



DÍOSPÓIREACHTAÍ PARLAIMINTE
PARLIAMENTARY DEBATES

DÁIL ÉIREANN

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

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DÁIL ÉIREANN

Dé Máirt, 3 Feabhra 2015

Tuesday, 3 February 2015

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

Paidir.

Prayer.

Ceisteanna - Questions

Priority Questions

Aer Lingus Sale

123. **Deputy Timmy Dooley** asked the Minister for Transport, Tourism and Sport his position regarding the sale of Aer Lingus to IAG; the commitments he will make with regard to the security of employment of the Aer Lingus staff and the connectivity from Irish airports to the UK; and if he will make a statement on the matter. [4656/15]

Deputy Timmy Dooley: For the last four years the Government has classified the State's shareholding in Aer Lingus as being non-strategic and as suitable for sale, based on a matter of timing. In recent days the Taoiseach appears to have had some divine inspiration and he is now concerned about the potential for a loss in connectivity and an impact on jobs in the State resulting from the potential sale of Aer Lingus. Clearly, the Government's policy position up to now has encouraged the IAG bid and others. Clearly also there has been a change of heart and the stakeholding is now seen to be of strategic benefit. Will the Minister outline to the House how or when that change of heart came about?

Minister for Transport, Tourism and Sport (Deputy Paschal Donohoe): The many concerns that have been voiced regarding IAG's potential takeover offer for Aer Lingus have been raised when limited detail is available. It is important to note that IAG has made a proposal to make an offer and that no formal offer has yet been made.

At this point, all we know is what the companies have announced publicly. IAG has made a number of approaches to the board of Aer Lingus regarding a potential offer for the company. The financial terms of the latest proposal are €2.55 per share and the board has indicated to IAG that these financial terms are at a level at which it would be willing to recommend, subject to being satisfied with the manner in which IAG proposes to address the interests of relevant parties. The board of Aer Lingus has also indicated that the latest proposal from IAG remains conditional on, among other things, prior agreement from Ryanair and the Government to accept the offer. IAG's latest statement yesterday indicates that the company is proposing to offer legally binding commitments on a number of matters.

Under the Irish Takeover Panel rules, I and my Government colleagues are constrained in what we can say at this time. I do, however, hope to get more details over the coming weeks and, if so, these will be examined very carefully against the public interest criteria I have previously set out, including connectivity to and from Ireland, which includes Heathrow and direct transatlantic services, competition, jobs in Irish aviation and the Aer Lingus brand. The Government will make a decision on any offer based on these considerations. I also wish to remind the House that the Aer Lingus Act 2004 requires that the principles of any disposal be laid before and approved by the Dáil before any sale of the Government's 25.1% shareholding.

Deputy Timmy Dooley: I do not wish to be facetious about the prepared answer, but the question I asked was straightforward. When did the Government take a policy decision to recognise the strategic interest in the shareholding and the connectivity provided through that shareholding? Will the Minister outline the position better for me? I recognise the limitations placed on the Government by the takeover rules in the State, but notwithstanding this, the offer seems to include certain assurances as regards connectivity, the independence of the airline, the brand and the headquarters. Will the Minister outline how he intends to seek warranties in regard to these assurances? What is the nature of the structure that may be put in place to assure us such assurances will be maintainable and protect the interest of the State in terms of connectivity and jobs retention?

Deputy Paschal Donohoe: The prepared response I shared was to the question submitted to me. On the strategic value of connectivity, the Government has always been extremely fair. It abolished the air travel tax and supported Shannon Airport, made it autonomous and gave it the ability it needed to compete. There are welcome signs of this. The Government has placed aviation and connectivity at the heart of how it has encouraged investment and tourism. Last year alone, well over 7 million visits were made into and out of the country, owing to the level of access we have achieved. This is, in part, due to the decision made by the Government to abolish the air travel tax, which led to a direct increase in travel on routes into and out of the country.

On the nature of a guarantee and what we will propose, the Department expects to make contact with IAG soon in order to clarify what has been said. However, it is up to others to make the case for any takeover bid they wish to make. We are a shareholder and must make a decision in the right and long-term interests of the country. That is what we will do.

Deputy Timmy Dooley: I thank the Minister for the update on the travel tax. However, my question was simple. It was related to the position taken by the Government in the past four years, that the State's interest in Aer Lingus was not strategic and that it was available for sale. The only proviso was "at a suitable time"; in other words, a sale would probably be based on the share value at the time. This was repeated by the Minister's predecessor and, obviously, Government policy. On Sunday, for the first time, the Taoiseach took the view that the State's interest was of strategic value and tied up with connectivity and access to the outside world. When was the decision changed? The difficulty I have with this is that the late change of heart on the part of the Government has led to IAG coming after Aer Lingus and will lead to considerable costs being incurred by the Government because the Minister has had to appoint consultants to advise him on what is now seen as a political matter. I am concerned that he did not go through the appropriate process and that he did not make it known to the marketplace at a much earlier point that the State had a strategic interest in the shareholding. Therefore, it was not a timing issue, a value issue or a share price issue but much greater and deeper. The Government is guilty and finds itself in a quandary, where it must fight off what can only be described as a hostile at-

tempt by an international corporation to gain access to what is a key strategic asset of the State.

Deputy Paschal Donohoe: If the Deputy feels so strongly about these points, I am given to wonder why he agreed to the privatisation of 75% of Aer Lingus in the first place.

Deputy Timmy Dooley: I have made that very clear.

Deputy Paschal Donohoe: If he feels so strongly about all the points he has made, I am struck by how he squares that up with what his party did with the company when in government.

Deputy Timmy Dooley: I will address that in a moment.

Deputy Paschal Donohoe: The Deputy made points about the strategic value of our stake in the Aer Lingus company to the country. We have always been crystal clear that the disposal of such a stake would be dependent on the right terms and conditions being secured and also what the gain for the taxpayer would be in terms of the share within the company. We have remained absolutely consistent to that point of view throughout all of this. We have made clear from the outset that an essential element of the terms and conditions I have referred to, which underpinned the classification of that stake then, was connectivity, competition and the impact on employment within the economy. That will continue to be the criteria against which any formal offer will be evaluated if such a formal offer is made.

Aer Lingus Sale

124. **Deputy Dessie Ellis** asked the Minister for Transport, Tourism and Sport his plans for the State's stake in Aer Lingus; and the maintenance of its Heathrow slots which are vital to the Irish economy. [4666/15]

Deputy Dessie Ellis: There are huge concerns not just among the public but in various representative groups about any potential sale of Aer Lingus. Those concerns were expressed at the recent meeting of the Oireachtas Joint Committee on Transport and Communications by unions, employers' bodies, Enterprise Ireland, representatives of tourism and other groups. Within our economy tourism numbers have been greatly increasing. From what we can gather, €300 million is what the State would benefit as a result of a sale to IAG. Does the Minister think selling off our Heathrow slots, which are vital to the Irish economy, is worth €300 million?

Deputy Paschal Donohoe: I touched on some parts of the Deputy's question when I was responding to Deputy Dooley. His question contains particular reference to the Heathrow slots. I will devote my time to responding to that issue.

At the time of the flotation of Aer Lingus in 2006, a procedure for any proposed disposal of the Heathrow slots was built into the company's articles of association. That procedure was outlined in detail at the time and on many occasions since in this House. The threshold to prevent a disposal of Heathrow slots is such that the vote against disposal cast at an EGM of Aer Lingus shareholders must be at least 25%, or greater than the percentage of the company's shares held by the Minister for Finance plus 5%. With the present State shareholding that threshold is 30.1%. Therefore, the ability of the State's shareholding to block a disposal of slots is not guaranteed under this mechanism. Furthermore, it relates only to a proposed disposal of

slots. Aer Lingus does not require any shareholder approval to change the routes for which it uses slots.

IAG's latest announcement yesterday indicated that it is proposed to offer legally binding commitments to Government on Aer Lingus's Heathrow slots. These are still only proposals and it should be noted that IAG has stated that any such commitments would be subject to Irish takeover rules and EU competition review. The Government's steering group is considering this proposal and intends to engage with IAG to explore these potential commitments. However, it should be noted that these discussions are at an early stage. This is a complex area which will require detailed and careful consideration before any recommendations can be made to the Government.

Deputy Dessie Ellis: It is widely reported that IAG has offered to secure these slots for five years. That is not worth the paper on which it is written. In the past we have seen how companies come and go and how they change over time. In a previous takeover in England it was agreed that a position regarding slots would last for three to five years. Then, the regulator moved in and said a certain number of slots had to be shed as a result. That is the problem facing us.

We have an airline that is profitable and is making money for the State. It is making money for the tourism industry and across the board we are seeing huge increases in tourist numbers. The airline has a modern fleet and it is working well. There are major grounds for expansion. The takeover bid seems to be about the Heathrow slots and their use. We need to protect them to protect our industry and tourism. There are 23 slots in question and the loss of any of them will have major repercussions for connectivity across the country. This applies not just to Dublin but to connectivity in Cork and Shannon. The regional balance we try to keep will not be kept by the likes of IAG.

Deputy Paschal Donohoe: I have always been acutely aware that national connectivity has a vital regional dimension. I have visited Shannon and Cork airports and met representatives of the two airports on matters of concern and interest. I understand that access to our country is fundamental to the way our economy has grown. Maintaining and increasing access in the future is vital not only from the point of view of tourism but also from the point of view of investment and allowing Irish companies to sell their goods and services abroad. That is why I have been clear that what is at stake is far more than the price of a share. The considerations that must be taken into account to guide our decision will have connectivity as an essential elements of how this will be examined.

Deputy Dessie Ellis: Pensions must also be considered. There was a debacle with the pensions of the Irish airlines superannuation scheme, IASS. Other areas must be examined beyond connectivity and tourism. It is important we examine this carefully.

When senior executives stand to make €30 million, it is in their interests to sell off our airline. That seems to be how things have moved. The drive to privatisation has been a disaster for the country and is one this party was opposed to in respect of the sale of Aer Lingus, with the State ending up with 25% of the company. It is a shambles. Vital connectivity for this island nation, on which our regional airports depend, and continuity must be kept. We are building our tourism industry and the Minister has taken initiatives on this. Why would we sell something that is profitable and is delivering? Has the Minister sought support from other shareholders? We know the pilots hold a 7% stake while Ryanair holds 29%. Has Minister sought support

from them?

Deputy Paschal Donohoe: The first step in allowing the Government to determine its decision is for us to gain the right level of information and understanding about what IAG is proposing. We are in the process of doing so and preliminary contact has been made. I expect further contact to take place soon, which will allow us to understand the exact nature of what is being proposed. When I am in a position to report back to the Cabinet and the Dáil with a comprehensive understanding of what is proposed by the group, I will be in a position to make a recommendation to the Government. Extreme care and caution must be taken on this decision. The Government has shown in many initiatives that it is absolutely clear on the importance of tourism, foreign direct investment and access to those to deliver the best outcome for our country and its communities in the years to come.

Irish Airlines Superannuation Scheme

125. **Deputy Clare Daly** asked the Minister for Transport, Tourism and Sport the reason the initiative proposed on 2 December 2014 by the Secretaries General of his Department and the Department of Jobs, Enterprise and Innovation to the expert panel in relation to the IASS dispute was not acted on until 14 January 2015, creating needless anxiety for workers at the three State airports; and if he will direct the DAA and the Shannon Airport Authority to lift the imposed deadline of 15 March 2015 for signing waivers to allow the process to take place. [4687/15]

Deputy Clare Daly: The Minister will be aware that thousands of workers employed by the DAA and the Shannon Airport Authority have been instructed that they must sign a waiver by 15 March or they stand to lose lump sum payments into a new pensions scheme. On 2 December 2014 the Secretary General of the Department of Transport, Tourism and Sport sought to initiate a process aimed at addressing some of the concerns that remained outstanding for the workers who were members of the Irish airlines superannuation scheme. Why was the Secretary General's invitation not acted on? Why has SIPTU not been involved in the process and what will the Minister, as the sole owner of these companies, do to lift the gun from the heads of these workers?

Deputy Paschal Donohoe: I must again make it clear that the IASS and its funding are primarily matters for the trustees, the companies participating in the scheme, the scheme members and the Pensions Authority. Following SIPTU's recommendation last November to its members in the DAA and the Shannon Airport Authority to reject the IASS trustees' proposal, the Secretaries General of my Department and the Department of Jobs, Enterprise and Innovation wrote to the expert panel on 2 December to clarify certain industrial relations issues which were the subject of the expert panel report completed last June. The panel was asked to re-engage with SIPTU and ICTU and provide clarity on these matters. Discussions took place immediately before Christmas between the Departments, members of the expert panel and ICTU on this engagement which helped to refine the areas of focus for the panel.

Given the unavailability of the relevant personnel over the holiday period, I understand it was not until just after Christmas when arrangements could be agreed for the panel to engage with ICTU and establish the relevant position of the unions involved, the DAA and the Shannon Airport Authority. That process is ongoing and it is for the panel to complete this work as effectively and efficiently as possible. Given that the trustees' proposal was implemented

with effect from 31 December, it is vital that the industrial relations issues among certain DAA and Shannon Airport Authority staff are resolved at the earliest opportunity. In that regard, the deadline of 15 March for the signing of waivers is a matter for the DAA and the Shannon Airport Authority. At this stage, it is important that there be clarity on the areas of concern in order that IASS members, with all other DAA and Shannon Airport Authority staff, have visibility and certainty on their future pension arrangements.

Deputy Clare Daly: I do not think the Minister will be able to kick this matter solely to the trustees. I am not sure whether he was ill-informed or deliberately misled on what the position. The facts are that the Secretaries General of his Department and the Department of Jobs, Enterprise and Innovation contacted the expert panel to ask it to engage in a process aimed at resolving some of the difficulties that had arisen. That process has allegedly started, but it has not involved the people who represent the majority of workers who have issues. The problem is twofold. Substantial changes are being proposed to the contracts of airport fire and police service workers who are all represented by SIPTU. They have not been involved in any process. Furthermore, even though we are dealing with one pensions scheme, IASS, involving two companies, Aer Lingus and the DAA, an entirely different set of assumptions prevails in respect of each. This meant that workers in the DAA who had rejected the proposed changes by a majority of 90% were faced with the prospect that a worker aged 53 years with seven years of service would receive a lump sum of €95,000 if he or she worked for Aer Lingus but only €65,000 if he or she worked for the DAA, even though he or she would be on higher pay in the latter. How could this be a realistic assumption for a pensions scheme covering workers in both companies? Clearly, one set of assumptions was wrong. This issue has to be addressed, but holding a gun to workers' heads is not the way to address it.

Deputy Paschal Donohoe: The concerns workers had expressed and the fact that many of these concerns had been instrumental in the ballots which had taken place in the DAA and the Shannon Airport Authority formed the background to the decision taken by the two Secretaries General to ask the expert panel to engage in a process of clarification. For the Deputy's own information, the particular matters they were asked to clarify and engage on related to the actuarial assumptions used for the purposes of lump sums, the applications for proposals towards the lower paid, the proposed contributions to the new defined contribution scheme and the implementation of medical fitness testing procedures for airport fire and police service over the age of 60 and retirement arrangements between the ages of 60 and 65. In relation to a point the Deputy put to me on engagement on the initiative from other parties with the expert panel, my information is that to date ICTU has provided a statement on behalf of IMPACT, Unite, Mandate and the TEEU while SIPTU has provided a separate statement.

Deputy Clare Daly: These were the issues which were being sought to be addressed, but the problem is that SIPTU has not been asked to engage in this process or to contact the panel. In fact, while it is the only body to have put in a submission, meetings have been held from which SIPTU has been excluded. That is a recipe for disaster given that the workers whose living standards are being impacted by the airport fire and police service and the members of the DAA are primarily organised by SIPTU. The Minister may be misinformed by his Department. Since his Secretary General took the initiative at the start of December, there has been a meeting held under the auspices of ICTU on 16 January. While we accept that around Christmas people will have been away, it does not explain why SIPTU was not invited to that meeting. I note that 90% of the workers have voted against the proposal and they are still not happy. What happens there has yet to be determined. If the Minister is serious about resolving these issues, I ask him

to go back and ask the DAA and SAA to lift the embargo. There is supposedly a process, poor and all as it is, and the Minister is the boss of the DAA and SAA on foot of 100% State ownership. If the embargo is not lifted, there cannot be meaningful talks to resolve this.

Deputy Paschal Donohoe: It is at least possible that the Deputy might be misinformed on this as well.

Deputy Clare Daly: I am absolutely not.

Deputy Paschal Donohoe: I am glad to hear that she has such certainty. I am struck by such certainty on this matter. I have my own information that I have put on the record of the House and I have answered each of the questions the Deputy has put to me. When I have answered them, she has then-----

Deputy Clare Daly: Why was SIPTU not at the meeting?

Deputy Paschal Donohoe: I have given the Deputy the answer on that. My information on the process that is taking place is that SIPTU has provided a statement to the expert panel.

Deputy Clare Daly: I said that but SIPTU was not invited to the discussion.

Deputy Paschal Donohoe: In the communication that my Secretary General and the Department of Jobs, Enterprise and Innovation made to the expert panel, we requested that engagement take place between the expert panel and senior officials within SIPTU to facilitate engagement. This is the information that I have. I understand that the process of engagement is under way. If the Deputy has information to the contrary, it would be something I would be interested in understanding further. I make the concluding point to her that while it is correct to say the Dublin Airport Authority is a State body, it has complete operational independence. It has a board of directors and a management team whose job it is to make decisions on the long-term interests of the airport and the objectives I have set forth.

Public Transport Provision

126. **Deputy Timmy Dooley** asked the Minister for Transport, Tourism and Sport when a decision will be taken with regard to the best route and infrastructure option in connecting Dublin city with Dublin Airport; if he is satisfied with the current public transport connections to the airport; and if he will make a statement on the matter. [4657/15]

Deputy Timmy Dooley: The Minister will be well aware that a rail link between a capital city and its international airport is a very significant piece of infrastructure and one which needs to be part of any city that seeks to set itself apart in terms of its overall development. Can the Minister enlighten the House as to when the Government intends to proceed with a decision on the best route or option in that regard?

Minister for Transport, Tourism and Sport (Deputy Paschal Donohoe): The National Transport Authority, NTA, has responsibility for the implementation and development of infrastructure projects in the greater Dublin area, GDA. Under this remit, the NTA has commissioned the Fingal-north Dublin transport study to examine all existing proposals as well as other possible options for a transport solution to meet the needs of the Swords-Dublin Airport-city centre corridor in the long term. Phase one of the study was published on 8 December and six

short-listed project options were identified for further detailed evaluation. A public consultation process was also launched at that time.

In the next stage, the six projects will be subject to further analysis assessing cost, engineering, environmental and usage forecasts. This will form the basis for the selection of the recommended preferred option. The NTA has indicated it expects to have the output of this phase by the end of March. The output will then require careful consideration in tandem with other analyses being undertaken, including the updating of a business case for the DART underground project and the work being carried out in the preparation of a draft transport strategy for the GDA. I anticipate that I will finalise this review by the middle of the year, in conjunction with the development of the transport strategy for the region.

Regarding public transport provision at Dublin Airport, results of an extensive survey carried out by the NTA at the airport in late 2011 show that 33% of passengers travelled to the airport by bus, with a further 24% travelling by taxi. While this compares favourably with other airports internationally, I am conscious of the need to address this issue in the context of the needs for transport improvements for the GDA in general. The NRA has predicted an increase by 40,000 journeys into the city centre by 2023, which would necessitate the construction of an additional 40 multi-storey car parks, were all these journeys to be taken in private cars, a scenario that is neither possible nor desirable.

Deputy Timmy Dooley: The last line of the Minister's response sets out the stark reality that faces us, and there are other implications for infrastructure throughout the city and surrounding it in terms of finding an appropriate solution. While I have much regard for what the NTA is doing, it requires action at Government level to ensure the appropriate funding is in place and this will dictate the options that are open for consideration. In the short term, the bus rapid transit option is, perhaps, an appropriate measure to deal with the immediate need, the Government will have to proceed relatively quickly to ensure there is a rail option. It is the only long-term solution that will provide the appropriate level of connectivity and meet the demand the NRA expects. I would like the Minister to set out, in a clear and concise way, a definitive timeframe during which these projects will begin. While we understand the necessity to do value for money studies, we can never again allow a backlog in the roll-out of infrastructure, a problem which arose as a result of the failure on the part of successive Governments to proceed with investment at the appropriate time. It is important that we drive these projects towards commencement.

Deputy Paschal Donohoe: By the middle of 2015 I aim to have achieved clarity on the projects that should be progressed and why. It is more difficult to answer the second part of the Deputy's question about when work will begin and when the projects will be open to serve the travelling public because the recommendation I take to the Government will determine which projects will be built and how long it will take to happen. Some of the options would take more time than others and some would cost more than others. When I make my recommendations on how money will be spent on public transport by the middle of this year, I will be in a position to determine the timing of the selected projects.

Deputy Timmy Dooley: I thank the Minister for the clarification. While I am prepared to wait until the middle of this year for the assessment to see what he is prepared to put to Government - I see the Minister smile and I suppose I have no choice but to wait - I believe it is important that he put in place the moneys available to him as soon as possible. The difficulty is that this seems to be a step process: when the Minister gets that information he will bring it to

Cabinet and make a decision. He needs to put pressure on the Minister for Public Expenditure and Reform prior to getting a conclusion from the NTA on the options available. He will then know what moneys are available because ultimately that will assist him in deciding on the proposals he will bring to Cabinet. I would like to see more activity in tandem with that process and that the Minister reaches a point when all the analyses are done that he knows what moneys are available to him. That then becomes a relatively straightforward memorandum to Cabinet.

Deputy Paschal Donohoe: I absolutely appreciate the Deputy's point, that there is a need for public transport projects in parts of our country to alleviate congestion challenges just as in many other parts of the country there is an acute need for infrastructure and investment in our local road network to respond to the needs in many counties. For me to gain support within Government for projects to be delivered, the Minister for Public Expenditure and Reform, Deputy Howlin, and others will want to know what those projects are, the business case for them and the cost. In order for me to answer those fundamental questions and ensure best value is secured for taxpayers I need to do this on a phased basis.

I strongly believe that compared with transport planning in recent years very few of the landmark public transport projects that were prioritised happened. There was a great improvement in our road network. I am clear that if we do not make more progress on key public transport projects our road network, regardless of its design, in some parts of the country, particularly in Dublin, will not be able to cope with the level of demand it will face.

Rail Network

127. **Deputy Dessie Ellis** asked the Minister for Transport, Tourism and Sport his plans for the future of the public rail network under Irish Rail; and the way it will be better integrated with the wider public transport network. [4668/15]

Deputy Dessie Ellis: As the Minister said, there are huge gaps in our rail network and we need better integration with the wider public transport networks. What plans does the Minister have to improve and integrate our rail system and to keep it in public ownership? That is very important. Connectivity in this country is a huge issue. The whole north east has no rail network. Is there any sign that the Minister will consider that? Will he consider a rail link from all major cities to the airport, which is vital?

Deputy Paschal Donohoe: I am committed to supporting a well-funded public transport system into the future, recognising the vital role it plays in our economy and society generally. I ensured that PSO funding for bus and rail services was maintained at current levels in the last budget, the first time this has happened since 2008.

At the end of 2014 I brought forward a Supplementary Estimate which included additional new funding in the public transport capital investment programme of €101 million to ensure the public transport sector is better placed to address the demands of our economic recovery. A large portion of that amount was targeted at the renewal investment required in the rail network. Irish Rail has also benefitted from increasing passenger numbers with an additional 1 million journeys in 2014. While this increase is welcome and is evidence of a recovering economy, Irish Rail must continue to improve its services and marketing to attract even more people to use its services.

Given the significant funding requirements, it is important that rail users and policymakers are consulted on how best to ensure that rail services continue to meet the needs of users and the contribution of rail to an efficient and effective public transport system generally. The draft strategic framework for investment in land transport recommends the development of a new rail policy, intended to have regard to social and environmental considerations uniquely addressed by rail, as well as the economic and investment context established in that report. I will be consulting with the NTA on how best to progress this proposal.

