people were seen as a problem and an obstacle. There is improvement, but there is still a way to go in that regard. Some of the suspicions and concerns still exist, so we must move it forward and it would be useful to have a clear commitment in the Bill.

Again, this raises the spectre of Coillte. This is not to cast aspersions on the people in Coillte, but there is concern about them being the owner of all of these forests and a concern that when many decisions are being made, people outside do not really know what is happening. That criticism comes from many different sectors. There is an imperative to overcome that and to have real information flow and real participation, not just consultation. Participation in decisions from a broad spectrum of stakeholders is quite important.

Finally, with regard to Gougane Barra, was there consultation?

An Ceann Comhairle: The Deputy should speak to the amendment.

Deputy Richard Boyd Barrett: It is about consultation. For example, was there consultation before the decision, justified as it may have been? Was there a consultation process?

An Ceann Comhairle: That can be dealt with in another forum.

Deputy Richard Boyd Barrett: It is an example of the need for wide-----

An Ceann Comhairle: I appreciate what the Deputy is saying, but we cannot go into that.

Amendment put and declared lost.

Deputy Richard Boyd Barrett: I move amendment No. 16:

In page 8, after line 35, to insert the following:

"(2) The Minister has a duty to ensure that all the people who live in Ireland and environmental NGOs are entitled to participate in forest planning and management at local and national level, ranging from public enquiries to environmental assessment and monitoring."

Amendment put and declared lost.

Deputy Tom Haves: I move amendment No. 16a:

In page 8, after line 35, to insert the following:

"(2) In performing any relevant function under this Act, the Minister shall have regard to, in addition to any other material matter, the policy of the Minister for the Environment, Community and Local Government on climate change."

Amendment agreed to.

An Ceann Comhairle: Recommittal is necessary in respect of amendment No. 16b.

Bill recommitted in respect of amendment No. 16b.

An Ceann Comhairle: Amendments Nos. 16b and 61a are related and will be discussed together.

Deputy Tom Hayes: I move amendment No. 16b:

In page 9, line 6, to delete "and" and substitute the following:

- "(ii) afforestation,
- (iii) forest road works, and".

Amendment agreed to.

Bill reported with amendment.

An Ceann Comhairle: Amendments Nos. 16c, 21a, 23a, 65a and 68a form a composite proposal and will be discussed together.

Deputy Tom Haves: I move amendment No. 16c:

In page 9, line 10, to delete ", loans, or both,".

These amendments are technical changes that remove the reference to loans in the Bill. I do not believe that their removal will impact negatively on the Minister's powers to regulate for forestry. Amendment No. 68a empowers the Minister to make regulations governing the operation of the Department's grant scheme for forestry. This will enable the Minister to give a statutory basis to forest grant schemes.

Amendment agreed to.

Deputy Richard Boyd Barrett: I move amendment No. 17:

In page 9, line 13, after "guidelines" to insert "that incorporate binding requirements as in section 28 of the Planning Act".

I look forward to the Minister's response.

Deputy Tom Hayes: Section 28 of the Planning and Development Act empowers the Minister for the Environment, Community and Local Government to issue guidelines to planning authorities, who must have regard to these guidelines in the performance of their functions. I assume the intention of the amendment is to empower the Minister for Agriculture, Food and the Marine to issue binding requirements on those involved in the forestry sector. This is al-

ready catered for in section 7(1) of the Bill, which empowers the Minister to attach binding conditions to any licence or grant given under the relevant statutory provisions. Such conditions can include, among other things, compliance with any guidelines, code of practice or standards for good forest practice produced by the Minister under section 6(d). These conditions are applicable to both public and private owners. Therefore, the matter is already sufficiently covered in the Bill and I do not propose to accept the amendment.

Amendment, by leave, withdrawn.

An Ceann Comhairle: Amendments Nos. 18 and 19 are physical alternatives and will be discussed together.

Deputy Michael Colreavy: I move amendment No. 18:

In page 9, to delete lines 15 and 16 and substitute the following:

"(e) purchase land that is for sale, land swop, or lease for afforestation or any other forestry related activity,".

Deputy Tom Hayes: I stated previously on Committee Stage, and I have received legal advice, that section 6(e) does not provide the Minister with the power to compulsorily purchase land. This remains the position and I cannot accept the amendment. The term used in the subsection, "or otherwise acquired", is sufficiently broad to cater for any type of acquisition, including by lease, other than by compulsory acquisition.

An Ceann Comhairle: I will put the question.

Deputy Richard Boyd Barrett: I tabled amendment No. 19.

An Ceann Comhairle: You are entitled to speak on it if you wish.

Deputy Tom Hayes: To clarify, there was an issue on Committee Stage relating to compulsory purchase of land. The Deputies were seeking a statement from me that it does not allow the Minister to do that.

Deputy Richard Boyd Barrett: Is it that the Minister should not be allowed to do it?

An Ceann Comhairle: No, that he does not have the power to do it.

Deputy Tom Haves: I do not have the power to compulsorily purchase land.

Deputy Richard Boyd Barrett: Why not? What is the problem with the Minister having that power?

Deputy Tom Hayes: That was a concern, which is why the amendment was tabled. Basically, we do not need that power. Deputy Ferris raised the issue.

An Ceann Comhairle: As it is now 7 p.m., we will adjourn. This matter can be dealt with on the next occasion. It will give Members a chance to read their notes.

Debate adjourned.

The Dáil adjourned at 7 p.m. until 10 a.m. on Friday, 11 July 2014.