As the Deputy will be aware, the Leap card is providing seamless travel between Irish Rail, DART and commuter rail services and bus and Luas services in the greater Dublin area. It is also in the process of being extended to commuter rail in Cork. The Leap card is already operational on buses in the regional cities of Cork and Galway and recently commenced operation in Limerick. It will be operational across almost all the country by the end of this year.

Deputy Dessie Ellis: There has been a huge increase in rail passenger numbers, with great potential for further increases. However, rail services are lacking in several parts of the country. For example, in the north east the rail system is practically non-existent. In regard to connectivity in our main cities, I hope that the Minister shares my vision regarding the need for rail connectivity between Dublin, Cork and Limerick and Dublin Airport. The issue of cross-Border ticketing also needs to be addressed.

I took part in three sets of consultations on three different versions of Metro North, which if progressed would have made a huge contribution to employment and to a reduction in car numbers on our roads. The provision of connectivity to Dublin Airport would have resulted in a huge increase in the number of people using our rail network. The Minister said he is currently looking at six projects in this area, including Metro North and the extension of Broombridge station to Dublin Airport. It is vital that connectivity is put in place. However, that is a debate for another day.

Deputy Paschal Donohoe: I will try to respond to each of the points made by the Deputy. In regard to the north east, I spent all day yesterday, including yesterday evening, in Donegal where I heard first-hand many of the points made today by the Deputy. For example, the county manager made the point that there is more than 6,000 km of road network and between 4,000 and 5,000 bridges in County Donegal. The vast majority of the road network is made up of regional roads, which presents its own challenges in terms of support and maintenance. In regard to what can be done to improve connectivity, as I understand it from my discussions yesterday, the county manager and employers in the region would welcome improvements to the road network in the short to medium term. This year, €10 million has been provided to support the development of key roads in the county. I have also put in place a process to examine the potential use of TEN-T funding in terms of improvements to key roads.

I appreciate the Deputy's points in regard to ticketing. However, it is important to recognise that by the end of this year the availability of the Leap card within the country will have step-changed. It is already making an important contribution to integration of public transport.

Deputy Dessie Ellis: I thank the Minister for his reply. I agree that the Leap card has proven to be very successful and has improved the lives of many commuters. However, I believe there is a need for discussion between the Minister and his counterpart in the North on the cross-Border ticketing issue. It is important that there is connectivity across the whole of the island of Ireland, including Derry and Belfast. We need to look at how we can improve connectivity and

in doing so think outside of the box. There is a huge amount of traffic flowing North and South on a regular basis. I urge further consideration of the delivery of a transport system to Dublin Airport. Most European countries have a rail network to their airports. It is a vital cog in most countries in terms of how they work.

Deputy Paschal Donohoe: On access to the airport, a matter Deputy Alan Farrell has also raised, we have put in place a process to examine the options that might substantially improve access between Dublin city centre, the airport and Swords. As I told Deputy Timmy Dooley earlier, I aim to have that process completed by the middle of the year to ensure we will be clear on what projects will be involved which will allow us to respond to the points identified by the Deputy.

On the need to invest in public transport and Dublin north-south connectivity, before Christmas I introduced a Supplementary Estimate of €160 million, of which €110 million went directly to public transport. If one ever wanted to have a clearer sign of my Department's, as well as the Minister of State, Deputy Michael Ring's commitment to public transport, it is that we brought forward this Supplementary Estimate. The €110 million allocation went to Irish Rail, Dublin Bus and Bus Éireann to give them the support they needed to respond to the needs outlined by the Deputy.

Deputy Timmy Dooley: The Government also abolished the Minister of State with responsibility for public transport, too.

Other Questions

Transport Infrastructure

128. **Deputy Alan Farrell** asked the Minister for Transport, Tourism and Sport the expected timeframe for the completion of each stage of the north Dublin transport study; when a decision will be made on the optimum transport solution to serve Dublin north; and if he will make a statement on the matter. [4291/15]

Deputy Alan Farrell: My question, although largely covered by the previous two, is about the timeline for the transport options for the north Dublin transport corridor. The Minister is only too aware of this, given that his constituency is covered by the area in question. I am heartened by Deputy Timmy Dooley's recognition of the failure of successive Governments, not just Fianna Fáil Governments but also ones partnered by Fine Gael, to adequately invest to meet northside Dublin's transport requirements.

Deputy Paschal Donohoe: The National Transport Authority, NTA, has commissioned the Fingal-north Dublin transport study to examine all existing proposals, namely, heavy rail, metro, Luas extensions, as well as other options for a rail-based transport solution to meet the needs of the Swords-Dublin Airport to city centre corridor in the long term. Phase one of the study was launched on 8 December and six short-listed project options were proposed for further detailed evaluation. A public consultation process was also announced at the time. In the next stage the six short-listed projects will be subject to further detailed analysis.

The NTA has indicated that it expects to have the output of its study available to me at the end of March. That output will then require careful consideration. I anticipate I will finalise

the review by mid-year, in conjunction with the development of the transport strategy for the region.

Deputy Alan Farrell: I welcome the opportunity to hear the Minister's views on the proposals put forward by the NTA on the six options. In 2008, when a local authority councillor, I was involved in the Your Swords plan which set out a strategic vision for the growth of Swords. One of the major transport options for Swords we pushed for at the time was metro north. That has been my priority for a number of years as I am sure it has been for every northside Deputy, most likely including the Minister.

Alternatives are being put forward such as heavy rail links or bus rapid transport, BRT. While BRT is a good solution, it would only be short term. What are the Minister's views on ensuring there will not be inertia in the next five months until the decision is made on the transport corridor? Will he give it the proper consideration it is due? It is estimated that the population of Swords will hit 100,000 people by 2035 and it is an emerging city. I cannot see an option like the heavy rail link connection from the northern commuter line or bus rapid transit, BRT being a solution. The heavy rail link is not actually serving any communities, and BRT is insufficient.

Deputy Paschal Donohoe: To answer the Deputy's specific question, I do not believe that BRT on its own would replace a long-term rail or public transport option for the north side of the city. At the moment, we are exploring what role it can play in the medium term. As the Deputy is aware, and as I have said in response to other Deputies earlier on, we will be getting back a business case which will allow me to make an evaluation and understand what role it could play. I accept that for the reasons to which Deputy Farrell has referred, a higher-capacity solution is needed for that part of the city and beyond in the long term. That is why we have put in place a process to look at all of the different options. I am aware one of the options would involve a combination of BRTs and I will look at that. The single BRT route would not take the place of a longer-term public transport option for that part of the city.

Deputy Alan Farrell: I thank the Minister for his response. There is a requirement for a long-term solution, not just for my constituency but for the entire north inner city all the way out to the airport and beyond, the 15 km or so to the centre of Swords. The projected growth of that town has been highlighted on a number of occasions through the local authority and through previous studies. While I accept that BRT is a short-term solution, and I know the Minister has made that comment on a number of occasions, it continues to raise its head nonetheless in my constituency as some kind of "one or other" situation. Of course that is not the case. I appreciate the Minister's comments in that regard, however, if we are really planning for the future growth of the community in and around Swords, the only viable solution for serving that community is a rail connection or a rail-based mass transit service.

Deputy Paschal Donohoe: As the Deputy can well understand, I am not going to pre-judge a process that is weighing up all these different factors. I understand he has participated in it and has made his views known. The reason we have the National Transport Authority doing this work is so that it can evaluate all the different options and make a recommendation to me.

BRT could play a role in the future. I do not believe I said and if I did, I want to clarify, that it is only a short-term solution. BRT in the future could play a role. That is why we have a business case being prepared for it, to allow me to understand what is involved. As the Deputy is aware, there are three different BRT or Swiftway routes being looked at across the city. They

are all in different stages of evaluation and analysis at the moment. What I am clear on is that, particularly for the Deputy's own part of the city, BRT on its own would not take the place of a longer-term public transport option. That is why we have this process in place to look at what those long-term options could be.

Road Signage

129. **Deputy Thomas P. Broughan** asked the Minister for Transport, Tourism and Sport his views on the proposed changes of speed signage for rural roads from a specific speed limit to drive carefully; and his plans for a much clearer speed limit and on-road signage on all national and local roads and streets in 2015. [4290/15]

Deputy Thomas P. Broughan: I am supportive of the comments made by other Deputies on the issue of metro. I also made a strong submission to the Deputy's consultation in that respect.

We have had a disastrous start to the year as regards road safety. The numbers of deaths on the road are slightly down at this stage but it was a disastrous beginning. There is concern among road safety activists, some of whom both of us would know, that proposals are being made to remove specific speed limit signs and to replace them with slow or drive carefully signs. Does the Minister have a concern about that? I presume the speed limits working group works on this area, but there is concern that we are regressing rather than making progress in this regard.

Deputy Paschal Donohoe: I note that there were several extraordinarily tragic incidents on the roads at the start of the year. Of course, any loss of life is tragic, but our hearts go out to everyone involved in the incidents that occurred. While there has been a slight decrease versus where we were one year ago, I derive little satisfaction from this, given the number of people who have lost their lives.

Arising from the 2004 Road Traffic Act, local authorities are obliged to place 80 km/h speed limit signs on some minor local roads and boreens off a road with a higher speed limit. Where the roads are too minor to be assessed by the local authority, a default speed limit of 80 km/h is specified in the Act. This has led to widespread deployment of 80 km/h signs on some roads that are decidedly narrow tracks and on which it is not possible to drive at the speed limit posted.

The report of the speed limits review group was completed in November 2013, with a two-year timeframe to implement its recommendations. My Department continues to work with the NRA, local authorities, the Garda and the Road Safety Authority on their implementation. Much background work has been undertaken to develop new regulations, guidelines and standards. There is no proposal to substitute the current speed limit signs on rural roads with signs stating "Drive carefully".

The report examined several options for improved signage on regional and local roads. Specifically in the case of narrow country roads, the report recommended that the numerical 80 km/h sign be replaced with a generic sign not displaying a numeral. While the limit would remain at 80 km/h, the recommended new sign would have a black circle with a diagonal line. Such signs are in use internationally and were used in this country prior to 2005. This sign means that drivers must use their judgment when using the road in question but must not exceed

the limit of 80 km/h. The limits should not be interpreted as a target or suggestion that it is safe to drive up to the limit or the numeral displayed. I emphasise that I will be keeping this policy under constant review to ensure the goal of having safer roads is achieved.

Deputy Thomas P. Broughan: One could argue that the level of casualties in recent years suggests making that type of change and leaving too much to the driver's discretion is the wrong way forward. Perhaps a scenario where people specifically know the speed limit on a road is the right way to go. People live on minor rural roads and their safety as pedestrians is also of paramount importance. Is this something the Minister could review?

I understand there is or used to be a road signage handbook in the Department. Will it be updated as part of the work of the speed limits working group? I understand the Vienna Convention on road signs and signage dates back to the 1960s. The Minister has said we act in accordance with international norms and so on, but is it the case that we have not actually signed up to the convention? Is this something he could do during his tenure?

I know that the Minister was making announcements on the A5 road project which, obviously, constituents in County Donegal will warmly welcome. Is it the case that the figure of €25 million to which he referred is for 2017, with a further €25 million to be allocated in 2016? Will there be a specific amount of money set aside in that pot for road safety measures?

An Leas-Cheann Comhairle: I ask the Minister to reply, please. I will come back to the Deputy. In fairness, two other Deputies have questions to ask.

Deputy Paschal Donohoe: The Deputy asked a number of questions. I will come back to him on two of them as I am not in position to answer them now. He asked me a specific question about the Vienna Convention. I will come back to him on the matter within the next week.

I expect that the signage book would be updated, but I will confirm that and will reply to the Deputy on it. Regarding the A5, there is a commitment for €25 million for 2016 and for 2017 to make a contribution to costs that could arise in regard to that period.

With regard to the Deputy's final question, whether I plan to set aside a specific amount of money for road safety, the Road Safety Authority, though it is on its way to being self-funding regarding the revenue it makes, makes a direct contribution to that area. If he is referring to capital spending and whether I intend to set aside a specific amount there, much of the funding we have allocated on the capital side is deployed with the aim of making our roads safer, so much of it does meet the need to which he refers. However, I am considering having a specific amount of money set aside within my Department to target a particular area of road safety. That is something I am actively examining at the moment.

Deputy Thomas P. Broughan: I want to raise the issue of home zones, in the urban situation, where speed limits would be painted on the road specifically and when one goes off the main road that it would become a specific zone, perhaps set at 25 km/h, where there would be children, seniors, people walking, and so on.

Is the Swedish road safety strategy, Vision Zero, something the Minister could give some thought to? It posits that in an ideal situation there would be no deaths on the roads. Google is talking about driverless cars, which we will supposedly have in a few years. Perhaps that will change the dynamic, but until then we need very strong road safety.

Deputy Paschal Donohoe: That is a matter for Google in terms of how such vehicles are to be planned. I am actively considering the home zone proposal for a different, lower speed limit within residential areas. I am considering whether a designated amount could be set aside to look specifically at the issue of speed limits in residential communities, because it is a point of which I am aware.

I will have to investigate Vision Zero for the Deputy in regard to the other two points. We have the appropriate targets in place at the moment, in terms of the ambition, which is a challenging one, to implement our current road safety strategy. So that there is no misunderstanding regarding the written answer I will give the Deputy, I did not get the chance to say to him earlier regarding the point he made about signage that some of these signs are now being delivered to local authorities that have requested them. The crucial issue for me is that the kind of road on which they are used must be specific, namely narrow minor roads within rural areas. I will keep this under careful review as I am doing this with the sole objective of making that kind of road safer for people who live on it and for those who use it to go about their daily business.

Rail Services

130. **Deputy Bernard J. Durkan** asked the Minister for Transport, Tourism and Sport the extent to which rail services can be tailored to meet the ongoing travel requirements of commuters with particular reference to identifying how best the rail services in general can meet the demands of medium to middle distance commuters from towns and villages outside the greater Dublin area thereby alleviating road traffic congestion and reducing travel time; and if he will make a statement on the matter. [4339/15]

Deputy Bernard J. Durkan: This question attempts to focus on the need to ensure the maximum availability of rail transport services for commuters both within the greater Dublin area and inter-regionally.

Deputy Paschal Donohoe: I refer the Deputy to my answer to the Priority Question No. 127. I have touched on the Supplementary Estimate I brought in, the purpose of which is to address the points the Deputy has raised. Some additional points are pertinent to the question he has put to me on public transport use and integration. Since 2011, €143 million has been topped up on Leap cards. For 2014 alone, that was €77 million, with 61 million journeys taken via Leap cards across last year.

The Deputy put to me a question on the greater Dublin area. I looked at that question in the context of Kildare and some of the services that are available. There have been no changes to the Kildare rail service since January 2013. The number of passengers on the Kildare line in the first three quarters of 2013, which is the most recent figure available to me, was 1.3 million compared to 1.28 million in the same period in 2012, which is an increase of 1.5% over the year.

Deputy Bernard J. Durkan: In the context of economic revival, what level of forward planning is taking place to ensure services develop to meet the needs of commuters in the greater Dublin area and other cities and centres of population?

Deputy Paschal Donohoe: As I indicated in response to questions from Deputies Dooley and Ellis, before Christmas the Department introduced a Supplementary Estimate of €101 million specifically for public transport. This funding was allocated towards the modernisation of

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the Dublin Bus and Bus Éireann fleets and renewal and infrastructure works on busy parts of the rail network. These works are under way and I hope we will find ways to have similar work done throughout 2015.

The Deputy also asked about long-term planning. The strategic framework for investment in land transport is examining future transport needs, assessing current expenditure on transport and identifying the funding gap that needs to be closed. I am engaged in discussions with the Minister for Public Expenditure and Reform, Deputy Howlin, on this very point.

Deputy Bernard J. Durkan: Is consideration being given to improving parking facilities throughout the regions? Motorists in north County Kildare must frequently continue their journey into Dublin city by car because of the inadequate number of parking spaces available at railway stations during the morning rush hour. What is the position regarding the development of a spatial strategy in terms of demographics? To what extent will the maximum level of rail services be provided to meet the needs of commuters?

Deputy Paschal Donohoe: I intend to commence a public consultation on rail policy. As Deputy Durkan is aware, the rail service plays an important role in meeting transport needs. It also has specific funding needs and must continually fund maintenance and renewal works on the rail system. This is one of the reasons almost €50 million was allocated to Irish Rail before Christmas. We also maintained the public service obligation funding to the CIE group last year.

The allocation of transport services to meet demand is being done through the strategic framework on investment in land transport to which I referred. We will also make a decision on large public transport projects for different parts of Dublin city. I address this issue in previous replies.

Penalty Points System

131. **Deputy Mick Wallace** asked the Minister for Transport, Tourism and Sport if he will provide details on measures his Department has taken or will take in order to rectify malpractice in the penalty points system, particularly in view of the recent Garda report which found that abuses are still occurring in this area; and if he will make a statement on the matter. [4349/15]

Deputy Mick Wallace: The Department has a major stake in the fixed charge notice system. The nine reports produced since the system was introduced in 2002 found that senior gardaí were wilfully ignoring policy on the fixed charge notice system and unfairly and inconsistently applying it. While I acknowledge that the Department of Justice and Equality is responsible for the implementation of the system, should the Minister not play a more proactive role in this area?

Deputy Paschal Donohoe: The fixed charge and penalty points system is an important element of our overall road safety strategy and the Government is committed to ensuring the most effective and equitable system is in place to maintain public confidence in it. The Deputy will appreciate and has acknowledged that the Minister for Justice and Equality and I have responsibility for different parts of the system. We jointly chair the criminal justice working group, the main function of which is to oversee and facilitate implementation of the recommendations of the Garda Inspectorate, which published a report on the operation of the fixed charge processing system in March last year. The operation has improved significantly since June 2014, when a

new Garda directive took effect, incorporating changes to the fixed charge cancellation policy on foot of the report.

Last week the Minister for Justice and Equality published a report from the Garda Professional Service Unit, GPSU, that examined the procedures, policy and decision making process for cancellations. It acknowledged improvements made in the system since June last year and made a number of recommendations which will be implemented by the appropriate bodies. Some of them will be referred to the criminal justice working group for consideration. More generally, the group has been involved in addressing the wide range of issues identified for improvement in the inspectorate's report and is continuing to make progress on the recommendations that remain to be implemented.

Deputy Mick Wallace: Why does the Minister think it took Sergeant Maurice McCabe to actually bring it to the attention of the Commissioner and the Minister for Justice and Equality in August and September? The recommendations about which the Minister is talking are the same recommendations we have received several times. We had the same recommendations included in the GPSU's report which came out at the same time as the O'Mahony report in 2013; we had the same recommendations included in the Garda Inspectorate's report in March 2014 and, now, we are receiving the same recommendations again. What makes the Minister think they will actually be applied this time?

The Minister has a serious problem. While I understand it is not only a problem for him, it is impacting on his Department because the system is not working in the way it should. The biggest problem of all is indiscipline among the senior ranks of the Garda. The Minister will remember that the Guerin report was at great pains to point to the fact that in Bailieborough indiscipline seemed to be only an issue for rank and file gardaí, not for management in terms of supervision, which is where the problem starts.

Deputy Paschal Donohoe: On the points the Deputy has made about the current status of the recommendations, since the last set, policies have been implemented to deal with the issues to which he refers. Only three individuals have authorised the cancellation of penalty points since 16 June 2014.

On the status of different recommendations, we have two reports at play, as the Deputy noted. The first is the report which came from the criminal justice working group. To answer the Deputy's question on how we will look at the status of implementation of these recommendations, it is my understanding that in March a review will be undertaken of where each of the recommendations stands. That will happen in a number of weeks and we have touched on what some of the proposals are.

On recommendations that affect my Department and that came from the GPSU's report, they have been shared with me, obviously, because they feed into a report from a committee that I co-chair.

On legislative changes that might be needed to the operation of fixed charge notices, my Department will look at this issue. Before Christmas, when I became aware of an issue that was legislative in nature in the implementation of penalty points, I acted swiftly and in a transparent manner to deal with it.

Deputy Mick Wallace: Confining final decisions on terminations on the PULSE system to three people in Thurles is a good idea because, obviously, senior gardaí around the country

proved themselves to be irresponsible enough that they could not be left with responsibility for the system. Will the Minister explain how things are going to get better if the senior ranks of the Garda remain undisciplined? Of all those who have actually misbehaved, does the Minister know of any who has been sanctioned? If there have been disciplinary procedures, does the Minister know what they are? In the O'Mahony report three gardaí were picked out as being very serious offenders in the system and there was an internal investigation into what they had done. Does the Minister know what the sanctions were and what was the outcome? As long as the Government refuses to have sanctions and proper disciplinary processes in place, the indiscipline in the senior ranks will continue.

Deputy Paschal Donohoe: As I said, the fact that so much centralisation of decision making has taken place shows how important this matter is to the Garda Commissioner and the Minister for Justice and Equality. I am absolutely clear that not implementing the regime or policies in place is a disciplinary matter and I am sure it will be treated as such by the Garda Commissioner. Both the Garda Commissioner and the Minister for Justice and Equality have made clear the need for this to change and I believe the signs of this change are evident.

On the specific point the Deputy put to me about the role of my Department, to be clear, in March the criminal justice working group which my Department co-chairs will be reviewing the status of each of the proposals in the last report. At that point, we will understand how they are being implemented in terms of the large changes needed. I have always been very clear that we have to have a penalty points system that is seen to be fair and efficient. The Minister for Justice and Equality and I are committed to making this happen.

Topical Issue Matters

An Leas-Cheann Comhairle: I wish to advise the House of the following matters in respect of which notice has been given under Standing Order 27A and the name of the Member in each case: (1) Deputy Finian McGrath - the sale of Aer Lingus; (2) Deputy Aengus Ó Snodaigh - the need to suspend the SICAP tendering process due to be completed on 19 February to ensure the protection of community services and community workers under partnership; (3) Deputy Terence Flanagan - the need for a fresh inquiry into the Stardust fire; (4) Deputy Jim Daly - the need for discretion to be applied to education grant application decisions that fall marginally outside income guidelines; (5) Deputy Dessie Ellis - the proposals made by Limerick County Council to charge council tenants for the cost of the local property tax; (6) Deputy Jonathan O'Brien - the need to discuss the disciplinary processes for teachers and child protection matters in schools; (7) Deputy Thomas P. Broughan - the need to address the discontinuation of funding for business development managers under the community enterprise centre scheme; (8) Deputy Pádraig Mac Lochlainn - the need to address the high number of patients on trolleys and awaiting a bed at Letterkenny General Hospital; (9) Deputy Brian Stanley - the need to address staffing levels in accident and emergency units and maternity units, particularly in Portlaoise hospital; (10) Deputy Colm Keaveney - the need to ensure the new model for special education needs provides for needs descriptors, pilot testing and an independent appeals mechanism; (11) Deputy Eoghan Murphy - the need for consideration to be given to an exemption from certain property-related taxes for persons over 65 years of age who downsize their homes; (12) Deputy Joe Costello - the need to ensure the €17 million Government investment in Fr. Scully House, Gardiner Street, Dublin 1 is protected and that this house is opened to senior citizens without further delay; (13) Deputy Billy Kelleher - the need to address the long waiting times for children in need of MRI scans at Crumlin hospital; (14) Deputy Michael Fitzmaurice - the need to address the cuts to the subsidy of group water schemes; (15) Deputy David Stanton - the need

to improve broadband services, particularly with regard to speed, availability and affordability in the east Cork area; (16) Deputy Eamonn Maloney - the need for investment in medical infrastructure; (17) Deputy Clare Daly - the need to ensure the release of hares in captivity as a result of the cancellation of the third day of coursing, pending the reconvening of the event; (18) Deputy Mick Wallace – the concerns regarding two Russian warplanes which recently flew near Irish sovereign airspace; (19) Deputy Maureen O’Sullivan - the need to ensure the release of hares in captivity as a result of the cancellation of the third day of coursing in order that they are not kept in captivity for a further week; (20) Deputy Michael McGrath – the concerns regarding the loss of routes and reduction of services at Cork Airport and the plans to improve the airport’s ability to compete with other airports; (21) Deputy Helen McEntee - the need to address the issue of offshore wind farms and their future connection to the national grid; and (22) Deputy Richard Boyd Barrett - the changes to the one-parent family payment from budget 2012 which will take effect in 2015 and affect 40,000 parents.

The matters raised by Deputies Jim Daly, Dessie Ellis, Joe Costello and Michael McGrath have been selected for discussion.

Personal Explanation by Ceann Comhairle

An Ceann Comhairle: Before moving to Leaders Questions, I wish to make a personal explanation under Standing Order 44. I refer to my decision last week that the motion to set up a commission of investigation should be taken without debate. This decision was taken by me after consulting with officials and the parliamentary legal service. Unfortunately, I was absent on official business in Prague when the motion was taken in the House and I was, therefore, unable to give a personal explanation for my decision.

I wish to assure the House that at no time did I come under any pressure from anybody in arriving at my decision. I fully respect that those who took the opposite view to mine were perfectly entitled to do so. I also accept that the wording of Standing Order 57 could be interpreted in different ways and, for that reason, I intend to ask my colleagues on the Committee on Procedure and Privileges to meet with me to examine the possibility of making changes to ensure greater clarity in the wording of the order.

Finally, I refer to the radio interview on Friday last, in the final part of which I was asked if I felt the Opposition was “out to undermine” me. In the heat of the moment I replied: “Of course they are.” However, on reflection, I accept that this is not the case and I am happy to withdraw the comments I made on the programme.

Deputy Micheál Martin: I appreciate the statement just issued by the Ceann Comhairle. Also, in the context of the discussions we had, I appreciate the sincerity and honour behind it and fully accept that the Ceann Comhairle has withdrawn the remarks which were said in the heat of the moment. I also welcome the fact that the implications of the ruling, which a number of people regard as profound, will now be debated in the proper forum at which all Members can make a submission. I thank the Ceann Comhairle for the contribution he has just made.

Deputy Gerry Adams: I also welcome the Ceann Comhairle’s statement, particularly the acknowledgement that his remarks on the radio were inappropriate. I want to deal with other issues, but I will do that later. Now that the Ceann Comhairle has, in a genuine way, withdrawn his remarks, may I ask that those Ministers who defended the Ceann Comhairle’s remarks also withdraw their remarks.

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Leaders' Questions

Deputy Micheál Martin: In terms of the Government's approach to the establishment of a commission of investigation into allegations of misconduct in the Cavan-Monaghan Garda division, I wish to raise a number of issues. In general, I suggest to the Taoiseach that there should be broad consultation with the Opposition prior to the lodging of the terms of references before the Dáil. Having reflected on and observed what has transpired, it seems to me that the only Deputy who persisted in trying to influence the outcome was a member of the Fine Gael Party, Deputy Alan Shatter, a former Minister. He wrote to the Taoiseach, as acknowledged last week, and to the Ceann Comhairle requesting he be excluded from the terms of reference of the inquiry. It was also his view that the tabling of the motion and the subsequent debate would encroach upon the courts.

I find this very odd, given that in his resignation letter to the Taoiseach on 7 May 2014 - a letter he published - Deputy Shatter said: "It is appropriate that these matters be the subject of a statutory inquiry." He also said he was resigning because he did not want to distract from the role of Government or create any difficulties for the Fine Gael and Labour Parties in the period leading up to the European and local government elections. If he is not careful, he will continue to cause difficulties, right through to the general election, but that is another matter.

It would be incomprehensible that the terms of such an inquiry would not include the relevant Minister. The core issue is the persistence of a Member of Parliament, a former Minister, to seek to try to restrict and stifle debate on a matter of fundamental, public importance and to do that in a context he knows well, that Parliament under the Constitution always has the right to propose and the right to dispose. Did Deputy Shatter approach the Taoiseach personally about this issue? Does the Taoiseach think it is appropriate that a Member should seek to undermine the capacity of the Parliament to debate matters of public interest in such a manner?

I have seen the correspondence and call on the Taoiseach to publish the correspondence Deputy Shatter sent to him. Is he prepared to do that? Did Deputy Shatter speak to the Taoiseach at any stage in regard to this matter or did he speak to the Minister for Justice and Equality on the matter? I note Deputy Shatter wrote to the Ceann Comhairle initially on his own note-paper and that this communication was subsequently followed by legal representation. I understand from what the Taoiseach said last week that it was a legal firm that wrote to him. Did Deputy Shatter write to the Taoiseach in his own capacity as a Deputy and will the Taoiseach publish that conversation?

Deputy Shatter writes about the separation of powers in the correspondence, but he is straddling, in a selective manner, both domains when it suits. I respectfully suggest he should make his mind up as to where his duty lies and consider why he was elected to this Parliament in the first place. I suggest it was to facilitate free and open debate and to articulate the will of the people, not suppress it.

The Taoiseach: First, in respect of the question about consultation with Members on the terms of reference before their being tabled in the Dáil, I respect completely the independence of the Ceann Comhairle in the decision he made and I am glad that matter has been cleared up.

The Government had scheduled a two hour debate for Wednesday, 28 January on the commission of investigation in respect of the Cavan-Monaghan Garda division. This debate was to be taken by the Minister for Justice and Equality. However, in a letter of 27 January, the day

before the proposed debate, the Ceann Comhairle informed the Minister for Justice and Equality of his ruling. He was perfectly entitled to make his ruling. The important point is that the Government had already decided there should be a commission of investigation.

In the normal process and procedure followed, the terms of reference are adopted and approved by Cabinet and are laid before the Dáil by the Whip in the ordinary way for discussion and approval by the House so that the commission of investigation can start up and do its business. In this case, I believe that given the Ceann Comhairle's ruling, it was more important that the work of the commission of investigation should be able to proceed. Therefore, the terms of reference were adopted by the Dáil. Mr. Justice O'Higgins has been appointed to conduct the commission of investigation and the commission can now start its business.

I have instructed my officials to publish on *merrionstreet.ie* all of the correspondence received from the firm of Gallagher Shatter Solicitors by the Department of the Taoiseach and the replies to that correspondence. As Deputy Martin pointed out, observations were made by the firm that the former Minister for Justice, Equality and Defence should be excluded from the terms of reference.

Deputy Michael Healy-Rae: Why?

The Taoiseach: As Deputy Martin will see, the replies from the Department of the Taoiseach are clear and consistent. That observation was not taken into account and the terms of reference accurately reflect the terms as set out by Mr. Guerin. There are one or two words where this is absolutely clear in the terms of reference adopted by the Dáil. I have instructed my officials to publish all of that documentation so that people can see the position, from 9 September when the firm wrote to the Department of the Taoiseach.

A reply was sent from the private secretary of the Department on 7 November. A further letter was received from the firm on 17 November, repeating that the terms of reference should not include a reference to the former Minister for Justice and requesting written confirmation of that. On 19 November, the Cabinet approved the terms of reference, which covered all of the areas recommended by Mr. Guerin, including in regard to the former justice Minister. On 21 November, a letter was sent from the private secretary of the Department to the firm, informing it that the draft terms of reference had been approved by the Government and that these would be presented to the Houses of the Oireachtas in the ordinary way. On 25 November, a further letter from the firm objected to the Government's approved terms of reference. On 8 December, a letter, enclosing a letter from the former Minister to the Ceann Comhairle objecting to the terms of reference which referred to him, was received from the firm.

Deputy Joe Higgins: He must have been practising for his next book.

The Taoiseach: On 17 December, a letter from the private secretary of the Department of the Taoiseach was sent to the firm rejecting its arguments and reiterating the Government's decision to proceed with the commission of investigation with the terms of reference unchanged.

Deputy Mattie McGrath: Did he take Christmas off?

The Taoiseach: I have instructed my officials to publish all of this documentation, so that Deputy Martin and everybody else can have sight of it.

Deputy Micheál Martin: I asked the Taoiseach two questions at the outset. Is it appropri-

ate that a member of the Fine Gael Party, a Dáil Deputy, should be so persistent in endeavouring to change the terms of reference and prevent debate in the House on a matter of such public concern? I also asked whether the Deputy approached the Taoiseach or the Minister personally on this matter. Apart from in written communication from him or his legal firm, did the Deputy approach the Taoiseach personally on the matter during this period? Perhaps he might indicate whether he approached him on the issue. Did he approach the Minister? Is that the totality of the communications involving Deputy Alan Shatter or his legal firm? Has he written today or in the past day or two? I know that he has communicated again subsequently - I believe to the Ceann Comhairle's office. - but has he communicated with the Taoiseach on foot of his decision? Did he make a personal approach to the Taoiseach at any stage?

Deputy Timmy Dooley: In writing.

Deputy Micheál Martin: It seems the only person who had a persistent, consistent engagement on this issue is Deputy Alan Shatter and no one else.

Deputy Timmy Dooley: In writing.

Deputy Micheál Martin: I said in writing.

Deputy Michael Healy-Rae: He would not say, "No."

The Taoiseach: This is a very serious issue in respect of serious matters brought to my attention by Deputy Micheál Martin, brought to light by a whistleblower and brought to attention here by others in regard to matters in the Cavan and Monaghan district and in respect of the Government's decision to set up a commission of investigation into how they were handled by the Garda, the Department of Justice and Equality and the former Minister for Justice and Equality. It arises from the Guerin report and the terms of reference that have been set. Deputy Alan Shatter has not written to me and has not approached me personally. I called him out of a parliamentary party meeting last year to ask him how he was getting on in view of the fact that he was no longer Minister for Justice and Equality.

Deputy Michael Healy-Rae: You were shafted.

The Taoiseach: We did not discuss the terms of reference for the Guerin inquiry.

Deputy Mattie McGrath: Love bombing.

The Taoiseach: That is a matter for the Government. The Government has been very clear on the position it adopted and consistently followed through in the passing of the terms of reference here in order that the commission of investigation could start its work and deal with the very serious matters outlined in the reports brought to light last year. I cannot speak for Deputy Alan Shatter or any other Deputy in the House who wishes to make constant or repeated contact with Ministers or members of the Government or anybody else.

Deputy Micheál Martin: What is the Taoiseach's own view?

The Taoiseach: It is not for me to issue instructions to any Deputy to cease writing in that sense.

Deputy Micheál Martin: What is the Taoiseach's view?

Deputy Robert Troy: Was it right or wrong?

Deputy Micheál Martin: As a Parliamentarian, what is the Taoiseach's view?

The Taoiseach: Yes, but no more than any Fianna Fáil Deputy who wishes to make contact with Departments and Ministers on a regular basis.

Deputy Micheál Martin: That is not in the same league.

The Taoiseach: I know it is not-----

Deputy Robert Troy: The Taoiseach is the leader of his party.

The Taoiseach: -----but, as I say, this is a serious matter.

Deputy Robert Troy: Was it right or wrong?

The Taoiseach: The commission of investigation has now been set up.

Deputy Micheál Martin: It goes to the core of parliamentary democracy.

Deputy Barry Cowen: The Taoiseach is leader of Fine Gael.

The Taoiseach: The terms of reference have been very clear. The Government was very consistent in setting out what it wanted to do. Despite the correspondence which will be published after I leave the Chamber this evening, the Government was very consistent in ignoring any of the observations made on the exclusion of the former Minister from the terms of reference.

Deputy Robert Troy: He is trying to influence them.

The Taoiseach: Deputy Micheál Martin will see that it is also included specifically in the Government's decision setting out the terms of reference-----

Deputy Micheál Martin: But was it appropriate?

The Taoiseach: -----that I will also publish.

Deputy Gerry Adams: It is important that the Taoiseach reminded us of the events around the whistleblowers' allegations and the way the Government had responded to them. It pooh-poohed, dismissed and slandered an Teachta Dála Mick Wallace for raising these issues. Without taking up too much time, we know the chronology that led to the retirement of a Garda Commissioner - the Taoiseach's words - and the resignation of the then Minister for Justice and Equality. When this issue came up last week, if the Taoiseach had had his way, we would not have had this discussion. We now know that there was a voluminous amount of correspondence-----

The Taoiseach: Withdraw that remark.

Deputy Gerry Adams: -----between the Taoiseach and Deputy Alan Shatter. I asked the Taoiseach at least twice formally if he had received any correspondence from Deputy Alan Shatter, if his Department had received any, if the Ceann Comhairle had received any or if any other agency had received any, but he refused to answer. He only answered eventually when pressed. Now we hear about all of this correspondence. As I said the other day when I contested the Ceann Comhairle's advice, my main issue was with the Taoiseach and the Government for not reordering the debate at another time in the schedule. While I am no historian of this

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Parliament, it seems unprecedented - perhaps the first time in the history of the Parliament - that terms of reference of a commission of inquiry were pushed without one word from any Teachta Dála, not just Opposition but also Government Teachtaí Dála.

If I might summarise, it strikes me that a member of Fine Gael is able to prevent a debate on these issues because the Taoiseach refused-----

Deputy Paul Kehoe: It was not our decision.

Deputy Simon Harris: It was not our decision.

Deputy Gerry Adams: The Taoiseach could have met the leaders and outlined the problem as it was seen. He could have allowed for the discussion to take place and explained the letters. He then made a virtue of necessity and is now going to publish the letters as if it was a mighty act of kindness on his part. That discussion could have been held in private with the leaders of the various groups in the Dáil. Alternatively, the Government Whip could have had it with the other Whips. It is now clear that rather than dealing with the issue as it should have been dealt with transparently and as part of the democratic revolution to which the Taoiseach aspires he just tried to ram the whole thing through.

The Taoiseach: I disagree with the Deputy. On 27 January the Government Whip informed the other Whips of the decision and ruling of the Ceann Comhairle that no debate would be allowed on the terms of reference which the Government had tabled for discussion. I fully accept the Ceann Comhairle's decision in that regard.

I would not be aware of whether the Ceann Comhairle or anybody else was in receipt of correspondence. Deputy Gerry Adams asked me if I was aware that the Ceann Comhairle had received correspondence. I was not so aware, nor could I have been.

If the debate was to be reordered, obviously, there would be a very different story. This is a serious matter about the conduct of some gardaí in the Cavan and Monaghan district in regard to a number of very serious matters brought to attention by a whistleblower and brought to the attention of the House. After this morning's Cabinet meeting I signed the order setting up the commission of investigation under Mr. Justice O'Higgins. The terms of reference were finalised on 17 December.

Of course, the former Minister for Justice and Equality is a member of the Fine Gael Party. It is not a case of a member being able to prevent a debate. Deputy Gerry Adams is now fully aware that the Ceann Comhairle in his constitutional office and independence made his ruling and that that ruling was carried. That matter has now been cleared up. The Deputy is wrong to suggest a member of a party, in this case, my party, was in a position to prevent a debate from taking place. That was a separate decision made independently by the Ceann Comhairle.

The more important point is that the Government made a decision to set up a commission of investigation. It adopted the terms of reference set by Mr. Guerin. It ignored and did not take into account the submissions being made for the exclusion of the former Minister for Justice and Equality from the terms of reference. It was quite clear that the commission of investigation would examine the method for the conduct of the examination of the issues raised by gardaí, the Department of Justice and Equality and the former Minister for Justice and Equality. The Sinn Féin Whip was informed of the ruling of the Ceann Comhairle on Tuesday, 27 January.

I gave an instruction today that the correspondence from the legal firm and the replies to it from the Department of the Taoiseach be published. As I said to Deputy Micheál Martin, Deputy Gerry Adams will see consistently throughout the correspondence that the Government was not in any way bound by observations made by a legal firm. The terms of reference and the decision of the Government reflect this very accurately.

Deputy Gerry Adams: The Ceann Comhairle has very graciously acknowledged that there could be another interpretation of Standing Order 57(3).

He said he was going to summon the Committee on Procedure and Privileges, which is what the Sinn Féin Whip, Deputy Aengus Ó Snodaigh, proposed should happen. He did so in writing to the best of my recollection. To hide behind the Ceann Comhairle in light of his statement today defies any logic. I asked the Taoiseach whether there was correspondence from Deputy Alan Shatter with the Taoiseach or any agencies. He did not answer me and when I pressed him he gave me a grudging response. Let us compare that with what we have just heard today. I may have received this letter inadvertently but the Taoiseach said he did not know of any correspondence between the Ceann Comhairle and others. I have a copy of a letter supplied to me by the Ceann Comhairle to the Minister for Justice and Equality, Deputy Frances Fitzgerald. This was discussed at Cabinet. Was the Taoiseach not apprised of it? I cannot recollect if the Ceann Comhairle wrote to the Taoiseach on these matters but Deputy Alan Shatter definitely did. What is the law firm to which the Taoiseach referred? It is Gallagher Shatter Solicitors. A response on behalf of the Taoiseach to Deputy Alan Shatter, showing the courtesy and relationship enjoyed between the Taoiseach's Department and a member of Fine Gael, states:

A copy of the draft Order, with the Terms of Reference attached, is included herewith for your information. The next step is for the draft Order to be presented to each House of the Oireachtas and that will take place shortly. The Government considers that the matters set out in the Terms of Reference are matters of significant public concern.

This is the correspondence between the Taoiseach and the Fine Gael backbencher, Deputy Alan Shatter. Is the correspondence and the context not also a matter of significant public concern? Was the Taoiseach not failing in his duty as Taoiseach in not answering the question I put to him about any correspondence he may have received from Deputy Alan Shatter or, as I carefully said, anyone acting on his behalf? Deputy Enda Kenny is the Taoiseach and I am a duly elected mandated Member of the Oireachtas. This party represents citizens. Is it not a matter of significant public concern for them that the Taoiseach failed to tell us and, by extension, the citizens that he had voluminous correspondence with Deputy Alan Shatter?

The Taoiseach: Let me clear up any misunderstandings for Deputy Adams. Sometimes in here, there is a lot of noise. I had one letter with me last week, which is relevant to something I just said a few minutes ago. I said I was not aware of any letter or any correspondence the Ceann Comhairle received from Deputy Alan Shatter. In fact, the letter sent to my Department on 8 December from Gallagher Shatter Solicitors contained a copy of the letter sent to the Ceann Comhairle. From that point of view, I want to correct the record---

Deputy Gerry Adams: There we go, the Taoiseach was aware.

The Taoiseach: Absolutely, Deputy Adams. As I just had that correspondence with me last week, perhaps I was not able to be as accurate or fulsome in my response as I could have been.

Deputy Gerry Adams: It is called arrogance.

The Taoiseach: That is why I think it is appropriate, in this matter of great importance, that I publish all correspondence from the legal firm of the former Minister for Justice and Equality to the Department of the Taoiseach and the responses that were sent back, including the publication of the decision of the Government, which makes it clear to the Cabinet that correspondence was received but that the Government was not shifting from its consistent position of the commission of investigation being able to follow through on its view of the conduct of how the serious matters were dealt with by the Garda Síochána, the Department of Justice and Equality and the former Minister for Justice and Equality. My apologies to Deputy Adams if I was not as accurate as I should have been in respect of a matter brought to my attention when the letter sent to the Ceann Comhairle was forwarded to the Department of the Taoiseach with a covering note from the legal firm on 8 December.

Deputy Gerry Adams: The Taoiseach had it and would not tell the Opposition.

Deputy Ruth Coppinger: Today, Irish Water issued its fourth deadline for people to register their details. People have a fourth chance to register with them in April. Apart from it being a subversion of the English language, does the Taoiseach agree it is another sign of desperation on the part of the Government and Irish Water? It seems the Labour Party and the Labour Minister have as flexible an attitude to deadlines as they have to election promises to not impose water charges. Despite giving people four chances, does the Taoiseach agree that issuing 2.1 million packs and receiving fewer than 900,000 is an abysmal failure?

Deputy Ray Butler: The Deputy's figures are wrong.

Deputy Ruth Coppinger: It is a registration rate of less than 50% despite the best efforts of the Taoiseach. That is accompanied by the €100 people get for doing nothing but registering with Irish Water. The Government should not take it as any guarantee that those people will pay the bills when they arrive in April.

Will the Taoiseach proceed with his despicable plan to steal money for Irish Water from council tenants and private tenants in the State? The Taoiseach wants to turn councils and landlords into debt collectors for a semi-State company. Judging by comments made this morning, it seems the Taoiseach wants to turn landlords into bullyboys of their tenants to get them to pay Irish Water. When is the Taoiseach planning to introduce this item of discriminatory legislation against non-homeowners? Does the Taoiseach not think people in the private rented sector have enough on their plates thanks to the housing crisis foisted upon them, rising rents and the danger of being made homeless at any time by selfsame landlords if they do not pay the unfair austerity measure?

The Government is taking on a huge sector. The CSO released figures last weekend showing that, in Dublin, only 59.4% of people own their homes. In the capital city, the Government will be taking on hundreds of thousands of council tenants or private tenants. If the Taoiseach thinks people will take this lying down, he is badly mistaken. Last night, I spoke at a meeting of almost 200 people in a community in Athlone. They turned out in sub-zero temperatures, as it was -3° Celsius when I arrived there. Their mission was to discuss how not to pay water charges and how to persuade the Government to get rid of them.

Perhaps the Taoiseach will comment on the huge protests that took place on Saturday. Despite it not being officially called by any group, with the protests being self-organised by communities, and despite it being the start of a new year, people turned out in their tens of thou-

sands against water charges. Does the Taoiseach agree the steam has not gone out of the water charges issue? Does the Taoiseach agree he should abolish Irish Water and the water charges before the Government is faced with even further humiliation in 2015? The indications are that a massive boycott of water charges, and not just of registration, lies ahead if the Government does not do so.

Deputy Finian McGrath: What about Michael Davitt?

Deputy Joe Higgins: Captain Boycott again.

The Taoiseach: I do not agree that Irish Water should be abolished or that water charges should be abolished. Deputy Ruth Coppinger is well aware that the charge for a single person is €1.15 per week, once registered with Irish Water and after receiving the contribution of €100, and €3 in respect of two or more adults living in a household. Deputy Coppinger seems to distinguish between what she calls council tenants and others but there are council tenants in places other than the Deputy's constituency. Many of them have been paying for water for years and are glad and happy to get a good supply of water. Deputy Coppinger seems to distinguish between the people of the country and seems to be happy that people in this country should continue for years to have to boil water for themselves and their children.

Deputy Joe Higgins: That is rubbish. This is not fooling anybody.

The Taoiseach: The Deputy seems to be happy that 42 towns continue emptying raw sewage into lakes and rivers.

Deputy Bernard J. Durkan: Is that what Deputy Higgins wants?

The Taoiseach: She seems to be happy that a couple of thousand kilometres of inferior water should continue to leak into the ground. She seems to be happy that people, including those she called council tenants but I call citizens of our country, live in houses supplied by lead pipes. She seems to think it is appropriate to continue with such a situation but I do not.

Deputy Michael Healy-Rae: The Taoiseach is not being fair.

The Taoiseach: It is about time everybody understood that we all have a contribution to make. The Government listened carefully to the vast majority of people who engaged in legitimate protests about water, and their feelings on it, over the last number of months. I deplore the small number of people who carried that way beyond the bounds of decency and normality in attacking Uachtarán na hÉireann in the way that they did.

Deputy Paul Kehoe: Deputy Coppinger's party.

Deputy Paul Murphy: No, it was not.

The Taoiseach: This is not in keeping with democratic decency and if Deputy Coppinger has any authority or influence in that regard, she might deal with it. Irish Water is not going to be abolished. It exists for the purpose of fixing the current situation and investing for the future. I note the party in front of Deputy Coppinger has a very peculiar way of putting forward its economic perspective on this matter. It is now down to what it describes as all forms of formula. As far as the Government is concerned, we have listened carefully to ordinary people who have concerns about this. We want to bring about a situation whereby a charge of €1.15 applies to a single person, and a €3 for two or more people. That still allows people to beat the cap once the

meters have been installed over the coming period.

Deputy Ruth Coppinger: Yet again the Taoiseach failed to answer my central question on whether he is happy with the registration figures. I will take his reply as a “No”. It is obvious that if people do not register, even though the Government is giving them €100 to do so, they are unlikely to pay the water charges in April. I was offering him a chance to save his own skin by retreating from this abysmal policy of pushing Irish Water and water charges. The Taoiseach never listens but everybody knows that charges start at a certain level and the only way is up. Bin charges, which the Government always throws back at us for failing to prevent, have increased by 400% since they were introduced. People know the intention is to introduce the concept of payment so that the rates can be ratcheted up as the years go by.

In regard to protests, despite the best efforts of the Taoiseach and some in the media, the position of my party and the Anti-Austerity Alliance is very clear. We defend the right of people to protest. We do not resort to personal insults. That is not our method.

Deputy Michael Ring: The Deputy should ask Murphy’s law sitting beside her.

Deputy Ruth Coppinger: We focus on-----

An Ceann Comhairle: I ask the Deputy to put her question.

Deputy Ruth Coppinger: Happily, in any meetings I attended people no longer believed the media. There is huge cynicism in that regard-----

Deputy Michael Ring: We believe what we see.

An Ceann Comhairle: I ask Deputy Coppinger to put her question.

Deputy Ruth Coppinger: The bills are coming in April, and that is the focus of the Anti-Austerity Alliance and the We Won’t Pay campaign. We will be linking up with tens of thousands of other people all around the country, speaking at meetings where we can and assisting communities in boycotting these bills. A huge number of people have already decided not to pay and I think many more will be joining them.

An Ceann Comhairle: The Deputy is way over time. I ask her to put her question.

Deputy Ruth Coppinger: Is the Taoiseach happy with the registration figures given that the return rate is less than 50%? If he is not happy, what does he plan to do about it? Clearly he should retreat on water charges.

Deputy Joe Higgins: Coming as he does from County Mayo, he should know about boycotts.

The Taoiseach: There has been a huge increase in the number of people all over the country registering with Irish Water in the last few days. More than 1.125 million people and households have responded to the campaign and almost 900,000 Irish Water customers have registered, or 59% of customers. We encourage as many people as possible to register over the next period. The position is that if somebody does not register, a default two-adult household bill of €260 will issue and those people will not be entitled to the €100 contribution made by the State, having listened to the people very carefully.

Deputy Michael Healy-Rae: Tell that to the Minister. He says there is no problem at all.

The Taoiseach: The Minister has made it clear that nobody is going to be cut off in respect of water.

Deputy Joe Higgins: He would not dare.

The Taoiseach: That is an important element. It is not the same as gas or electricity. A different model has to be supplied here and the Government wants to be as flexible and amenable to the concerns of people as possible. The Deputy said that her party defends the right to protest, as does my party and every party. However, I did not hear her say that she condemns the disgraceful remarks made about Uachtarán na hÉireann.

Deputy Paul Murphy: Did he not listen to the radio last week?

The Taoiseach: I did not hear her condemn - irrespective of whether they are members of her party - the antics and behaviour of a small number of people who have brought the water campaign into complete and utter disrepute.

Deputy Joe Higgins: They have not.

The Taoiseach: They turned off hundreds of people who were prepared to join the original marches but who are now fed up to the teeth with the current carry on.

Deputy Ruth Coppinger: Dream on.

Deputy Joe Higgins: Just because a few idiots misbehave at the All Ireland, that does not mean one smears all 82,000 attendees.

Deputy Bernard J. Durkan: Do not trivialise it.

Ceisteanna - Questions (Resumed)

Social Partnership Meetings

1. **Deputy Gerry Adams** asked the Taoiseach if he will report on the recent contacts he has had with the social partners. [39841/14]

2. **Deputy Gerry Adams** asked the Taoiseach if he will provide an update on his process of social dialogue. [39842/14]

3. **Deputy Gerry Adams** asked the Taoiseach the groups he has met as part of the process of social dialogue. [39843/14]

4. **Deputy Lucinda Creighton** asked the Taoiseach the reason the National Economic Social Council is still devoid of any representation from the small and medium sized enterprise sector; the way the concerns and interests of the self employed and small business are represented on the council; and if he will make a statement on the matter. [40959/14]

5. **Deputy Micheál Martin** asked the Taoiseach if he has met with the social partners recently; and if he will make a statement on the matter. [40968/14]

6. **Deputy Joe Higgins** asked the Taoiseach if he will report on recent meetings he has had with social partners; and if he will make a statement on the matter. [41692/14]

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

This Government has consistently said that while we do not intend to return to the rigid social partnership structures of the past, we continue to engage in a wider process of social dialogue on an ongoing basis. This means that the primary point of contact for interaction between representative groups and the Government is with the relevant Minister or Ministers who have functional responsibility in a policy area. All Ministers and their Departments engage in regular dialogue with sectoral interests in their relevant areas and the Government values these interactions and contributions.

In regard to public service issues, the Minister for Public Expenditure and Reform was responsible for negotiations with the public service trade unions which led to the Haddington Road agreement. He has recently indicated the Government's willingness to enter discussions with the trade unions later in 2015 on public service pay following the expiry of the Haddington Road agreement. The Minister for Jobs, Enterprise and Innovation has lead responsibility for wider industrial relations issues and has had discussions with trade union and employer representatives on issues such as collective bargaining and sectoral pay agreements. He is also establishing the low pay commission, which will include employer and employee representatives.

I also meet with many social partner organisations during the course of my work. The following are examples of engagements since December 2013. I recently spoke to the new General Secretary of the Irish Congress of Trade Unions, Patricia King, to congratulate her on her appointment. I met representatives of the IFA on 12 June 2014 and representatives of the ICMSA on 19 June. I had the opportunity to meet members of the wider farming community at the National Ploughing Championships on 25 September and I also addressed the IFA annual general meeting on 27 January. I met representatives of the Construction Industry Federation on 12 June. I addressed the IBEC CEO conference on 12 February 2014 and the IBEC president's dinner on 18 September.

In addition, multilateral engagement between sectors and the Government also takes place through the National Economic and Social Council, NESCC, chaired by the Secretary General of my Department.

The council continues to provide a valuable forum for dialogue on the economic, social and environmental challenges facing the country and submits reports to Government on a regular basis.

Appointments to NESCC are made in accordance with the National Economic and Social Development Office Act 2006 and the National Economic and Social Council (Alteration of Composition) Order 2010. In accordance with these provisions, the council includes
4 o'clock four members nominated by business and employer interests, including IBEC, Chambers of Commerce Ireland and the GIF, as well as nominees from the Irish Congress of Trade Unions, farming and agricultural interests, the community and voluntary sector and the environmental sector. The council also includes independent members and representatives of a number of Government Departments. Arrangements for the nomination and appointment of members will be considered again when the council next falls to be reappointed.

The Government remains committed to this approach of social dialogue and remains open to further deepening its relationships with representative groups across society as we seek to sustain the ongoing economic recovery. Sustainable recovery will only be possible if we retain

the competitiveness and commitment to reform required of a small open economy in a single currency zone while ensuring that the benefits of recovery are shared across society. However, we do not support a return to an overly centralised model of social partnership such as operated in the past.

Deputy Gerry Adams: Ar dtús, ba mhaith liom comhghairdeas a dhéanamh le Patricia King faoina ceapachán mar ard-rúnaí ar ICTU. Táim ag súil le bualadh le Patricia agus an cairdeas idir Shinn Féin agus an ICTU a fhorbairt. I wish Patricia King well on her recent appointment as ICTU ard-rúnaí.

The Taoiseach has outlined the way he will engage with the social partners and given us notice that the Minister for Public Expenditure and Reform is working on a follow-up agreement to the Haddington Road agreement which is due to expire next year. It would be useful to get some indication of the likely direction the new agreement will take. In his contact with the social partners and others, has the Taoiseach discussed this matter?

The farming community, in particular small and hill farmers, in my constituency of Louth and elsewhere are very concerned about the future given the age profile in the sector. Many of our farmers are elderly or are becoming elderly and there are not enough incentives and tutorial supports etc. to bring young farmers into the agriculture industry. That industry has also been badly affected by the forced emigration which has taken place.

The Haddington Road agreement was opposed by many workers and there were varying degrees of industrial action across the State. In fact, in 2013 Sinn Féin criticised the way the financial emergency measures in the public interest were rushed through the Dáil by the Minister for Public Expenditure and Reform, Deputy Howlin. We said that union members should have been given more time to decide on the Haddington Road agreement. If he agrees that there was confusion and upset, can the Taoiseach set out some propositions to prevent that and spare people the muddle that surrounded the conclusion to the previous negotiations? More importantly, can he guarantee that those on average pay scales will be protected and that any cuts will come from the top?

When it gets on message, the Government talks about the success of the economic recovery, but it is a two tier recovery. The Taoiseach acknowledges that it is very fragile and that many people have not felt its benefits. That is hardly surprising given the alarming and appalling impact of austerity policies on families and communities. I have asked many times whether the Government equality proofs any of its proposals and to my knowledge it does not. Poverty levels are at a shamefully high level, especially for children, while we see stealth taxes, including water and family home taxes, the ongoing crisis with more than 500 people on trolleys in hospital corridors this morning and difficulties in education. The Taoiseach ignores the fact that 500,000 citizens have been forced to emigrate.

If he is so confident about the recovery, the Taoiseach might comment on recent suggestions by the leader of SIPTU, Mr. Jack O'Connor, who called on the Government to tear up the Haddington Road agreement. At an event at the weekend to mark the death of James Larkin, Mr. O'Connor went on to say that his union would seek pay increases of 5% across the public and private sectors and a minimum living wage of €11.45 per hour. Since the recession, the Government has imposed almost €2 billion in wage and pension cuts on the public sector. As such, is the Government prepared to enter into discussions with the trade union leadership on a replacement for the Haddington Road agreement and can the Taoiseach provide an update on

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what the Minister for Public Expenditure and Reform announced when he said he was working on a follow-up agreement?

The Taoiseach: I thank Deputy Gerry Adams for his question. I note his comment in respect of young farmers, including hill farmers. I had discussions with the Minister for Agriculture, Food and the Marine, Deputy Simon Coveney, and he is in a position to introduce the GLAS scheme, which is an environmental scheme to replace REPS which was ended. The scheme will allow 30,000 farmers to be included for payments in most cases of €5,000 but climbing to €7,000 for some. I acknowledge that there were difficulties in the beginning on flexibility, the requirement for 50% participation of active farmers, issues surrounding the planner who would be involved and where there might or might not be objections. These matters were all attended to following exhaustive consultation between the Minister, his people and the farmers involved. The vast majority of those particular problems have been ironed out. I am going to Brussels later this week and hope to meet the Commissioner for Agriculture and Rural Development. I would like to think that the application forms for GLAS can be circulated at a reasonably early date so farmers can see that it is actually in their interest to participate in the scheme, meet the conditions and obtain payment in due course.

Exceptional interest in the Irish agri-sector is now clear arising from the forthcoming lifting on the restrictions on quotas for dairy produce. The Minister has pointed out on a number of occasions that Ireland will become the most productive dairy unit on the planet once the investment in place kicks in and the restrictions are limited. I note the investment yesterday of €25 million at a number of locations around the country and the investment of serious money by a number of innovative food companies, including Glanbia and Kerry Group to name but two. This will have serious implications for up to 5,000 more jobs on farms and in the paddock over the next number of years. I further note to Deputy Adams that the interest among young farmers has changed completely from where it was eight to ten years ago. All agricultural courses are booked up and all agricultural colleges have waiting lists. As a business, farming and the agri-sector has become the No. 1 choice of many young people who can see the future ahead. In a broader sense, it is expected that 10 billion people will have to be fed worldwide by 2050 which means food production, food quality and food integrity will be very important in this country. I hope the platform now in place will add greatly to that.

Deputy Adams mentioned the FEMPI legislation. The Minister for Public Expenditure and Reform, Deputy Brendan Howlin, has signalled his intention to begin this year the engagement with the trade unions on a successor to the Haddington Road agreement on pay and further structural reform. These discussions will not be without their difficulties. While I note the comment of Mr. Jack O'Connor of SIPTU, there is an agreement that was accepted by the vast majority of the trade unions and which lasts until July 2016 and I expect both sides to honour it.

The Minister for Finance, Deputy Michael Noonan, is to deal with taxation issues as the year proceeds. The Government approved the terms of reference for a low pay commission, which will be under the aegis of the Minister for Jobs, Enterprise and Innovation, Deputy Richard Bruton, and handled by the Minister of State, Deputy Gerald Nash. He has placed the public advertisements for expressions of interest to serve on the board of the commission and I expect the first meeting to take place around the end of February. I expect the commission to report before the end of the summer and the Government will act on the report in the best interests of everybody.

The Government expects to have 500,000 removed from the USC net in the forthcoming

budget in October. This will be an increase of 80,000 on the current number of 420,000. As the Deputy knows, the Government reversed the previous Government's reduction in the minimum wage. Many of the changes in social protection are focused on the lower paid or those on social protection payments. The two lower rates of USC were reduced for lower paid workers. In respect of those in receipt of social protection payments, we want to make it very clear that it should always pay to work. The establishment of the Intreo offices allows for a much better presentation of the experience and profile of those who are on the live register and drawing social protection payments but who wish to work. Some 140,000 left the live register last year. The figures to be published tomorrow are very encouraging and heading in the right direction.

The Government has made it clear that a person who returns to work will retain his or her medical card for three years. The housing assistance payment will be tapered over a period; therefore, there will not be a sudden break with the assistance of which a person is in receipt. The Minister for Social Protection, Deputy Joan Burton, has increased child benefit and the child support payment of €30 per week will be paid to persons who wish to return to work. Employers clearly are favouring the JobsPlus scheme which gives them a contribution of €10,000 for the support of workers whom they employ and who have been out of work for longer than two years. This is a strong trend. As the fragile economy continues to gather strength, we hope that during 2015 the figures will continue to improve. The line of inward investment is very strong; exports have never been stronger and it is much easier to set up a business.

Ministers have worked very hard to establish new credit facilities for small and medium enterprises in order that these entities can hire new staff and expand their businesses. There is support for those in the retail sector to get online, while local enterprise offices in the local authorities operate as one stop shops. These initiatives are all focused on increasing employment, which is the key to getting out of poverty and the difficulties in which many people have found themselves. The two anchors for the Government are fixing the finances and putting people back to work. The Minister for Finance, Deputy Michael Noonan will leave shortly to comment on Ireland's first ever sale of 30-year bonds and give the details of what it means and will mean for the future. The Minister for Public Expenditure and Reform, Deputy Brendan Howlin, will engage with the trade unions on the successor to the Haddington Road agreement on pay and structural reform in order that we can continue in the good direction in which the country is heading, given that it is still fragile and we still have a distance to travel.

Deputy Gerry Adams: Sometimes I think the Taoiseach and I live in different Irelands, although it could not be the case, given that this is such a small place. Although some are doing well and there may be an improvement, it is a fact that one third of children live in consistent poverty; this is not made up. The ESRI told us that the top earners would benefit the most from budget 2015, while the lowest income households would gain the least. The Taoiseach is bound to know this. Pay cuts and pension levies have been imposed on almost 300,000 public sector workers. The Taoiseach did not even ignore what I said but prattled on. In eight years 500,000 taxpayers have left the State which, I presume, has a population of approximately 2.5 million taxpayers. The people we lost were mostly young people.

In the past year the Taoiseach established a low pay commission. What on earth is it for? Is it to tell us it is not good, nice or pretty to live on low pay? We know this and the commission has not even been set up yet. On Saturday Sinn Féin is sponsoring a living wage conference. Perhaps the Taoiseach might come. I will send him the details, if he wishes. It will examine not a minimum wage but a living wage, what it takes to look after children, spouses and elderly relatives, in the way the Taoiseach and I would look after ours.

There is good news. It is good that the restrictions on dairy production have been lifted. However, not all farmers are big ranchers. The Taoiseach mentioned the world food shortage. On the other hand, given that some have the money and a grá for the good, green food we can produce, the agricultural industry could thrive in the future. Just over one week ago the IFA was lobbying about how GLAS was being worked out and farmers had to jump through so many hoops and regulations to receive what should be their entitlements. The Government is out of touch and needs to listen to what the social partners are stating. Farmers, the trade union movement and the voluntary and community sectors could be the experts on how to get what the Government has not yet achieved, namely, equality, an anti-poverty strategy and a move away from the disastrous social consequences which we have consistently warned are bound to happen, given the cuts the Government has implemented.

The Taoiseach: I would not object to having a debate on poverty, particularly child poverty. Various elements are drawn in from the statistical world to produce these figures. Perhaps the end of the term, before the Government makes its spring economic statement, might be an appropriate time to have it. We do not live in different worlds. I have outlined all the available options the Government puts in place for people who are in receipt of social protection measures. In terms of incentives, it is very important for people to be able to know whether, if they go to work, they will lose their medical card or housing support, or whether they will continue to receive the increasing rate of child benefit or draw the €30 per week per child family support. These are important measures that the Government has recognised such that we can tell people perfectly legitimately that we do not live in a different world, we know exactly the pressures they are under and here are the opportunities to get out of that particular dilemma and go to work to better themselves and their families.

Of course, there has been emigration from our country for a couple of centuries. Where I come from there is not a house that does not have people in England or in the United States. The trend now is such that by the end of 2016 I expect more Irish people will be coming home than leaving. Some leave to get experience or because they want to go away for a year or two, while they are young, to get a job or whatever. Nobody wants to see people leave. The challenge for us all is to develop our own infrastructure around the country to the point where the business and tax environment is conducive to people coming back and for people to want to do business at home. I had a call from somebody in Singapore who has a good job and could employ people. He said in the past few years it was not feasible for him to come back here. Now he sees the trend of some flexibility being given in terms of tax reductions and I support that.

The Low Pay Commission is not a study. For years people were asking what should be paid as minimum wage and how would it be made up. There was never a scientific basis in reality for all those charges. The Government has reversed the minimum wage. It is now €8.65 per hour, an increase of €1 per hour but we want to move to a point where we consider the conditions and the issues surrounding low paid workers and put in place a proper system for analysing those so that a decision can be made on it. The terms of reference for the Low Pay Commission are published and available for Deputy Adams. It is a nine member body; it will report before the summer: three members are appointed from among persons who, in the opinion of the Minister, have “a deep understanding of the interests of low paid workers”, a very good knowledge and experience of working on behalf of workers’ interests or representing workers, particularly low paid workers, or a proven track record in an advocacy or representational role on behalf of the low paid. Three members are appointed from among persons who in the opinion of the Minister have a deep understanding of the interests of employers, particularly

small to medium sized employers and those operating traditionally in low paid sectors and who possess a good knowledge and understanding of how business actually functions, particularly in regard to labour costs. There are two members who have knowledge or expertise of some or all of the following - labour market economics, employment law and proven competence in analysing these matters.

This is not a study, to say this is awful or that could be improved. This is a commission that is due to report to the Minister for Jobs, Enterprise and Innovation and in particular to the Minister of State with responsibility for business and employment, Deputy Nash, for consideration by the Government on what it should do in all of the circumstances surrounding low paid workers. It is the first time this has been done. It will have a benefit in that Government has said it will act following receipt of the report. It will be obliged to take into account changes in earnings since the most recent order for the minimum wage, changes in the currency exchange rates. The euro has weakened because of the decision of the European Central Bank, ECB, which means there is greater value for people coming to Ireland from Britain and from the United States, because of the dollar and the pound. That means our hospitality sector has greater things to offer. It also means that business costs go down and there is greater access to credit. I hope that variable mortgage rates can be implicated and reduced. For exports this is a real opportunity for business and if the business environment is right for further employment that is an issue.

The questions of employment, unemployment and changes in income distribution are for the Low Pay Commission to consider, as per the terms of reference and to report back to Government, and Government will act on that. I hope that will in some way reflect a genuine consideration for those caught in that trap. I have no difficulty about having a genuine discussion here on child poverty and letting people give their views on it. I hope that with our strengthening economy, coming from a very fragile base, more young Irish people who went abroad in recent years will come back with experience and add it to the progress the country is undoubtedly making.

Deputy Lucinda Creighton: In his preamble the Taoiseach unfortunately failed to address the specific question I asked. Why is there no formal representation from the small and medium sized enterprise, SME, sector on the National Economic Social Council, NESC? It was a clear platform of the Fine Gael Party before the last election, which gave a clear commitment in advance of the election that in future discussions and negotiations the SME sector would have a voice through the NESC. The SME sector continues not to have a voice, notwithstanding that it is the sector which provides the largest employment across the country and it is struggling. I would like a clear and succinct explanation for why it is not represented on the NESC.

The Taoiseach: I thank Deputy Creighton for her question. Appointments to the NESC are made, as I said, in accordance with the National Economic and Social Development Office Act 2006 and the National Economic and Social Council (Alteration of Composition) Order 2010. In accordance with those provisions, NESC has members nominated by business and employer interests which include the Irish Business Employers Confederation, IBEC, Chambers of Commerce, and the Construction Industry Federation, CIF. I do not think that anybody who represents Chambers Ireland, which represents small businesses all over the country, would accept that it does not represent SMEs. It does. The Small Firms Association, SFA, is a constituent part of IBEC and is formally represented on the council.

One can divide it up into so many different sectors and segments and when the new council

is appointed consideration can be given to that but there will be divisions of business wanting to be represented. The SME sector is represented by Chambers Ireland and it represents 60 member chambers which represent more than 13,000 businesses and make their voices heard at the council. There are five main areas of activity - representing business interests; supporting SMEs; training and development; international services and strengthening the chamber network. That is its remit. It has representation on the council and voices those opinions regularly and vociferously. In addition, the SFA, with which the Deputy is very familiar, which represents the needs of small enterprises, has more than 8,000 member companies throughout the country, is a constituent part of IBEC and is thus represented on the council and makes its case as well. It is not a question of having somebody to speak for the SME sector, it is represented there and makes its case very cogently indeed.

Deputy Lucinda Creighton: I do not believe that the representatives of the Small Firms Association or ISME would agree with the Taoiseach that their specific interests are represented on the NESC by IBEC. There is a difference in terms of function. The Small Firms Association exists in the first instance to specifically represent the concerns and interests of its members.

The Mazars report of 2013 indicates, shockingly, that the small and medium sized enterprise contribution to the economy in Ireland is the lowest across the European Union. In other words, Ireland's SME sector makes the lowest contribution of all the SME sectors in all of the member states across the Union. That is worrying and should be a cause of concern for Government. It is a matter that should be jolting the Government into action. I know from my extensive and constant contact with small business owners, self employed persons, entrepreneurs and investors in small business across the country, as well as in my own constituency, that they believe that Government policy does not reflect their interests and is not supportive of them. They often feel targeted and believe that they do not have the same access or ear in government as, for example, do the multinationals or larger firms located here.

A shocking statistic that emerged from CSO figures a few months ago is that in 2011, when the Taoiseach took up office, 92,000 SMEs or self employed people had other employees in their companies. In other words, they were employers of people other than themselves. By August 2014, that figure had decreased. At a time when overall employment is increasing the number of self employed people who employ others has decreased. That is a cause for significant concern. It is important that the Taoiseach and his party in government honour the commitment they made prior to the last election and give a formal voice to this sector. It is clear from the Statutory Instrument of 2010 - I have it before me on my ipad - that the Taoiseach has the capacity to make appointments to the NESC. That is the Taoiseach's role. There is no reason, logical or otherwise, he cannot do so, other than an unwillingness to rock the boat. Unfortunately, the attitude when it comes to the SME sector is "continue as you were". There appears to be no imperative or sense of urgency at Government level to prioritise and strategically position Ireland to support the enterprise sector.

The Mazars report of 2013 indicates that the SME sector in Ireland makes the lowest contribution to the overall economy. According to recent statistics, exports from Irish small and medium sized businesses equates to only one-eighth of exports by the SME sector in Denmark, which is a cause for significant concern. It is not good enough to simply say that in 2010, the former Taoiseach, Brian Cowen, appointed X organisations and, therefore, we must allow the *status quo* to continue. We need to see change. We need dynamism and leadership in government and we need the SME sector, including self employed people and entrepreneurs, who are the people we are asking day-in and day-out to take risks and who pay more tax than anybody

else in this country, to be given a voice and to be listened to.

The Taoiseach: I do not accept Deputy Creighton's charge. The Deputy is well aware, because she was a member of the cohort of Ministers in 2011, that on this Government taking up office the country from an economic point of view had about three months' resources left to pay everybody, including teachers, gardaí, nurses, other public servants, pensioners, social protection payments and so on. The economic collapse affected hundreds of thousands of people and thousands of companies. In the ensuing period everybody had to face many challenges, including the loss of 100,000 jobs in the construction sector and many more in other areas. It is true that small companies lost serious numbers of employees. However, under the most recent budget every person received the same tax reduction, whether self employed or a PAYE employee. Persons not paying tax were not entitled to a tax reduction.

Last Friday, I attended a meeting in Ballina at 8 a.m., at which there were 200 people representative of small businesses. They were at that meeting to hear about what is now available for small and medium enterprises, including what assistance they can get, the function of the local enterprise offices and the function of Enterprise Ireland in terms of export assistance and the spin-off of foreign direct investment for services and so on. I do not take the view that these people were beaten down. They have faced and come through many challenges and are now focused on where they go from here. Of assistance in this regard will be the strategic investment bank, the implications of the ECB decision, the ease with which companies can now be formed and can take on employees and the JobsPlus scheme under which an employer receives €10,000 for taking on a person who has been on the live register for over two years. Some of the multinationals are now profiling that register and are retraining and upskilling people who did not think they would have the opportunity to work again and are now very happy to do so and to make their contribution.

Deputy Creighton makes the point that I have the power to make appointments. I do not, except in limited circumstances. The majority of appointments made to the NESC are based on nominations from specific sectors. Nominations are received from business and employer organisations, ICTU, farming and agricultural interests, the environmental sector and the community and voluntary sector in accordance with the legislation. I do not have that power of appointment. I do have the power to appoint public servants from the Departments of Finance, Education and Skills, the Environment, Community and Local Government, Jobs, Enterprise and Innovation and my own Department to ensure a complement of staff on the NESC relevant to its work. I also appoint eight independent people to the NESC. These appointments are made following careful consideration of the knowledge, experience and expertise relevant to the function of the council, as is required under the legislation. For example, some of the appointees are academics and include representatives from the associate research professorship in the ESRI; economists from NUIG, including Professor John McHale; Professor Mary Daly, professor of sociology and social policy, University of Oxford; representatives of the department of geography in TCD and so on. All of these people are independent academics who have particular experience and expertise.

When appointment of the next Council arises, the question of SME representation might be more focused. In regard to changing the Act in so far as it provides a requirement that nominations be sought from business and employer organisations, a question arises as to what is a business organisation? Is the Small Firms Association a business organisation? Are the employer organisations business organisations? Of course they are. They speak with knowledge of how business operates and the challenges for business, including all of the difficult challenges they

faced over the past number of years, which are now easing in terms of exports.

An Ceann Comhairle: Sorry, Taoiseach, there are two other Deputies in this group that I would like to allow in at this stage.

Deputy Micheál Martin: In regard to Question No. 5, there have been conflicting messages emanating from the Government over the past months in terms of negotiations with the public service and wage talks in general. The Minister for Finance, Deputy Noonan, has been saying fairly consistently that there will not be any wage increases. Labour Party Ministers are falling over themselves saying there will be increases. The Minister for Public Expenditure and Reform, Deputy Howlin, who is verbally dexterous, continually speaks about what might happen in 2018 and 2019. In this regard, he has even referred to 2020. In other words, if one looks over the rainbow things might happen. The Minister, Deputy Howlin, also has great confidence in his political future and that of his party in that he believes they will be determining these issues in 2019.

One gets the feeling that there is political positioning going on as opposed to any real action on content or substance. The low pay commission was mentioned. The Tánaiste was elected as leader of the Labour Party last July, at which time she trumpeted the low pay commission as a significant catalyst for change. What is happening is that we are now talking about the end of February before the commission will be established, while “by the end of summer”, as I know from previous experience, the Government means the end of September or even October. In reality, nothing will happen on this issue during the lifetime of the Government.

The Taoiseach’s claim that it never happened before is not correct. Legislatively, the Labour Court had the facility to determine the minimum wage, for example, when the trade unions and employers could never agree. In the past decade there were successive increases in the minimum wage as a result of this legislative mechanism. Inevitably in such cases the Labour Court would rule in favour of an increase and, accordingly, split the difference between the trade unions and employers.

The Government needs to firm up on what will happen in the next 12 months because there is much posturing. For example, two years ago gardaí were being screwed on allowances. Eventually, the Government gave in and the allowances on which gardaí had depended were restored. Yesterday we saw the Taoiseach, the Tánaiste and the Minister at a parade in the Garda College in Templemore. By the way, yesterday’s event dangerously politicised the Garda. While I accept that Ministers can attend these events, looking at the photographs I had the sense that an election was coming. The Tánaiste and Minister for Social Protection would not normally attend graduation ceremonies at Templemore, as that is the role of the Minister for Justice and Equality. No matter what is going on, the Labour Party must have a nominal person at such events just for the photo opportunity. The Taoiseach might smile, but that is the reality.

The more substantial point is that there has been a growing casualisation of the workforce with zero hour contracts. Young people, in particular, have been affected most by this dramatic change. In most developed western economies there has been a reduction in incomes and a decrease in wages. In this economy there has been an actual income reduction when one looks at Central Statistics Office figures and so forth. There has been much commentary internationally that the middle class is shrinking. When one talks about competitiveness, it always seems to mean wage reductions. There is a fundamentally changed dynamic in this regard, one which I do not believe the low pay commission has within its remit. It should not just be about the

minimum wage but also the fundamental issue of the role of the State in incomes policy and ensuring the gap between rich and poor does not grow exponentially, as it has and continues to do. The work of Thomas Piketty is instructive on what is going on in this regard. Corporations all over the world are telling national governments to make their workforces more competitive. These very corporations are prepared to make fortunes on the backs of a dollar a day workers in other jurisdictions, while expecting those in more developed and affluent economies to purchase their goods on reduced wages. I accept that these are global issues, but I am not clear on whether the Government has a strategy or, as a state, we have properly interrogated the challenges of globalisation, its impact on wage structures within the economy and our society. Over 600,000 people in the economy earn less than €30,000 per annum, a figure that is growing. In Britain a recent report showed that the average wage for somebody coming out of university was €15,000. The issues are job quality, pay levels and the activities that can attract high value jobs that can enable people to aspire to reasonable remuneration in key sectors of the economy. This applies to financial services and technology, as well as trades.

The Taoiseach has stated the commission will have three union representatives who understand the issue of low pay, three employers and two labour market experts. In essence, it will be a kind of revamped Labour Relations Commission or a Labour Court type of commission that will arbitrate on the minimum wage. The issue, however, is far more profound. We need to go hard on the casualisation of the workforce. There needs to be proper engagement with corporations, companies and employers. It is also in their interests that we have a productive workforce that can aspire to progression and a decent wage that will enable them to participate in the economy.

There is a need for a more enhanced social dialogue. The teacher strikes this year would not have happened if there had been proper dialogue. The former Minister for Education and Skills, Deputy Ruairí Quinn, simply ignored the recommendations of the National Council for Curriculum and Assessment and decided, unilaterally, that there would be 100% self-assessment in schools. He announced that he would ram this through and drove the teachers wild. The teachers, rightly so, were angry and now there is residual and embedded opposition to junior cycle reform because of this ham-fisted, absence-of-dialogue approach to dealing with the social partners and valuable stakeholders in education. His successor, Deputy Jan O'Sullivan, must now pick up the pieces.

The Government has been pretending to all and sundry that it can now do everything again. Every morning, when one opens a newspaper, one sees the latest initiative for this, that and the other. I added all of the commitments announced by 13 January and the figure came to €3.4 billion. There have been more since. The Taoiseach needs to get real with the people in that not all of these can happen. There is a value in determining priorities with the social partners. Is it the deprivation index about which we all heard last week for children living in poverty? Is it about the inability of people to put a roof over their heads? Should we change the rent cap or the rent allowance regime which has pushed many families into homelessness? Is it about the health service in which there are over 502 patients on hospital trolleys today, in which waiting lists are going through the roof and in which many elderly people are waiting for a fair deal scheme place? Is it about education, with special needs children having proper access to therapies? The Taoiseach needs to be straight with the people. He cannot pretend to promise everything, but that is what is happening. I get the sense that the engagement with the social partners is choreographed and orchestrated with an eye on the next general election. There is no beef or substance to it.

The Taoiseach: I thank the Deputy for his comments. His addition has been out on a few occasions in the past. I am not here to bring forward a proliferation of promises that cannot be matched. On more than one occasion I have said the situation, in so far as the economy is concerned, is fragile and certainly not complete. The priority has to be to secure recovery. The more jobs we can create, the better it will be for the country. This requires careful analysis of the progress the economy is making. Whatever is to be delivered must be delivered within the 2016 budget. The economic statement we will set out at the end of the spring will look beyond this to the next three to five years. Whatever the people do when it comes to the general election, political stability will lead to economic stability which, in turn, will lead to confidence, investment and more jobs. It is so easy to lose all of these by making the wrong set of decisions.

Deputy Micheál Martin: The Taoiseach is already electioneering.

The Taoiseach: I am not going down the road of electioneering at this stage. For several years we have had to deal with issues such as pyrite, Priory Hall, symphysiotomy and the Magdalen laundries. The Deputy knows that the hepatitis C compensation scheme will continue for 50 years in some cases. The priority has to be delivery of front-line services to those who need medical attention. The other day the Minister for Health spent seven hours at Limerick hospital to check its accident and emergency department. Like those in many hospitals, it has not been up to standard for many years. We do not, however, have the endless resources required to address all of these issues overnight.

The low pay commission will deal with the issue of low pay specifically. It will not deal with the broader issue of the Haddington Road agreement, its successor or pay increases in the private sector, which are being dealt with by the Department of Jobs, Enterprise and Innovation. The Minister for Public Expenditure and Reform will now engage with the public service unions in respect of the successor for pay and reform to the Haddington Road agreement. The low pay commission is dealing with low-paid people, looking at the background and the conditions that apply, and it will also deal with the question of zero-hour contracts. When we launched the action plan for jobs last week, the Minister of State, Deputy Nash specifically referred to this, as did the Minister for Jobs, Enterprise and Innovation. That was launched in a company that had five employees, I think it was back in 2005 or 2006, and now has 11,000 employees nationally.

The Deputy referred to a visit to Templemore yesterday. Leaving aside the fact that the visit took place, the economic impact on the small town of a living, vibrant college where people will be coming through - people who have to serve the country, sometimes in very difficult circumstances, as Deputy Martin is well aware - is very important. The recruits have been chosen through a very specific process and have, in many cases, much more life experience than their predecessors.

I hope that by October we will be able to remove 500,000 people from the requirement to pay USC in the first place. The Deputy mentioned that the middle class is shrinking. While they are not all millionaires, last year there were 93,000 new cars bought. The figure is expected to exceed 100,000 in 2015. That is progress.

Questions of social dialogue will continue through the National Economic and Social Council, NESC, as I have pointed out to Deputies Martin, Adams and Creighton. The low pay commission will report to the Minister of State, Deputy Nash and to the Government before the summer and Government will act on that. The Minister for Public Expenditure and Reform will deal with the trade unions in respect of the successor to the Haddington Road agreement for pay

and reform. The Department of Jobs, Enterprise and Innovation is dealing with the question of pay rates in the private sector. That is where the priority lies - to secure the future and create more jobs.

Deputy Joe Higgins: I wish to put a more fundamental point to the Taoiseach in asking him if he agrees that the very concept of so-called social partnership is, in fact, fraudulent and a sham. Is the idea that employers and private corporations that exploit and abuse their workers on the one hand while on the other hand the workers themselves are partners not a contradiction? The Greyhound waste company last year peremptorily called its workers in to announce a 35% pay cut with their failure to accept it meaning redundancy. Is that partnership? Another example is JJ Rhatigan & Company, the beneficiary of huge State contracts for building schools and public buildings from the current Government. This company is behaving appallingly, coercing bricklayers and other workers to become bogus sub-contractors, for example, in order to savage the level of legal wages in the construction industry.

The Taoiseach: The Deputy was not listening.

Deputy Joe Higgins: That goes on unhindered under the Taoiseach's rule, yet he speaks about partnership. Are the house-building firms and banks that saddled a generation of young working people with 40-year mortgages and unsustainable levels of repayment to finance the profiteering that went on during the bubble now their partners?

The Taoiseach will remember that so-called partnership was begun by no less a personage than the late Deputy C.J. Haughey in 1987, in reality to co-opt the leaders of the unions into trying to head off a movement of huge social protest against the cuts then being imposed. Savage cuts were being implemented and thousands of hospital beds were being closed. It was the 1980s version of austerity. Is it not the truth that while the concept of so-called partnership was embraced as long as it was useful to the Government and employers, when the ship crashed on the rocks of the profiteering and speculation of the property bubble, the trade union leaders who had become far too cosy inside the tent were unceremoniously booted out in the cold? They have been in hiding for the most part since then. Partnership means that workers and working-class people were left with a bill of €64 billion while their partners went off to enjoy the huge resources they had salted away. Then the Croke Park and Haddington Road agreements were brought in to continue and to implement the austerity by which working people were paying for this.

Is it not the case that the Government continues to represent the elites in our society in the financial markets through, for example, the access they have to the clearing house and to the IFSC? What working people need now is a fully independent movement to overthrow this vicious austerity and get the wealth that is there into investment, job creation and so on. We need an entirely different and independent situation. Then perhaps we can talk about real social solidarity.

An Ceann Comhairle: There will not be time for a reply as there is only one minute and 30 seconds left. A ten-second intervention is possible.

Deputy Bernard J. Durkan: It was a good long speech, though.

Deputy Richard Boyd Barrett: I want to ask about the issue of the working poor and what is contributing to this growing phenomenon. I had one of the JJ Rhatigan workers telephone me yesterday----

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An Ceann Comhairle: Let us not get involved in that.

Deputy Richard Boyd Barrett: I am talking about low pay.

An Ceann Comhairle: We have only a minute. Would Deputy Boyd Barrett please put his question?

Deputy Richard Boyd Barrett: There are widespread allegations arising out of the JJ Rhatigan dispute about the abuse of bogus sub-contracting and the abuse of the RCT-1 system in the construction industry. The allegation that was made to me yesterday was that the net revenue from the RCT-1 system is in negative figures. We are getting less than nothing----

An Ceann Comhairle: We cannot deal with allegations. If we have facts----

Deputy Richard Boyd Barrett: It was based on a parliamentary question. The point is that the abuse of the sub-contracting system in the construction industry, which has been at the back of this dispute, is widespread in the industry and is contributing very substantially to driving down wages in the industry to poverty levels. Is there going to be an investigation by the Government into this abuse?

The Taoiseach: I thank Deputies Higgins and Boyd Barrett for their questions. The legislation has been passed in respect of sub-contractors and I would invite the Deputies to give me the examples to which they refer and where they see abuse in the system because we will carry out an investigation into it. I would be very happy to hear from both Deputies.

Social partnership as it existed before was not adequate to deal with the problem because it was all carried on away from this House. All of those discussions took place in rooms far from here. That is not going to happen in the future. We are not going back to that structure. I see an opportunity here arising through the spring economic statement as to how we can change this so that this House, the representatives of all the people of the country, can have their say, their view and their proposals in respect of the challenge we all face ahead.

Deputy Higgins mentioned the mortgage situation. I met with a number of the personal insolvency practitioners last week and I am not happy with the conduct of a number of the banks in this regard. These people were appointed to do a particular job, to work out a solution for people who are in mortgage distress but they are not paying attention to what they should be doing. I will return to that subject again later.

Written Answers follow Adjournment.

Order of Business

The Taoiseach: It is proposed to take No. 19, motion re ministerial rota for Parliamentary Questions; No. 20, motion re membership of committee; and No. 7, Personal Insolvency (Amendment) Bill 2014, Order for Second Stage and Second Stage. It is proposed, notwithstanding anything in Standing Orders, that Nos. 19 and 20 shall be decided without debate. Private Members' business shall be No. 182, motion re European debt.

Tomorrow's business after oral questions shall be No. 7, Personal Insolvency (Amendment) Bill 2014, Second Stage (resumed); and No. 8, Consumer Protection (Regulation of Credit Servicing Firms) Bill 2015, Order for Second Stage and Second Stage.

An Ceann Comhairle: There is one proposal to be put to the House. Is the proposal for dealing with Nos. 19 and 20, without debate, agreed to. Agreed.

Deputy Micheál Martin: The latest figures today from the Irish Nurses and Midwives Organisation show there are 518 people waiting on trolleys in emergency departments throughout the country, with 54 people awaiting admission to University Hospital Limerick. Again, we are looking at a serious situation in our emergency departments. It is reaching critical levels and heading close to the record-breaking 601 figure of December.

The Minister for Health, Deputy Leo Varadkar, predicted that the situation would worsen before it gets better. Given that the emergency department task force has only met three times will the Taoiseach indicate whether there is a need to accelerate the legislative proposals in the health arena, in particular the health information Bill and the health reform Bill? Will the Taoiseach outline what plans the Government has to accelerate legislation, particularly legislative interventions around the fair deal scheme that could create the environment to allow quicker discharge from hospitals, thereby freeing up capacity within the emergency departments? What are the Government's plans for the crisis?

The Taoiseach: As Deputy Martin is aware, these are important issues. The legislative programme has been published from here to the end of this session. It includes 41 Bills and many of these are in the health area. Beyond the legislation, action is required. As the Minister has outlined on a number of occasions, the situation that we find is not satisfactory.

Clearly, delayed discharges are having an impact on admissions to hospitals and therefore there are trolleys in corridors and so on. I have said before that an extra €25 million was allocated this year to deal with this as well as 300 extra approvals under the State nursing home support scheme. The waiting time for approved funding has dropped but it is still not satisfactory or where it should be. A further 50 beds have been secured from the private sector. Extra beds are to be brought in on a phased basis in Mount Carmel Hospital from the end of March. At the end of November last year there were 22,000 people in receipt of financial support from the State, 602 people had been allocated funding and 1,416 applications for the scheme were in progress. As of October a total of 8.5 million home help hours were issued to 46,600 people, but this is a growing cohort, as Deputy Martin is well aware.

Deputy Martin referred to the question of accelerating the legislation. The Minister has set out his priorities in terms of action and legislation and we try to follow that through as expeditiously as we can. I will advise Deputy Martin of the progress in respect of that legislation.

Deputy Micheál Martin: Under the legislation for referendums there is a proposal to change the nominating procedures for the presidency arising out of the Constitutional Convention. The Government committed to a referendum on that, as I understand it, in terms of actually changing how potential candidates for the presidency are nominated, which is a substantive issue. Can the Taoiseach indicate whether the Government will be legislating on that front?

The Taoiseach: The Government has said that we would receive the proposals from the Constitutional Convention. If the Government accepted them, it would say so and indicate the intention to hold a referendum, but not indicate timelines. The Government has made a decision in respect of two referendums. This is not one of them, but I will advise Deputy Martin on the question of legislation. As I understand it, this is not on the priority listing at the moment.

Deputy Gerry Adams: Tá trí cheist agam: ceann amháin faoin health information Bill,

ceann eile faoin sale of alcohol Bill agus an ceann deireanach faoin Health (General Practitioner Service) Bill 2014. The health information Bill has been promised since 2001. It is supposed to govern and provide a legislative framework for health information in the health service. From 2001 until now there have been many discussion papers and submissions. Even now, 14 years later, the Bill is still in section B of the Government's legislative programme. This is obviously unacceptable. It reflects badly on successive Ministers with responsibility for health. Will the Taoiseach confirm whether the Government actually intends introducing the health information Bill? Can we be given a date for when it will be published?

The Taoiseach mentioned the Minister for Health setting out his health priorities. One of these is to reduce alcohol consumption. The Minister for Health promised legislation on the matter. A report published last week by University College Cork on hazardous alcohol consumption concluded that we need minimum unit pricing and a ban on alcohol sponsorship at sport events. The lead researcher warned that without support at the highest level for evidence-based policy, attempts to tackle Ireland's hazardous relationship with alcohol may prove futile. I have asked the Taoiseach about this several times but still have not got clarity. When will the sale of alcohol Bill be published?

The Government had a deadline of July 2014 for free general practitioner care for those under six. We were then told that it would be at the end of last year and that deadline was also missed. In December the Tánaiste said that she was confident it would be rolled out in the new year but the Minister for Health said that he hopes free GP care for under sixes will be in place by the end of this year. We have conflicting signals from the Tánaiste and the Minister for Health on all of these missed dates. The Taoiseach talks about poverty and the Government's focus. When can we expect free GP care for those under six to come into effect? When can we expect free GP care for all children of primary school age? When will this be extended to all those under 18? When will the Bill published?

The Taoiseach: In so far as the GP issue is concerned, the legislation on those under six was actually enacted but discussions are still going on with the Irish Medical Organisation, as are discussions in respect of the over 70s. These discussions are continuing. The Bill for those under six has been enacted.

The health information Bill will be later this year although I do not have a date for it.

This morning, in respect of the public health (alcohol) Bill, the Government approved the drafting, publication and referral of the general scheme to the Joint Oireachtas Committee on Health and Children. It will deal with the introduction of minimum unit pricing, regulation of the advertising and marketing of alcohol, enforcement by environmental health officers of structural separation of alcohol from other products, labelling of alcohol products, regulation of sports sponsorship and so on. Approval was given this morning by Government to get on with this. The legislation will be introduced later this year once it is drafted and has gone through the pre-legislative hearing at the Oireachtas committee dealing with it.

Deputy Michael Healy-Rae: I wish to ask the Taoiseach, bearing in mind previous promises that were made in this House, about a tenant purchase scheme for tenants in local authority houses. There are thousands of people who want to purchase their local authority homes. The Taoiseach's past and present Ministers have promised that the scheme will commence. The programme for Government states that the Government will put in place such a scheme. All I am asking is for fair play for these people who are saving up and want to purchase their local

authority houses. Will the Taoiseach tell them tonight when that scheme will be put in place? The Government has fudged it long enough. I am respectfully asking the Taoiseach to indicate when the scheme will be put in place, when it will start and when the Government will notify all the housing departments of local authorities throughout the country that the scheme is going to commence.

The Taoiseach: I thank Deputy Healy-Rae for his question. I will have to come back to him. This is an important issue for the many people to whom the Deputy has referred. We have had these purchase schemes over the years and, by and large, they have been successful. I will advise Deputy Healy-Rae of the current position in so far as preparation for the scheme is concerned.

Deputy Richard Boyd Barrett: I have questions on two tranches of legislation. First, given the miraculous appearance and disappearance of deadlines around water charges, a phenomenon that is now nearly akin to the moving statues, could we get some clarity from the Taoiseach as to when the new water services Bill will be published and when it will be debated? Can we get an absolute commitment that it will not be rammed through, guillotined, or decided in an overly short or contracted debate, rather that there would be adequate time for us to look at the legislation, to debate it and to scrutinise it, as it should be? Maybe he could give us some indication, because there is no clarity to my mind as to exactly what is going to be in this piece of legislation.

My second question is on the aftercare Bill, the draft heads of which were discussed last year. This Bill relates to young people who are in State care and are then released from State care and have nothing. Many of them have no supports and many find a direct route into homelessness and drug and alcohol problems, and we find them on our streets. Could the Taoiseach tell us when the aftercare Bill will come to this House?

The Taoiseach: The aftercare Bill, the child care Bill is listed for this session. Work is already under way on drafting that. On the water Bill, as the Deputy is aware, very few Bills were actually guillotined last year and there is no intention of guillotining any Bill. I think the number was only three for the entire year of 2014. There is no intention of guillotining Bills, or as the Deputy says, ramming them through in an overly short period. The Minister has not brought the heads of the Bill to Government yet, but I expect he will do so in the next couple of weeks.

Deputy Joe Higgins: Can the Taoiseach tell us what the water legislation will encompass? All we have so far are promises by Ministers that some legislation will, abhorrently, provide sanctions for those who cannot afford to pay the water charges or those who will never be reconciled to this new austerity tax. This country's landlords have more power over tenants than virtually any other country in the European Union.

An Ceann Comhairle: Do not stray away on me.

Deputy Joe Higgins: Is the Taoiseach really planning to put tenants in an even more vulnerable position by giving landlords the power to raid their deposits to pay Irish Water? Has the Taoiseach forgotten the lessons of his native county and how the people of Mayo hated and rejected Captain Boycott-----

Deputy Micheál Martin: Yes.

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Deputy Joe Higgins: -----because of his form of landlordism? When exactly will this piece of legislation come forward if the Taoiseach will persist with it?

The Taoiseach: As Deputy Higgins is aware, in Lough Mask House, Captain Boycott brought down the forces of an occupying State to deal with the issues of corn and the collection thereof. It is a very different process than what is involved here.

Deputy Richard Boyd Barrett: Sounds like the troika.

Deputy Mattie McGrath: The troika, yes. Christine Lagarde.

The Taoiseach: A couple of minutes ago, the Deputy's colleague was calling for the abolition of Irish Water and of water charges. Now he is asking me when the Bill is going to come before the House and what it will contain. I said to Deputy Boyd Barrett that it will be along in due course in the next few weeks and the Minister will outline for the House exactly what it will contain.

Deputy Richard Boyd Barrett: We need to know when to organise the protest.

The Taoiseach: I hope that in the meantime many more people will register and agree to make their contribution of €1.15 per week and €3 for week, as a contribution to developing our country and for citizens who have no access to clean water, who must endure inferior pipe-work-----

Deputy Joe Higgins: The Taoiseach will rue the day.

The Taoiseach: -----and get up every morning and boil the water for the next few years. It is not satisfactory.

Deputy Richard Boyd Barrett: The Taoiseach should just give us the heads and the date as soon as he can. We have to make up the posters.

The Taoiseach: In Dingle they know that very well.

Deputy Jerry Buttimer: One would nearly fit them into a phonebox now.

Deputy Robert Troy: I congratulate the INMO on securing additional front-line staff for a number of hospitals this week. Last week I raised the issue of the Midland Regional Hospital in Mullingar and the Taoiseach seemed to belittle my enthusiasm about advocating the rights of the staff at that hospital, where there are 100 fewer whole-time equivalent nurses and midwives in the past five years. I want to ask about the content of the health reform Bill. When will we bring forward legislation to ensure that, as promised, the money will follow the patient, so that when a hospital's activity increases the resources will increase? When can we ensure that hospitals that currently have a deficient level of nursing staff and midwives will have additional staff provided?

Second-----

An Ceann Comhairle: The Deputy is at about 40 questions at this stage.

Deputy Robert Troy: On legislation in the area of children, the Taoiseach said before that this was the most reforming Government in the area of child welfare. I want to ask about two pieces of legislation, first the National Vetting Bureau (Children and Vulnerable Persons) Act

2012. That was enacted by both Houses of the Oireachtas over 12 or 18 months ago. When will the commencement order be signed? Second, the Children First legislation, which will give effect to mandatory reporting of child abuse was originally promised three and a half years ago. We debated Second Stage early last year, a much watered-down Second Stage, I may add, where there are no sanctions for people who fail to comply with the legislation. When will the remaining Stages of that legislation come before the House, so that we on this side of the House will be afforded the opportunity to put forward the necessary amendments to ensure the legislation is fit for purpose?

The Taoiseach: I did not belittle the people down in Mullingar hospital. Far be it from me to do that. In fact, I complimented the front-line staff on the way they do their duty under difficult circumstances. I was referring to comments that had been made about people falling off trolleys there, which upset the nursing staff greatly.

Deputy Robert Troy: No one made that comment

The Taoiseach: Yes, they did.

Deputy Robert Troy: We can go back to the record.

The Taoiseach: I am not saying it was made in the House, but that the comment was made and nursing staff were very upset about it, and rightly so, because it did down their professional competence to look after people at the front line. I will have to come back to Deputy Troy regarding the health reform legislation. In respect of the national vetting bureau, I cannot give a date for the commencement of the order, but I will check with the Minister for Children and Youth Affairs. In respect of mandatory reporting, that Bill is awaiting Committee Stage and some further amendments, so the Chairman of the relevant Oireachtas committee may well know, but I will find out and I will advise Deputy Troy.

Deputy Timmy Dooley: In light of the Taoiseach's change of heart, or the Government's change of policy, regarding the importance of the State's shareholding in Aer Lingus, as enunciated by the Taoiseach on Sunday - when he said he now believes the State's 25% is of strategic importance, rather than what he had stated heretofore, that it was just a matter of time before the shareholding would be sold - would he consider having a debate in the House to discuss the importance of not just the State's interest in Aer Lingus, but indeed the State's interest in other companies?

The Taoiseach: As Deputy Dooley is well aware, and I have heard his comments, this was the subject of intensive questioning here earlier to the Minister for Transport, Tourism and Sport. No formal offer has been lodged yet by IAG in respect of Aer Lingus, so I am precluded from making any comment on statements that I have read as to what is actually included in a presentation issued by IAG. As Deputy Dooley knows, the Government is the guardian of the public interest and is not beholden to one company or another. The duty of Government is to represent the best interest of the people. The Minister for Transport, Tourism and Sport has made it very clear that if and when a formal offer is tabled, it will be assessed very comprehensively.

Deputy Timmy Dooley: I was referring more to the State's interest in various companies.

The Taoiseach: There are others and that is a matter for discussion. If his party Whip wishes to raise it with the Government Whip at an appropriate time, that is not a problem.

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Deputy Bernard J. Durkan: Legislation is promised to address the issue of the sale of distressed loan books to unregulated financial institutions. What is the progress of that legislation? Will it come before the House and be passed before the summer recess? If not, would it be possible to issue guidelines, which would at least give homeowner-borrowers similar protection to that received by the same original financial institutions in the banking guarantee?

The Taoiseach: Second Stage of the Bill will be taken in the House tomorrow.

Deputy Bernard J. Durkan: I am delighted to hear it.

Deputy Timmy Dooley: That is a tremendous result.

The Taoiseach: I do not know whether the Deputy had that information, but I referred to it when I announced the Order of Business. He can take it that the Bill will be discussed tomorrow.

Deputy James Bannon: I compliment the Government on providing more than €6 billion for the construction of a new accident and emergency department at the Midlands Regional Hospital in Mullingar.

Deputy Micheál Martin: It will be some accident and emergency unit at that price.

Deputy James Bannon: Work has commenced on the new unit in the past couple of weeks. I want to nail the untruth that patients in the Midlands Regional Hospital are falling off trolleys. Management at the hospital complained to me that a statement had been made to this effect. That statement needs to be corrected on behalf of staff at the hospital who are highly qualified and caring and do a wonderful job.

Deputy Timmy Dooley: Are staff in other hospitals not caring?

Deputy Robert Troy: The hospital needs more staff.

Deputy James Bannon: Untruths should not be broadcast in the media by politicians or anyone else.

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

Deputy James Bannon: We should encourage people to continually upskill to ensure they will be prepared for new employment opportunities in the regions arising from An Action Plan for Jobs.

Deputy Micheál Martin: Parliamentarians should be similarly encouraged.

Deputy James Bannon: When will the apprenticeship Bill be brought before the House?

The Taoiseach: I believe the Deputy was referring to a sum of €6 million for the Midlands Regional Hospital in Mullingar because the figure he mentioned was astronomical. I assume he meant to refer to millions rather than billions.

Deputy Micheál Martin: Government Deputies have a habit of getting carried away.

The Taoiseach: The Minister of State at the Department of Jobs, Enterprise and Innovation, Deputy Damien English, is dealing with the apprenticeship Bill and due to report to the relevant Cabinet sub-committee on 23 or 27 February. It will then be brought to the Government on 3

March. The Bill is on its way.

Deputy Dessie Ellis: The programme for Government promised additional resources for mental health services. It also contained a commitment to undertake a full review of the mental health strategy, *A Vision for Change*. However, this appears to have been taken off the agenda. Almost 1,000 nurses will leave the health service this year, including a substantial number in the mental health service. The Government must deliver on its promise by addressing the current crisis. What happened to the review of *A Vision for Change*? Will this issue be addressed in the health reform Bill? Will the public service recruitment embargo be lifted not only in mental health services but also across the health service to address the serious shortage of nurses?

The Taoiseach: The final report of the expert group established to review the Mental Health Act 2001 has been completed and presented to the Minister of State at the Department of Health, Deputy Kathleen Lynch, for consideration. The Deputy is correct that the programme for Government contained a commitment to review the Act of 2001. The review was to be informed by human rights standards and carried out in consultation with users, carers and other personnel based on a two-phase approach. The first phase involved a steering group which produced a well received interim report in June 2012. An expert group was then established in August 2012 to examine the steering group's recommendations. It completed its report in December 2014 which it presented to the Minister of State.

The figure of 750 mentioned by Deputy Dessie Ellis refers to the number of nurses who will be eligible to leave the health service on retirement this year. While many may choose to do so, we do not yet know what the final figure will be. The Health Service Executive is looking at the projections to fill these places. Perhaps nurses who trained here and have expertise in mental health services might return from abroad. I suggest the Deputy submit to the Ceann Comhairle a request to discuss this matter in the Topical Issue debate for the purpose of eliciting further information in a few weeks time.

Deputy Dessie Ellis: I will do that.

Deputy Charlie McConalogue: When will the report on the value for money review of small schools which has been with the Government for two and a half years be published? The Minister for Education and Skills, Deputy Jan O'Sullivan, undertook to publish the report following a short review period. The number of one-teacher schools has increased fourfold since consideration of the report commenced. When will it be published in order that the House can debate it properly?

On the health reform Bill, the number of patients on trolleys in Letterkenny General Hospital stood at 40 yesterday, the highest figure since recording began, and is 28 today. A significant contributory factor in the problem is that hospitals outside large urban centres are finding it difficult to attract sufficient numbers of doctors, particularly to training schemes. For example, Letterkenny General Hospital has only six of the 16 medical registrars it should have, which makes it very difficult to deal appropriately with patients and is causing extended treatment and discharge times and problems with patients on trolleys. When will the health reform Bill and plans to ensure a proper service is delivered in hospitals be introduced? On the specific crisis in Letterkenny General Hospital, what does the Government plan to do in the meantime to ensure there will be no repeat in the coming weeks of the circumstances that arose yesterday and today when 28 and 40 patients were left on trolleys?

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The Taoiseach: Nobody wants to see patients on trolleys in hospital corridors, which is the reason the Minister established a task force to examine the issue. The problems in a few hospitals have always been worse than in others. The position in Letterkenny General Hospital has fluctuated during the years. The task force will consider the implications for Letterkenny General hospital and other hospitals. A new agreement was reached just two weeks ago in respect of consultants' pay. Of the 380 consultant post vacancies, 180 are being filled by agency and locum consultants. It is important that appointments be made to front-line services.

The Minister for Education and Skills will publish the value for money report on small schools when she has finalised her examination of it, which will not be for some time yet.

Deputy Mattie McGrath: I hope the Taoiseach had a good day in County Tipperary yesterday. There were so many Ministers with him that he could have held a Cabinet meeting. He is most welcome any time. If I had known he was coming, I would have gone to meet him.

What is the position on the Eirgrid Bill?

The task force on accident and emergency departments is not well equipped to deal with the problem in accident and emergency services because it has the wrong people sitting on it. Its members include too many senior officials. Will the Taoiseach provide a list of its 40 members? It does not have enough front-line staff such as nurses and hospital managers.

When will the child and family relationships Bill be published? This legislation has been promised for a long time. I understand the Bill prepared by the previous Minister for Justice and Equality, Deputy Alan Shatter, was withdrawn. This issue will become entangled with the forthcoming referendum. If confusion is sown, it will be to the detriment of the debate on the legislation. When will the Bill be published? We were told it would be passed by St. Patrick's Day. Will it be debated in the House or will the debate be guillotined? This is a serious issue.

The Taoiseach: I expect the Bill to be published by the middle of this month. I cannot give a date of publication for the Eirgrid Bill.

Some people in County Tipperary were inquiring about the Deputy. While he was not fully in favour with all of them, his name was mentioned.

Deputy Mattie McGrath: The Taoiseach did not answer my question about the task force on accident and emergency departments established by the Minister for Health, Deputy Leo Varadkar. The wrong people are on the task force. There are 518 patients on hospital trolleys today. I visited my local hospital in Clonmel this morning where 13 patients were on trolleys. The wrong people are examining the problem and they will not sort it out because they are the problem. The right people must be on the task force if the problem is to be sorted out.

The Taoiseach: I will see to it that the names of the personnel who serve on the task force are published on the Department's website. The individuals in question are all experts in various clinical areas.

Deputy Mattie McGrath: That is the problem. The task force members are all experts, rather than ordinary people who could implement the necessary changes.

The Taoiseach: Medical people understand best-----

An Ceann Comhairle: I call Deputy Peter Fitzpatrick.

Deputy Peter Fitzpatrick: I am sure the Taoiseach and the Minister for Education and Skills will agree that it is important that every child receive a school place. The admissions process must be made more inclusive and equitable and the manner in which schools decide on applications must be shown to be fair and transparent. At this time of year many parents are worried about whether their children will be able to go to the same school as their friends. This is not the first time I have raised this issue. When will the education (admission to school) Bill be introduced?

The Taoiseach: The important Bill to which the Deputy refers is due for publication in this session.

Deputy Patrick O'Donovan: I refer to two related Bills, the first of which is the planning and development (No. 1) Bill to give effect to Construction 2020 and, I hope, deal specifically with third party objections from organisations such as An Taisce. I note that Second Stage of related legislation, the Environment (Miscellaneous Provisions) Bill 2014, has been ordered. When will this Bill be brought before the House? It makes amendments to the Air Pollution Act 1987 and is of critical importance to a job creation project in Foynes, County Limerick where people are anxious to know when it will be introduced. Amendments to the existing legislation on the blending of low carbon fuels with biomass are critical to the creation of jobs in Foynes. When will we see that legislation before the House?

The Taoiseach: For the information of the Deputy, the planning and development (No. 1) Bill is due for publication this session. Second Stage of the Environment (Miscellaneous Provisions) Bill will be taken in the House in the next few weeks.

Ministerial Rota for Parliamentary Questions: Motion

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

That, notwithstanding anything in the Order of the Dáil of 25th September, 2014, setting out the rota in which Questions to members of the Government are to be asked, Questions for oral answer, following those next set down to the Minister for the Environment, Community and Local Government, shall be set down to Ministers in the following temporary sequence:

Tánaiste and Minister for Social Protection

Minister for Transport, Tourism and Sport

Minister for Arts, Heritage and the Gaeltacht

Minister for Communications, Energy and Natural Resources

whereupon the sequence established by the Order of 25th September, 2014, shall continue with Questions to the Minister for Finance.

Question put and agreed to.

Committee of Selection: Motion

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

That Deputy Catherine Murphy be discharged from the Committee on Procedure and

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Privileges and that Deputy John Halligan be appointed in substitution for her.

Question put and agreed to.

Topical Issue Debate

Student Grant Scheme Design

Deputy Jim Daly: I thank the Ceann Comhairle for the opportunity to raise this issue. I acknowledge the presence of the Minister. I have spoken with her before on the issue and she is familiar with some of my views on it from my work in the education committee. While I believe that forum might be better placed to further address some of the issues I have, I would like to get ministerial approval and support in the House. Ultimately, I would like to see a comprehensive review of the third level structure that pertains to the awarding of grants.

I want to express my full confidence in SUSI. After its establishment, SUSI proved a huge source of disappointment to the Opposition and the media because it got its act together and did a tremendous job in awarding grants. Its work is universally acknowledged, in particular the extraordinary task of bringing all the separate awarding authorities under one body. I do not have an issue with SUSI and the way it does its work, given it does that work within the parameters set for it.

The issue is that the awarding system is very cut and dried. If people are €20 under the threshold, they are eligible to get a grant, maintenance and fees for their child who is going to college, but if they are €20 over the threshold, they are refused the full grant and any other help whatsoever. It is very difficult for people to stomach the fact a €20 difference in wages can mean so much. I understand there are gradients in terms of the amount awarded under the adjacent rate which is related to the distance a person lives from the college. However, if somebody is marginally over the cut-off point, which is approximately €42,000 for a typical family of three or four, there should be some flexibility in the system so that a person is entitled to get, say, 60%, 70%, 80% or 90% of a grant. In this day and age, surely the IT systems in place could manage the awarding of grants in a manner that is more proportionate to people's income and not so reliant on the very black and white cut-off thresholds we have all boxed ourselves into.

While that is being done, in tandem, I would like to see more flexibility being built into the system of appeals. My experience of current appeals is that discretion is not being allowed and officials are only concerned with whether the rules of the scheme are being adhered to. This is my bigger issue. While we need to change the structures that SUSI operates, in the meantime the appeals system should be examined

For example, a parent who works in the health sector recently attended my clinic in Clonakilty in west Cork. As part of the Haddington Road agreement in the past two years, she got a one-off payment of €600 or €700, which has meant she is ineligible for the SUSI grant. Her child has to travel a very long distance from west Cork every week while she is working. She explained to me that she is now in a vicious circle because she is trying to do overtime every minute she can get in order to make ends meet and to get her child through college and pay for his fees, accommodation and food, given she has to pay for everything. That is very difficult for her but, next year, she will be in a worse scenario as she will be further over the limit because of the overtime she has worked, so she will be punished even further and will have even less of

a remote chance.

In essence, I have two requests. First, I ask for this to be raised in the education committee as I believe it might be a forum where, with the guidance and assistance of the Minister, and her presence and that of her officials, we could look comprehensively at the awards structure that is in place at present with a view to, on a gradual basis, giving 70%, 80% and 90% awards to those who are marginally over the thresholds. Second, and more important and urgently, I ask that real discretion be applied to the appeals mechanism that exists at present.

Minister for Education and Skills (Deputy Jan O’Sullivan): I know the Deputy has a particular interest in this area and thank him for raising the matter. As he is aware, under the terms of the student grant scheme, grant assistance is awarded to students who meet the prescribed conditions of funding, including those relating to nationality, residency, previous academic attainment and means. The assessment of means under the Department’s student grant scheme is based on gross income from all sources. Therefore, all income is assessed from the same starting point, eliminating any distortion which might arise from different spending decisions.

Unfortunately, it is not currently proposed to depart from the existing arrangements for the determination of the eligibility for a student grant and allow for discretion to be applied to education grant application decisions that fall marginally outside the income guidelines. The means test arrangements of the student grant scheme are applied nationally. In the case of both employed and self-employed applicants, gross income is assessed with certain specified social welfare and health service payments excluded. The income limits for grant eligibility are increased relative to the number of students in a family applying for a grant. In recognition of the additional cost to families where more than one person is attending college, an increment for each additional relevant person can be applied to the income thresholds at the rates outlined in the student grant scheme. The maximum increment that can be applied per relevant person is €4,980.

The eligibility of an applicant, or the level of the grant awarded, may be re-assessed by the grant-awarding authority in the event of a change of circumstances in the academic year. The applicant should, in the first instance, contact the relevant awarding body and notify it of the change in circumstances. As the Deputy said, there is also an appeals system.

I understand Deputy Daly is looking for a forum in which we can address these issues. I would certainly be happy to go to the education committee to address the whole area.

Deputy Jim Daly: I remember the Minister’s predecessor once saying that we, as legislators, come into this House not to accept things as they are but to change them. That is our job, as legislators. While officials will always say this is the scheme that is there at the moment, and it is too difficult or cumbersome to change it, or there is too much work involved, I do not accept that. I did not come here to roll along; I came here to make changes for the better and to improve circumstances for people.

I urge the Minister to lead from the front on the political side. While the departmental officials might be keen to tell us in their script that they have no plans to change this at the moment, it is our job in politics to listen to the people, get their experience and come back in here to lead change. I welcome the Minister’s commitment to attend the committee with her officials so we can debate this in more detail and deal with it in a more comprehensive way.

There are a number of other issues. There is the whole difficulty with PAYE workers, who find the grants system extremely frustrating because it is so black and white and given the P60 states the bottom-line figures. On the other hand, and we have to call a spade a spade, people who are self-employed have some wriggle room in terms of using previous years to help their eligibility for a grant. That is a real difficulty for PAYE workers which we must acknowledge. We also have to move away from the black and white finality of the baseline and the approach that if people are €1 over, they are not eligible. I do not think that is fair or equitable, and it is not something the Government should stand over.

The Minister referred to the issue of a change in circumstances. The reality is that if people have a change in circumstances, they have to prove this change of circumstances will affect them for the duration of their time in college. That is a difficult threshold to cross because, while the person can prove it for one year, perhaps given the financial collapse and everything that has gone wrong, the awarding authority can say that things will pick up next year or the year after. Without going into all of the details, the system is outdated and needs to be re-evaluated and reviewed. I would appreciate a commitment from the Minister to do this. I would certainly be willing to play my part in a review of the current system at an Oireachtas committee.

Deputy Jan O’Sullivan: The eligibility criteria, including the income thresholds, are reviewed annually, in conjunction with the Department of Public Expenditure and Reform. We are willing to look at the thresholds and consider what change is required. The Deputy’s specific proposal relates to flexibility at the margins. Many of our systems have cut-off points which apply across various Departments and we can always come up with cases that are just outside or inside these limits. I do not propose to change the position, but it is reviewed regularly. I would certainly be willing to attend the Joint Committee on Education and Social Protection which would be a good forum in which to discuss these issues.

Property Tax Exemptions

Deputy Dessie Ellis: I thank the Minister of State for attending and the Ceann Comhairle for selecting this issue.

By definition, tenants are not the owners of a property. They may have rights in a property, but these are limited and only for the period of their tenancy and with the agreement of their landlord. They are far less powerful in this regard than those who own their homes, ignoring the fact that many Irish people only own their unaffordable mortgage and are struggling to hold on to their homes by any means they can.

The property tax was and remains the wrong tax at the wrong time. In its normal application it fails to recognise the ability of a homeowner to pay and ignores such issues as negative equity and distressed mortgages, issues which are still rife in the Ireland of 2015. The property boom and crash forced more people than ever before into renting. Now nearly one quarter of all Irish people live in rented accommodation. The private market has always been unwilling to provide housing as needed and is only willing to do so when a clear and easy profit is possible. The State, therefore, has a central role in ensuring sufficient, affordable, comfortable and secure housing is available. Unfortunately, it has ignored this role for decades. As a result, the problem of housing need on the bottom rung has grown worse and those living in social housing are ghettoised in excluded communities in which unemployment, poverty and educational disadvantage are commonplace. These tenants have suffered most at the hands of two auster-

ity Governments. They have seen all manner of cuts to social protections, vital supports and services, while their children have been left in overcrowded classrooms, with fewer SNAs and other staff to deal with the myriad of educational problems poverty brings. These tenants now face the possibility, as is already the case in Limerick, of having to pay the property tax. The tax the Labour Party claimed was a wealth tax is now a tax on social housing which will be paid for by the very one who have least to give.

Last month Limerick City and County Council decided to add a charge of approximately €87 to the rents of its tenants in order to recoup the cost of the local property tax it must pay on its social housing stock. This practice, although common in the private market, strictly, is illegal. It is wrong of the council to do this, but it must pay its bill, which is the real problem. The taxing of social housing by the Government, through the local property tax, is the real problem. This is a decision made by the Government which cannot hide behind the council which is trying balance its books - its legacy after years of austerity - and now facing a tax on its housing stock. Given the Government's recent pronouncements on housing provision, a tax on social housing seems to be counter-productive.

I am doubtful about the Government's housing strategy claims, but if it delivers such numbers of houses, how will councils and voluntary bodies afford to pay the property tax bill? I call on the Minister to do two things. First, he must end the practice of charging property tax on social housing and, second, if he is unwilling to do so, he should issue a diktat to councils that under no circumstances should they pass on property tax to their tenants. Shared ownership is another area in which it is unfair for councils to pass on the property tax which will impact on tenants in a myriad areas.

Minister of State at the Department of the Environment, Community and Local Government (Deputy Paudie Coffey): I thank the Deputy for raising this issue which I am taking on behalf of the Minister, Deputy Alan Kelly.

The Government decided to make local authorities liable for the local property tax in order that local authority tenants would be treated in the same way as tenants in the private sector in which landlords may pass on the cost of the tax to tenants in the form of increased rents, if they so wish. Thus, the Finance (Local Property Tax) Act 2012 provides that local authorities are liable to pay LPT in respect of dwellings that they own, other than dwellings that accommodate persons with special housing needs. Under the Act, chargeable local authority residential properties are deemed to be in the lowest valuation band until 2016, at least, and the annual LPT liability is €100 per local authority dwelling.

Housing authorities are responsible, under section 58 of the Housing Act 1966, for determining the rents of their dwellings, subject to relating rent levels to household income and requiring low income households to pay a lower proportion of income in rent. Within these parameters, it is a matter for housing authorities to ensure their rental income reflects, as far as practicable, the cost of managing and maintaining their housing stock. Section 58 of the 1966 Act does not empower councils to levy a specific charge on tenants in respect of LPT. However, under the enactment, they may set rents at levels that will generate funds to pay for expenses relating to their tenanted accommodation, including their LPT liability. It is entirely a matter for housing authorities to decide if they wish to do this and the Minister has no function in the matter. It would not be appropriate, therefore, for me to comment on the manner in which individual councils, including Limerick City and County Council, exercise their statutory rent functions.

Section 31 of the Housing (Miscellaneous Provisions) Act 2009, as amended, provides for the introduction of a national differential rents framework that will result in a significant harmonisation of local authority rent levels nationally, while retaining some discretion for individual authorities in setting rents in their areas. Under this legislation which contains similar provisions to section 58 of the 1966 Act in regard to charges, local authority rents will continue to relate to household income and composition and contributing to the cost of managing and maintaining the tenanted housing stock.

Deputy Dessie Ellis: It is important to realise that the local property tax has only been frozen until 2016 and that after that date, we will see a huge jump in the charge across the country. This will affect everyone but, in particular, the least well-off in society, local authority tenants. It is not good enough to say it is at the discretion of local authorities as to whether the charge should be imposed. The Government should issue a diktat to local authorities that the imposition of this tax is unacceptable. We need to protect those who find themselves in this position. The cost of housing has risen considerably and we are now heading towards another property bubble. This issue is ongoing and the tax people will pay after 2016 will be huge. People are struggling and have seen a series of taxes imposed on them, including the household charge, water charges and others. Many tenants are on social welfare payments, while many are lone parents. Many of those who are working are in low paid jobs. These are not the rich people who can afford to handle a huge increase or an extra charge. Tenants did not anticipate paying this charge because the house belongs to the local authority. It looks as if, however, that tenants will end up paying it.

In some cases, councillors voted to reduce the property tax by 15%. This happened in Dublin and other areas. Sinn Féin councillors instigated this move in Dublin City Council and other areas, but they were opposed by Labour Party councillors at the time. This was remarkable considering that they were supposed to represent the people.

Deputy Joe Costello: It was a disgraceful decision by Sinn Féin.

Deputy Dessie Ellis: The Deputy knows the truth. Labour Party councillors voted against the proposed 15% reduction.

Deputy Paudie Coffey: While I acknowledge some local authorities reduced the local property tax, it does not come without a cost. As the Deputy knows, reducing it reduces the budget available for delivering front-line services such as services for the homeless that we wish to prioritise. It is a matter for local authorities to prioritise what they feel the local property tax should be spent on. I will say no more on that: it is a matter for local authorities.

However, as I have already stated, I am precluded from commenting on the proposals of any individual housing authority on the rents they charge for their tenanted accommodation. The reality is that local authorities have to pay their local property tax liability for their residential properties and housing stock. It is a matter for each local authority to decide in the context of financing its overall operations how it will meet this local property tax liability and whether it should recoup some or all of the cost of the local property tax from its tenants. Striking the appropriate balance in this matter is a key function of local authority management and I do not propose to second-guess individual local authorities on the decisions they make in this regard.

Local Authority Housing Provision

Deputy Joe Costello: I raise this issue again, having raised it first on 26 November 2014. I refer to the scandal of a very substantial housing development consisting of 99 units which has been lying idle since July 2014, in the middle of a housing crisis.

I raised it out of frustration in November and again in December and January, but nothing has happened to date other than a decision taken during a meeting in this House before Christmas, involving the Minister, the archbishop and the board of the Catholic Housing Aid Society, that the original tenants who had been put out in 2006 would be restored by Christmas. This indeed has happened, but that involves approximately 20 people. The other - close to 80 - units of accommodation remain idle and have remained idle since July 2014. It is a scandal given that people are desperately looking for accommodation, homeless people are on the streets and other people are in emergency accommodation. The local authority has given to the Catholic Housing Aid Society the names of people who have been waiting for months to be processed to enter their new accommodation.

This is all because of a petty wrangle between the board of the agency and Dublin City Council. The council quite rightly insists that they pay the differential rate for the accommodation. There is always a small top-up for voluntary housing and that would also be paid. However, what this board is seeking is quite extravagant and it would be quite improper to give in to the board's wishes in this respect. It would be quite improper particularly given that the Government has invested on behalf of the people €17 million on the construction of this accommodation.

From that point of view, it is extremely important that we protect our investment and get the people, who have been nominated to occupy those units, into those units in this very cold winter without delay. I cannot understand why there should be objections. I cannot understand why we cannot sort out the wrangle over the rent while at the same time people are moved in. I cannot understand why the Minister should not insist on having members appointed to the board so we can protect our investment.

Voluntary housing gets the lion's share - almost all the investment is contributed in capital assistance - and then has no say whatsoever in the running. Indeed it does not have the final say in the selection either.

It is important that we look afresh at developments of this nature. In this case, we need to act immediately. The Minister needs to state categorically that February will not go by without all people who have been nominated - almost 80 elderly people - for housing in Fr. Scully House being accommodated there.

Deputy Paudie Coffey: I thank the Deputy for raising this matter. The Minister, Deputy Kelly, and I share his concerns that this modern, purpose-built facility has not yet been fully tenanted. My officials are continuing to liaise closely with Dublin City Council to resolve the matter urgently as the current situation is not acceptable

As the Deputy is aware, this facility was funded under my Department's capital assistance scheme, which provides funding to approved housing bodies for the provision of accommodation for persons with specific categories of housing need, such as homeless and older persons, people with disabilities, returning emigrants and victims of domestic violence. In this case the

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Catholic Housing Aid Society is the approved housing body involved with the Fr. Scully House project.

Almost €17 million has been recouped by my Department in respect of Fr. Scully House since the commencement of the development in 2012. When Dublin City Council advised my Department during last summer of difficulties in its negotiations with the Catholic Housing Aid Society in agreeing the rent on these units, my officials immediately stressed the importance of resolving this issue as a matter of urgency so vulnerable people who need these units can move into these new homes as soon as possible. A number of high level meetings on the matter were convened, including one chaired by the Minister, Deputy Kelly, in order to resolve the matter urgently.

I understand that the rent levels being proposed by the Catholic Housing Aid Society in respect of these units are more in line with market rents than social housing rents. As a result, Dublin City Council has advised that it will be unable to nominate their tenants for these units.

Some progress was made in the matter just before Christmas which resulted in 23 former tenants returning to Fr. Scully House at their original rent levels, without the requirement for a deposit. It was also agreed that the housing agency would examine the costs incurred by Catholic Housing Aid Society and make recommendations in respect of the proposed rent levels.

I understand that following the housing agency's independent review of the rent levels, there is a difference of approximately €180 per month between the amount being requested by the Catholic Housing Aid Society and the amount acceptable to Dublin City Council. My Department is continuing to engage constructively with the council and the Catholic Housing Aid Society to review the costs incurred on this scheme and assess their impact on the proposed rent levels. A further meeting on the matter was held between the council and the Catholic Housing Aid Society last week and a follow-up meeting has been scheduled for tomorrow.

While I acknowledge that some progress has been made on this matter, it is unacceptable that 76 new state-of-the-art units remain vacant. This situation cannot be allowed to continue. My Department is continuing to liaise with Dublin City Council concerning its negotiations with the society to ensure a successful outcome to this issue as soon as possible. This will ensure that not only is the State's investment in this facility protected, but more importantly ensure that these units become homes for the vulnerable, elderly people they are intended to accommodate.

Deputy Joe Costello: I thank the Minister of State for his detailed reply. Clearly the matter is not yet resolved. A difference of €180 per month is extraordinary. That equates to approximately €45 per week which is roughly the amount of rent that is paid by a tenant in the differential rent scheme. So that is almost double what is expected from a tenant.

We cannot continue with this charade any longer. The row with Dublin City Council has been going on since July 2014 and Dublin City Council did not start the row. The council has insisted that all its tenants should be treated equally and the differential rent should be the basis under which tenants pay the rent where it nominates people to both voluntary and social housing.

I wish to correct the statement the Minister of State made about nominations.

Dublin City Council has already nominated people for the units months ago but they have

not been processed or written to. Since Christmas, the people have been left high and dry and they do not know what is happening. The 76 to 80 people are bewildered because no contact has been made with them. It is a totally unacceptable situation and the Minister of State must bang together some heads. The way to do so is to provide a deadline and say that, whatever happens, the situation must be resolved by the end of February this year. The State provided the money to build these units and the State is entitled to see its citizens accommodated in those units. I exhort the Minister of State, who has been trying hard, as has the Minister for the Environment, Community and Local Government, to impose a deadline. We cannot let the situation continue any longer. In the background, a large number of people - all elderly people - are homeless and awaiting accommodation when the winter is still upon us.

Deputy Paudie Coffey: I accept the Deputy's point that Dublin City Council has nominated many tenants. The waiting list needs to be facilitated and these modern purpose-built units are ready for letting. The current impasse cannot continue and the Minister, Deputy Kelly, and I will be keeping a sharp focus on the ongoing meetings, one of which takes place tomorrow. At the meeting, I will urge that progress be made. If both parties fail to reach agreement at that stage, the Department and the Minister will have to look at the legal options available to us to bring the dispute to a conclusion. That would be a reluctant step. Vacant units need to be brought into beneficial use for the benefit of tenants who need them. It is not a decision we take lightly but we may be left with little choice other than to take action if progress is not made very soon. It is our priority that the State investment in this facility is protected and it is also our priority to show that the units become homes for the people who most need them. I urge the Catholic Housing Aid Society and Dublin City Council to focus on this, get their heads together and find a resolution in the interests of the vulnerable people who need them as soon as possible. The Minister and I, and our officials, will be keeping a close watching brief on these meetings and we need to see progress. I cannot send a stronger signal than that. I thank the Deputy for raising the matter.

State Airports

Deputy Michael McGrath: I thank the Minister, Deputy Donohoe, for taking this debate. There is growing concern in the wider Cork area about the future of our airport, which has seen a 5% reduction in passenger numbers in 2014. It is likely to see a similar reduction in 2015 because of the full year effect of some of the services lost during 2014. This is happening against the backdrop of the other main airports in the country, including Shannon and Dublin airports, growing substantially.

It goes without saying that Cork Airport has great strengths, including modern facilities, a new terminal, a large population base and a strong track record of customer service but it is struggling badly. The new arrangement at Shannon Airport have resulted in Cork having a competitive disadvantage. The new arrangements at Shannon have distorted the market and the fact that Cork Airport is competing with a newly independent Shannon Airport, which is also debt-free and has the benefit of a stream of income from Shannon commercial enterprises. I am not sure anyone thought through the consequences for Cork Airport of the new arrangements and the restructuring at Shannon Airport.

This is a need, not an issue of Cork Airport versus Shannon Airport. We wish Shannon

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Airport well and the best of luck to it. Shannon Airport seems to have got a very good deal from the Government and we wish it well in its future. From the perspective of Cork, it has had direct consequences. Ryanair has transferred a number of services directly from Cork Airport to Shannon Airport. More fundamentally, the capacity of Cork Airport to compete is seriously impaired. Cork Airport is not in a position to offer free charges for a period of five or six years, as Shannon is reported to have done for Ryanair. Cork Airport is not grant-aided by the State and it has no State subsidy or public service obligation. There is no direct air link to the capital or to the US. A major initiative is required to ensure the future of Cork Airport is strong and sustainable. We have lost vital routes, such as Nice and Lisbon and we have seen a reduction of service to Munich. The Brussels route was also withdrawn for a time and I mentioned the transfer of a number of Ryanair's Polish routes from Cork to Shannon.

Cork Airport remains under the control of the Dublin Airport Authority, DAA, which needs to be examined when considering the future of the airport. Such is the concern locally that a Facebook page, Save Cork Airport, was established in November and already has 23,000 likes. Cork Airport has debts of €200 million, which sit within the consolidated financial accounts of the DAA. I am not suggesting that an independent, debt-free Cork Airport could offer the kind of deals being offered in Shannon. Cork Airport must pay its staff, the fire service, airport police, security staff, cleaning and maintenance staff and so forth. We need a sustainable model and in my supplementary question I will refer to the Heathrow slots. I do not expect the Minister to go into detail on it but I have a number of suggestions on how our position could be improved. The starting point is to acknowledge a problem at Cork Airport. It is not a problem with local management, which is doing its best working within tight restrictions but, undoubtedly, the new reality of the arrangement at Shannon Airport has had a direct negative impact on Cork Airport. It is a reality we must face up to or the decline of Cork Airport will continue, which is something none of us wants to see.

Minister for Transport, Tourism and Sport (Deputy Paschal Donohoe): I thank the Deputy for raising the matter. The DAA is the body charged with statutory responsibility to manage, operate and develop Dublin and Cork airports. It operates under a clear commercial mandate, is entirely funded from its own resources and receives no Government funding supports. As such, any plans to address the reduction of services at Cork Airport and improve the airport's competitiveness with other airports is a matter for the DAA and Cork Airport management. It is not a matter in which I have a direct role. Also, any decision by an airline on the routes it will serve, or cut, is a matter for that airline. Airlines' decisions will be based on their commercial judgments, taking account of the demand for services.

That said, I am very conscious of the importance of Cork Airport for business and tourism in the Cork region. Since coming into office, I have met the chair and chief executive of the DAA. I visited Cork Airport and met the managing director and some local public representatives to discuss the challenges and opportunities for growth that exist for the airport. I also had the opportunity to meet Cork Chamber of Commerce, and Cork Airport and its future was a prominent topic at the meeting.

As a result, I am well aware of, and concerned about, the continuing decline in passenger numbers at Cork. It was because of this decline that the Cork Airport development council was established under an initiative of my predecessor, with the intention of bringing together key local stakeholders to foster a common understanding of issues of concern, identify potential opportunities for growth and to address the operating performance of the airport. The council is chaired by the chairman of the DAA and comprises senior representatives from the tourism

and business sectors in the Cork region, who are actively engaged in achieving the goals set for the council. Furthermore, following the restructuring of the State airports under the State Airports (Shannon Group) Act 2014, Cork Airport was given a new management structure aimed at putting the airport on a sound footing to manage and develop its business on a competitive, commercially driven basis. In addition, two of the members of the DAA board represent Cork, thereby ensuring that issues pertaining to Cork Airport are considered at the highest level.

The new structure is bedding down and I understand that the airport, the DAA and the CADC are focusing their efforts on identifying new route markets and developing new services. There are opportunities, particularly in the tourism sector, to grow incoming passenger numbers in the Cork region. I am aware that the DAA has developed attractive incentive programmes to encourage the introduction of new routes and services. I also understand from Tourism Ireland that there are opportunities under its co-operative marketing initiative to encourage the introduction of new services and to increase capacity on existing routes. Ultimately, however, creating new services and growing inbound tourism depends on the availability of competitive access and ensuring that potential visitors have a reason to visit. Cork Airport, the DAA and the CADC, along with the regional stakeholders, should be pursuing every opportunity to highlight the tourism product that is available in the catchment area of the airport. I am aware that the objective of the DAA is to halt the decline in passenger numbers in the short term and to return Cork Airport to growth in the future. I am confident that the DAA and Cork Airport management, working with the stakeholders in the region, can achieve this objective.

Deputy Michael McGrath: Any suggestion that the Cork-Heathrow slots could be lost would be devastating for Cork Airport and the region it serves. I recognise that the Minister cannot comment in detail on this issue but the suggestion that IAG is giving a commitment that the Heathrow slots will be used for Irish routes for the next five years in no way addresses the concerns that have been expressed in this regard. In five years' time, Cork could be first to lose those slots.

The national aviation policy makes only limited reference to Cork Airport, in contrast its suggestions for Shannon Airport, which include an international aviation services centre, an aero-industry hub and a centre of excellence for business aviation. This is something that needs to be investigated further. A regional air connectivity marketing fund along the lines of similar projects developed in the UK could be immensely beneficial to Cork. In 2011, the previous Minister for Transport, Tourism and Sport commissioned a report from the consultancy firm, Booz and Company, which recommended that Cork remain part of DAA, with getting greater local autonomy on commercial decision making. That recommendation should be revisited. The 19 Deputies from Cork, of whom I am one, should work together more closely to address the issues arising for Cork Airport. I will be suggesting to my colleagues that we establish a friends of Cork Airport Oireachtas group to lobby the Minister and other key stakeholders to ensure the airport's future remains on the agenda and that it is put on a sustainable footing. As its current decline is likely to continue unless something changes, I urge the Minister to look positively at some of my suggestions. By putting the airport on a sustainable footing once again, I hope it will be able to position itself for growth in the coming years.

Deputy Paschal Donohoe: The Deputy acknowledged the constraints I am under in regard to discussing the Heathrow slots for Cork Airport. I am however aware of the strong regional dimensions of national connectivity, as Deputy Dooley outlined very clearly in previous discussions. Access to our country is a vital component in the evaluation of any potential offer. All our airports make an essential contribution in this regard. There is more at stake than a share

price, important though that may be.

In regard to marketing support and further changes to the management structure for Cork Airport, in 2014 alone Tourism Ireland invested €385,000 in co-operative campaigns featuring Cork Airport as a gateway to Ireland. A large proportion of that money focused exclusively on Cork Airport. I recognise that the Cork region has much to offer from a tourism point of view, not to mention the important foreign direct investment and local enterprise located in the region. Cork Airport is strategically located close to the Wild Atlantic Way and is already taking advantage of that. Previous marketing campaigns have made a considerable contribution to supporting demand at the airport.

In regard to further autonomy at the airport, the changes that have recently been made to the management structure are bedding down. These changes including giving the airport representation on the board of the DAA. I am sure these representatives will play an important role in responding to changes. In regard to the role Cork Airport can play in national aviation policy, I am giving careful consideration to this policy in light of recent developments. I intend to investigate what framework we can put in place to ensure all of our airports have a secure future. Obviously, a number of factors are at play which I am not in a position to influence but it is important to me that Cork Airport has a secure and prosperous future. With the people and structures currently in place, I believe it is well positioned to respond to the challenges it faces.

Personal Insolvency (Amendment) Bill 2014: Order for Second Stage

Bill entitled an Act to amend the Personal Insolvency Act 2012 in relation to the procedures for the approval of Debt Settlement Arrangements and Personal Insolvency Arrangements under that Act, and to provide for related matters.

Minister for Justice and Equality (Deputy Frances Fitzgerald): I move: “That Second Stage be taken now.”

Question put and agreed to.

Personal Insolvency (Amendment) Bill 2014: Second Stage

Minister for Justice and Equality (Deputy Frances Fitzgerald): I move: “That the Bill be now read a Second Time.”

This is a short technical Bill, which makes some prudential and clarifying amendments to a small number of procedural provisions in the Personal Insolvency Act 2012. Before turning to the provisions of the Bill, however, I would like to take this opportunity to update the House on recent developments regarding the 2012 Act and to place these developments in the context of the debate about the interaction between insolvency policy, and the broader question of mortgage arrears and the levels of general indebtedness arising from the economic crisis. Deputies will have seen media coverage of last week’s meeting of the Taoiseach, the Tánaiste and myself with the Insolvency Service and insolvency practitioners. I attended part of the meeting and found it very useful. The Taoiseach has spoken publicly in recent days about the need for banks to co-operate effectively with the personal insolvency regime and he has reiterated the Government’s determination to ensure that people who are trapped in unsustainable debt can reach satisfactory solutions. As Deputies will be aware, the Statement of Government Priorities 2014-2016 already underlined that high levels of personal debt continue to threaten to exclude thousands of individuals and families from the economic recovery. The Government

is committed to reviewing the implementation of Central Bank mortgage arrears targets and the operation of the insolvency service to ensure that both bodies have the powers needed to support families willing to work their way through their debt problems. The review of the Central Bank mortgage arrears targets is primarily a matter for the Minister for Finance. We welcome the tangible evidence that there has been a significant increase in bilateral engagement between banks and customers in debt distress. Over 89,000 mortgages were permanently restructured by the end of November 2014, which is an increase of almost 10,000 since August. It is a very important figure to note. While there is a huge amount of work still to be done, particularly in the area of long term mortgage arrears, it is now clear that the mortgage arrears resolution strategy is progressing significantly. Of course, it is no coincidence that there has been a significant increase in bilateral deals between the banks and their customers since the establishment of the insolvency service and the reform of the bankruptcy laws. The review of the personal insolvency aspects is nearing completion by my Department and I will be giving particular attention to its outcome over the coming months.

I note at this point the valuable work done by the Joint Committee on Finance, Public Expenditure and Reform in its report on mortgage arrears last July. Most of the report's recommendations relate to the mortgage arrears resolution process and are therefore a matter for the Minister for Finance and the Central Bank. However, there are four recommendations which relate to personal insolvency and bankruptcy. Their focus is on ensuring that fees and costs do not present a barrier to a heavily indebted person who wants to avail of personal insolvency solutions or to access bankruptcy and reviewing the engagement by financial institutions with the insolvency legislation. The recommendation on engagement by financial institutions has been fully taken into account in my Department's review and it will form an important part of the issues which I will be considering. On the issue of costs, which were highlighted with a focus on ensuring that costs are not a barrier to heavily indebted persons, I have taken some immediate measures. Regarding insolvency fees, I have provided for a complete waiver of all fees payable to the ISI and the courts in respect of insolvency applications with effect from last October. It was an important recommendation. In my discussions with the insolvency service and its director it was clear that they felt this measure could make a major difference and improve matters for those who wanted to use the service.

As regards bankruptcy costs, I have provided for a waiver of all fees payable to the courts on bankruptcy applications and for a substantial reduction in the costs of entering bankruptcy. The effect is that the fees and charges payable to the courts and the official assignee in bankruptcy by a debtor entering bankruptcy have been reduced from nearly €1,400 in early 2013 and approximately €935 early last year to approximately €275 since 31 December 2014. That compares to an equivalent cost for entering bankruptcy in England and Wales of approximately €900. Further in response to the joint committee's recommendations, the insolvency service is providing support of €750 on a temporary basis to defray the expense of a personal insolvency practitioner in any case where creditors reject a reasonable DSA or PIA proposal. In this context "reasonable" refers to a proposal which offers a better outcome to creditors than bankruptcy. The ISI will be reporting on the outcome of this initiative over the coming year.

The insolvency service carried out focus group studies and found that people needed more information on the personal insolvency legislation. On foot of those studies, the insolvency service launched a major "Back on Track" information campaign towards the end of last year, which I supported. The campaign is targeted to reach those most in need more effectively and appears to be already delivering results. Following these very practical and immediate mea-

tures, there was been a marked increase towards the end of last year in the number of applications for personal insolvency deals and in the numbers agreed. I record some of the relevant figures. The insolvency service concluded almost 1,000 solutions for individuals in unsustainable debt last year; with 547 insolvency deals agreed and 448 bankruptcy adjudications. The number of new applications for protective certificates, which is the first stage in the process, rose by 50% from quarter 3 to quarter 4. This is an important figure. The number of personal insolvency arrangements approved during quarter 4 of 2014 increased by 148% over the third quarter and exceeded the previous three quarters of 2014 combined. It shows that the changes recommended by the insolvency service to make it easier for people to access it have shown results in the last quarter of last year. These substantial increases should continue into 2015 as the cost reductions package continues to take effect and the insolvency service's "Back on Track" information campaign continues with targeted local meetings around the country to inform people about the possibilities open to them. However, I would like to see a more fundamental change in the overall number of solutions reached under the Personal Insolvency Act. People who are struggling with unsustainable debt must be able to benefit directly from the statutory debt solutions already introduced. I do not exclude taking further measures to ensure that this is the case. If that is considered necessary, it will be done in the context of our review under the statement of Government priorities, as I have indicated.

I turn now to the Bill before the House. As the amendments are very technical, I propose to start with a brief overview of the Bill's purpose and to present its overall thematic objectives before coming to specific provisions. The amendments in the Bill relate to the chapters in the Personal Insolvency Act which deal with procedures for approving or varying two of the three statutory debt deals. These are debt settlement arrangements, or DSAs, and personal insolvency arrangements, or PIAs. The Bill is not making any change to the rules on voting in creditors' meetings as they are understood and applied in practice. Its main purpose is a prudential one; to put beyond doubt a possible ambiguity in the wording of two sections which might otherwise make it more difficult for a debtor's DSA or PIA proposal to succeed even where it has the support of the main creditors. The secondary purpose of the Bill is to clarify some aspects of the detailed procedural arrangements for approving or varying a DSA or PIA in two specific scenarios which are already provided for in the Personal Insolvency Act. I remind Deputies that a DSA provides for agreed settlement of unsecured debt only with no upper limit. A PIA provides for agreed settlement of secured debt up to €3 million, or more than that if creditors agree, and can also include unsecured debt with no upper limit. The third type of statutory debt deal is the debt relief notice or DRN, which is not affected by the reasons for the proposed amendments as it does not involve a creditors' meeting. A DRN allows a limited write-off with court approval of unsecured debt up to a maximum of €20,000 for a debtor with very little income or assets.

The main purpose of the Bill relates to a possible ambiguity which has been identified in the wording of sections 73 and 110 of the Personal Insolvency Act 2012. These sections specify the majority of creditors that is required to approve a debtor's proposal for a DSA or PIA. The intention of the legislation and the interpretation that is currently applied by all stakeholders in practice is that such a proposal can be approved by creditors holding 65% or more of the overall debt. The 65% threshold is the only threshold set for creditor approval of a DSA proposal which deals exclusively with unsecured debt. In the case of a PIA proposal, the Act lays down an additional requirement of approval by creditors holding over 50% of the secured debt and by creditors holding over 50% of the unsecured debt. Legal advice has raised the possibility that the wording of sections 73 and 110 could be open to the technical interpretation that, in addition to the requirements I have just mentioned, a proposal must also be agreed by a majority, or over

50% in number, of all creditors both for a DSA and for a PIA.

Such an interpretation would impose an unintended additional hurdle for debtors and make it unnecessarily complicated to secure agreement on a reasonable proposal for a debt deal. It could allow a creditor with a small share of the overall debt to block a debtor's proposal for a DSA or PIA which was agreed by the main creditors. This would be unfair to debtors and would mean a debtor's proposal for a PIA would have to satisfy four separate creditor voting tests, which would be unnecessarily onerous. Nor would it be helpful to debt resolution, given that such creditors' rights are already appropriately protected under the existing provisions of the Act. The issue is being addressed on a precautionary basis only. There has been no legal challenge or court decision on this point. Even if such a challenge were to emerge, the court might uphold the interpretation which is intended and generally applied. However, the Government considers that given the importance of the provisions, the wording should be clarified on a prudential basis, to remove any possible doubt and to avoid any risk of uncertainty or delay for parties to statutory debt deals.

The secondary purpose of the Bill relates to the rules laid down in the Act for the more detailed procedural aspects of decisions on proposed DSAs or PIAs. Normally, the decision to approve or reject a proposal is taken by a vote of creditors at a creditors' meeting. In this standard scenario, the Act sets out precise rules for detailed procedural aspects such as notice periods, time limits and documents to be provided to the creditors. The Act also provides for two less typical decision-making procedures which apply in specific situations. First, if a creditors' meeting is called to decide on a debtor's proposal but no creditor votes, the proposal is deemed under the Act to be approved. This is the "no-vote scenario". Second, if only one creditor is entitled to vote at a creditors' meeting, the decision may be made without the formal need to convene a creditors' meeting. This is the "sole creditor scenario".

In the two scenarios, where there is either a creditors' meeting but no vote, or no creditors' meeting because there is a sole creditor, the Act does not fully specify how the detailed procedural arrangements, which are laid down in the context of decision by vote at a creditors' meeting, will operate. The Bill, therefore, provides amendments to clarify, where necessary, the detailed procedural arrangements which will apply in the two scenarios. They are designed to be closely equivalent to those applicable in the standard scenario. No legal doubts or challenges have been raised in regard to this secondary objective. The changes are being made simply for the convenience of the main stakeholders, namely, the parties, the Insolvency Service of Ireland and the courts. They have been requested by the Insolvency Service, and can readily be made along with the main changes proposed by the Bill, as they relate to the same chapters of the Act.

I turn now to the specific provisions of the Bill. The technical context and effect of each provision is set out in the detailed explanatory memorandum accompanying the Bill, which has been published. Following the structure of the Personal Insolvency Act, sections 2 to 9, inclusive, of the Bill propose amendments to the procedures for proposed DSAs. Sections 10 to 17, inclusive, propose equivalent changes to the procedures for proposed PIAs, as I have outlined. Sections 2 and 3 follow the secondary purpose of the Bill. Section 2 is designed to clarify the documents which should be provided in advance to a creditor asked to decide on a DSA proposal, in a sole creditor scenario. Section 3 deletes the existing provision for the sole creditor scenario at section 72(8) of the Act, so that it may be replaced under section 5 of the Bill with a more detailed and comprehensive provision. Section 3 also clarifies, for the avoidance of doubt, that in a no-vote scenario, where the debtor's proposal is automatically deemed to be accepted by creditors under the existing provisions of the Act, the protective certificate

issued by the court continues to have effect until after the court has decided whether to approve the proposed DSA.

Section 4(a) implements the main purpose of this Bill regarding DSA proposals. It amends the existing wording to put beyond doubt that such a proposal may be agreed by creditors representing 65% of the total amount of the debt, in line with the intention of the legislation, without any further requirement. Sections 4(b) to 9, inclusive, continue the secondary purpose of the Bill regarding DSAs, by specifying notice, documentation and variation requirements for the no-vote scenario and for the sole creditor scenario, in a more precise and comprehensive manner.

With regard to the provisions relating to personal insolvency arrangements, sections 10 and 11 follow the secondary purpose of the Bill. Section 10 is designed to clarify documentation requirements where a PIA proposal is made, in a sole creditor scenario. Section 11 deletes the existing provision for the sole creditor scenario, so that it may be replaced under section 13 of the Bill with a more detailed and comprehensive provision. Section 11 also clarifies, for the avoidance of doubt, that in a no-vote scenario, where the debtor's proposal is automatically deemed to be accepted by creditors under the existing provisions of the Act, the protective certificate issued by the court continues to have effect until after the court has decided whether to approve the proposed PIA. Section 12 implements the main purpose of the Bill regarding PIA proposals. It amends the existing wording to put it beyond doubt that such a proposal may be agreed by creditors representing 65% of the total amount of the debt, plus agreement by creditors representing over 50% of the secured debt and by creditors representing over 50% of the unsecured debt, in line with the intention of the legislation, without any further requirement. Sections 13 to 17, inclusive, continue the secondary purpose of the Bill regarding PIAs, by specifying notice, documentation and variation requirements for the no-vote scenario and for the sole creditor scenario, in a more precise and comprehensive manner.

I have gone into some detail on these technical changes, which are designed to make a prudential amendment to avoid any possible uncertainty arising in future on the correct interpretation of sections 73 and 110 of the Personal Insolvency Act, and to clarify some issues of detail regarding the procedural arrangements which apply in the specific circumstances of the sole creditor and no-vote scenarios already provided by the Act. Despite their technical nature, these amendments are important to clarify situations and avoid doubt in the future. They will support the smooth operation of the personal insolvency legislation. Following the changes to the fees and some other changes we made last year, the number of people accessing the Insolvency Service of Ireland services for people in this very difficult situation began to increase from the last quarter of last year. I look forward to hearing the views of Deputies on the proposals in the Bill and I commend this Bill to the House.

Deputy Timmy Dooley: Fianna Fáil welcomes the Bill, which seeks to correct and clarify a number of key legislative ambiguities in the Personal Insolvency Act 2012. However, after the Bill has been passed, significant weaknesses will remain with our insolvency laws. Only 1,000 debt solutions have been approved since 2013, comprising 547 alternatives to bankruptcy and 448 bankruptcy cases. This is in stark contrast to the former Minister for Justice and Equality, Alan Shatter's estimation that the Personal Insolvency Act 2012 would, during the first full year of operation, receive more than 21,000 applications for debt resolution. 2014 was the first full year of operation and, as we can see, it has failed to live up to the potential promised by the previous Minister. The insolvency system has failed to deliver on the promise of solving Ireland's personal debt crisis.

We welcome the main purpose of the Bill, which will, finally, clarify the wording of two provisions of the Personal Insolvency Act 2012, which set out the voting requirements for creditors to approve a proposal made on behalf of a debtor for a DSA or a PIA under the Act. We welcome the fact that these amendments remove the possible ambiguity in the language of those provisions, in order to avoid any possible uncertainty or confusion on this point and preserve the intention of the legislation, which is the generally understood and applied interpretation. While the issue relates only to the technical interpretation of a phrase in the creditor voting provisions in sections 73(6) and 110(1) of the Act, it appears to have had a dramatic cooling effect on the potential impact of the legislation. There has been only one successful DSA and no debt relief notices, DRNs, or PIAs. The reason for this total initial failure is that the current wording of the two sections for amendment is generally taken to indicate that approval is required by creditors holding 65% in value of the debt. This is supported by sections 73(2) and 108(2), which state that the voting rights of a creditor at the creditors' meeting are proportionate to the amount of debt due. Approval by those holding the majority of the debt, as opposed to a simple majority of creditors in number, is the core intention of the legislation. It is possible, however, that the wording could give rise to an alternative interpretation that a majority, over 50%, of creditors by number and a majority by value, 65% of the debt, are required.

Therefore this legislation is very welcome in its clarifying character. However, the Personal Insolvency (Amendment) Bill 2014 can also be seen as yet another missed opportunity to reform our personal insolvency laws. Banks will still have a veto over any debt restructuring proposals and the insolvency regime will still lack an independent authority to review and grant binding personal insolvency resolution proposals. Fianna Fáil believes that any new legislation should ensure there is an appropriate balance of power between financial institutions and borrowers. We also believe that a system of State-funded, and creditor-funded, insolvency practitioners should be created as suggested by the Free Legal Advice Centres in March 2012.

In this regard, we understand a promised review of the 2012 Act and associated mechanisms is proceeding. We would appreciate if the Minister could clarify this matter as we have been informed that the Department of Justice and Equality has gathered views about the legislation's application. We would be anxious to know where this review is at, what it has found and what further actions will be taken, either through legislation or otherwise following on from it. The Minister might respond to this point in her reply if possible.

As I am sure the Minister is well aware, we still face a huge challenge in the area of personal debt in Ireland. Looking at the area of mortgages we see that the number of people in serious mortgage arrears continues to soar. There are 37,484 owner-occupiers more than two years behind in their mortgage payments. This category now constitutes 32% of all accounts in arrears, and 73% of arrears outstanding. These families are at serious risk of repossession. This is a terrible prospect for any family. The social impact of repossession is huge and something which has the potential to seriously damage Irish society and leave a lasting scar on those involved. Data provided by the Central Bank show that two thirds of those in arrears are in employment indicating that it should in most cases be possible to put in place a payment arrangement that is sustainable.

While we welcome the fact that 109,000 mortgages have been restructured to date, more needs to be done in this area. In fact, statistics show that when mortgages are restructured, payments are generally kept in line with the agreements made. The latest statistics show that 82% are meeting the terms of their new arrangements. However, this should not be interpreted as a measure of sustainability overall, as not all restructuring represents genuine long-term

solutions. The most common arrangement, arrears capitalisation, where the arrears are simply added to the overall balance, has a 32% failure rate. This is not surprising given it does not tackle the underlying reason for the mortgage falling behind. Creditors need to be realistic in their approach to individuals who have personal debt problems. There is no benefit in developing a debt solution which only lasts for a year, a month or even a week. In this regard, the failure to establish an independent oversight of debt proposals with an appeals mechanism in this legislation is disappointing. The banks are still in charge even after this Bill becomes law. That is regrettable.

As I have previously pointed out, the current insolvency legislation has not delivered tangible benefits. Just 448 people have gone through the insolvency system and been successful in their bankruptcy proceedings. The Government is cagey about publishing data on how many cases relate to mortgage debt but we know only a fraction of these dealt with secured debts.

Another significant challenge arises from the fact that 31% of local authority mortgages are in arrears, nearly three times the rate of arrears in the private sector. Only 50 mortgage to rent proposals have been concluded to date, with approved housing bodies. This is another area which must be addressed as it has a fundamental impact on social housing policy in Ireland.

Some of the problems I have outlined may be addressed by the technical Bill being discussed here today. Nonetheless, I put it that the Government remains stuck in a mode of thinking whereby the banks should be allowed to dictate the pace and nature of any restructuring arrangements put in place. We believe this is a flawed approach and one which fundamentally undermines Ireland's insolvency laws and in particular those relating to mortgage arrears. We are not asking for a free-for-all where any proposals would be accepted. That would not help address this problem either.

We have, however, brought forward a number of ideas which should be considered to address the challenges currently faced by those facing significant debt problems surrounding their mortgages or otherwise. Some of our proposals include our Family Home Mortgage Settlement Arrangement Bill 2014 which would adapt the under-utilised infrastructure of the personal insolvency regime to allow for a restructuring arrangement solely in respect of the family home. This would be available to people who had exhausted the mortgage arrears resolution process and for whom the banks had not provided a meaningful resolution proposal. The process would be handled by a personal insolvency practitioner and the outcome would be binding on the parties. In parallel we would set up a system of State and creditor funded insolvency practitioners. These would take on cases where the debtor's payment capacity is so impaired that existing personal insolvency practitioners are unwilling or unable to do so. It is bizarre that someone who is struggling with debt to the extent of seeking a resolution under the personal insolvency legislation has to spend more money seeking the advice of personal insolvency practitioners. While we welcome the fact that some court fees have been reduced until the end of 2015, the Minister should consider extending these reduced fees indefinitely.

Fianna Fáil has also proposed that a zero interest rate would apply to the warehoused portion of all split mortgage products offered to customers in arrears. In our view this makes logical sense as it reduces the overall burden on the individual concerned as it removes the ticking time bomb of continually increasing interest on an already unaffordable aspect of the mortgage. Finally, we have also proposed an overhaul of the mortgage to rent scheme with an increase in the maximum current market value of houses eligible for participation in the scheme and more realistic income guidelines. In addition I am aware of quite a few cases where the provisions

set out in the mortgage to rent scheme can be applied only where the accommodation needs are suitable. I accept that but unless the property is in negative equity it is not considered suitable. That is unfortunate because in many instances homeowners are prepared to hand over that additional equity to the State or to the arrangement being put in place. I would have thought that resolved the issue for many. Would the Minister and the Minister for Environment, Community and Local Government review that provision? If somebody is prepared to relinquish any expectation for the portion of the house in which he or she retains a value, regardless of whether it is in negative equity, although it would not be, something could be done in that respect.

As I am sure the Minister is aware, Fianna Fáil published a Bill in October 2011 to establish a debt settlement and mortgage resolution office and provide an independent, non-judicial debt settlement system for persons struggling with personal debt and those in difficulties with their mortgage. This Bill was specifically based on the recommendations of the Law Reform Commission's report from December 2010. This still holds value today.

Our Bill set out a debt settlement arrangement which involved a comprehensive assessment of the person's financial affairs and a personal insolvency trustee making a proposal to the person's creditors. Where 60% of the person's creditors in value approve the proposal to restructure the person's debts over a maximum period of five years, the proposal then becomes binding on all creditors. Importantly, our Bill allowed a borrower to apply to the office for a mortgage resolution order in respect of the family home. Following a thorough process involving the borrower and the financial institution, the office has the power to impose a binding mortgage relief order to restructure the mortgage. Sadly, no such provision exists in current legislation.

This legislation, while welcome, does not go far enough. The Government has failed to show the imagination required to seriously tackle the huge personal debt crisis currently being experienced by many Irish citizens who want to be given the opportunity to tackle their debts. This Bill is a lost opportunity. The failure to comprehensively address the imbalance between the banks and those in debt will result, as many commentators have predicted, in a two-tier recovery. Those saddled with debts incurred over the past ten years or longer may not see much hope in what this Bill holds out for them. I hope the Minister will recognise the issues I have raised and seek to address them on Committee Stage. A more independent approach to debt relief, whereby the banks would not hold all the cards and which provides for an appeal to an independent resolution office, would go some way towards further address of this crisis. Now is the time to act on this. Now is the time for leadership. People who are sunk by the challenges they face in indebtedness can no longer wait for another day.

Deputy Éamon Ó Cuív: One could not but welcome this Bill, which is in the main a technical Bill. Since my time as Minister for Social Protection, I have been working with the Phoenix Project. The view that this problem has gone away or that there is not a huge crisis in this area is incorrect. All that has happened is that it is no longer reported on in the media, leaving the silent to suffer.

We need to come up with solutions that work. While many schemes have been put in place they are so surrounded by rules it is almost impossible to benefit from them. Under the mortgage-to-rent scheme only 50 arrangements have been concluded. In reality, this scheme is not making any impression on the massive number of people who are in long term arrears. For example, on 3 December 84,955 people were in arrears of over 90 days. This does not take into account the many people whose mortgage repayments are up to date but have personal debts in unsecured lending. There are currently 117,000 people in mortgage arrears. A solution for 50

of those 117,000 people is no solution. While it is good for the 50 people concerned it is not in the greater scheme of things making any impression on the problem.

I was always doubtful about the establishment of the personal insolvency regime for many reasons, including the cost of engagement with the regime and the fact that the bank had the final veto. In many cases the banks were as culpable as the borrowers in what happened. The former Minister, Deputy Alan Shatter, indicated that under the personal insolvency regime arrangements would be put in place for up to 21,000 people in the first year. That would be a significant number of solutions. Instead, only 1,000 arrangements were put in place, of which 547 were personal insolvency without bankruptcy and 448 were bankruptcy, which meant those people could have gone straight for bankruptcy in the first instance. This means the personal insolvency regime put in place arrangements in only 547 cases.

It is often said that a large number of the people in debt have jobs but a large number of them have been temporarily unemployed. Having been Minister in the Department of Social Protection, I can never understand what came over the Government that it abolished the mortgage interest supplement. In the context of the four-year plan and the troika agreement, the mortgage interest supplement was supposed to be one of the main instruments to assist people who ran into mortgage debt because of unemployment. Many people who lose their jobs often secure employment again. However, during the period of unemployment debt may have been created. The idea of tiding people over during periods of unemployment of, say, a year or two, makes a lot of sense because once they secure employment again, unless they have allowed large debts to accrue, they can then live without the mortgage interest supplement. Instead, this safety net, when needed most, was abolished. Abolishing the supplement did not save any money. The reality is that if people cannot pay their mortgages they end up claiming rent supplement on another property, if they can find a property to rent.

That only 50 arrangements were put in place under the mortgage-to-rent scheme is unsatisfactory. My colleague, Deputy Dooley, identified a number of problems in this regard, including the income limits and the valuation of houses. However, I have come across another perennial problem, namely, the people who have a mortgage on a three bedroom house, which is at some point remortgaged to consolidate other debt, who have fallen on hard times and when they try to access the mortgage-to-rent scheme are told their home - I am speaking in this regard about three and four bedroom homes and not trophy homes - is too big for their requirements. Do we have a heart, or not? What is the point in putting people out of their homes and then, at even more expense, having to relocate them and pay for their accommodation through rent supplement or social housing provision? The mortgage-to-rent scheme needs a total revamp.

The banks cannot continue to have a veto. In this regard, we are speaking about the so-called covered institutions, which would not exist but for the Irish people, who saved them not for the good of the people who owned them but because of the many implications if our banking system collapsed, including implications for depositors in our banks. The banks take a ruthless view and in my view are not particularly increasing their own incomes. One often hears of people making an offer to a bank that would sustain the mortgage relatively well but the bank does not accept it and instead puts the house on the market and accepts less money than it would have gotten had it written-down part of the mortgage.

My understanding is that some banks that put in place arrangements on split mortgages do not any charge interest on the part that is split but other banks do. Some banks defer the capital, in respect of which they come after the people again at a later stage, which means those con-

cerned are only putting off the evil day. As I said, in some cases it would be cheaper to write-off 20% or 30% of the loan than to sell the house on the open market at a 50% discount. There has been much said about moral hazard. Having bankers lecture us about moral hazard is a little bit ironic. The reality is that most people got into trouble for a variety of reasons, including loss of income or paying too much for a house because they had a family.

I have been in continuous contact over the past four or five years with the Phoenix Project, which is a voluntary body based in Portlaoise. I understand members of the project have met with the Minister for Finance and are seeking a meeting with the Taoiseach. What they tell me from the coalface is frightening. They are justifiably concerned that there is a hidden crisis coming down the road. The banks claim they have come to 109,000 solutions. When one actually looks at more closely, 49,000 of these actually involved loss of ownership. These are family homes, not buy to let. Where will these 49,000 households go to? We have already established there is no mortgage-to-rent scheme worth talking about and the people in question cannot afford to buy houses. Where are they going to get houses to rent? Who will pay the rent? Inevitably, it will be the State which will have to pick up the bill. We are going to play musical chairs with 49,000 families, which works out at 122,000 people. Is this humane or fair? Are there other solutions?

Facing up a blind alley, these people have no choice. No one can say they have a free choice when someone else has a gun to their head. The banks are saying they will either throw out these families or wait for them to walk out of their homes. The advantage of walking out voluntarily is that one might get a higher price for the house and, therefore, reduce the residual debt. The bank might also agree to write off the residual debt because it would prefer the home owner to sell the house voluntarily. The reality, however, is that we are making these people lose their homes.

It is a concern that the number of repossessions is rising. For the fourth quarter of 2013, legal proceedings for repossessions came to 1,491. For the third quarter of 2014, it had gone up 168% to 2,514 cases. The number of homes taken into repossession in the fourth quarter of 2013 was 68. This had risen to 302 by the third quarter the following year. Not only are voluntary repossessions going through the ceiling, but the banks are beginning to repossess too. The Minister knows, as do I, the reason for this. The banks have sold their loan books to funds which have no high street presence and, accordingly, no need to protect their reputations. We warned about this. They treat debtors very differently to the way a high street bank does. Civil bills for repossession issued countrywide between January to December 2014 came to 7,266. If one takes an average of three people per house, that comes to 21,000 people affected by this. We have a major problem.

We can talk about how it came about forever. We now need to recognise the timebomb on which we are sitting and do something about it. We need radical change. The idea this problem is under control is not true. It is certainly not true for any of the households about which I have spoken. Particularly with the introduction of the so-called vulture funds into the equation, we need to change the whole process, bringing forward compulsory resolution where it makes sense. That means we need to take away the banks' veto and ensure that anybody who has to leave their house because of a repossession order has somewhere to go. If someone parks on public property illegally, the local authority must provide somewhere for them to go if they are moved on. In the case of repossession, that should not be the case even when the person has made significant efforts to look for alternative accommodation.

To put it simply, there needs to be no interest charge on split mortgages and term extensions, particularly for older persons as people in their 50s or 60s are often told they cannot get term extensions, should be for life. Mortgage-to-rent needs to be radically revamped. Until we see that scheme giving significant numbers, we cannot consider it even as part of the package because the numbers so far have been derisory. We need to take moral hazard out of debt write-down. If one wants to take the moral hazard argument to its logical conclusion, someone who smokes should not be taken into hospital when they fall ill. It is irrational and an absolutely mad sort of thinking. No one in a civilised society can buy into this so-called moral hazard rule. If it is cheaper for a bank to write down a debt than to sell a property on the open market, it should be compulsory for the bank to accept that particular solution. Take a mortgage of €200,000 on a house that will now sell on the open market for €100,000. If the home owner in question requested a write-down of €60,000 and offered to pay the new mortgage debt of €140,000, would it not be ridiculous for the bank then to sell that property for €100,000 and lose another €40,000 when it could leave the person *in situ*? I hope the Minister will give serious consideration to the points I have made.

Deputy Pádraig Mac Lochlainn: It is good the debate on the Personal Insolvency Act has been reopened. In 2012 when this legislation was first debated, mistakes were made by an arrogant Government which decided it was better off trusting the banks rather than listening to those who work at the coalface with people in debt. We cannot let another opportunity slip past us. This time the Government must listen to those in debt and those who work with them.

On the face of it, the Government is simply tidying up a range of issues that require clarity. We will listen closely to the Minister and examine in detail these proposals to ensure they do the job as intended. There is a much wider issue at play and the cat is now out of the bag. The comments from the Taoiseach and senior Ministers last week that the system was not working showed what this Bill should really be about. It should be about correcting mistakes made, the same mistakes about which the Opposition parties warned the Government. In 2012, we were promised a review of this legislation. Where is that review now? Can we just skip to the part where we do what should have been done in the first place?

The reality of debt is with us as much as ever. The reality of debt for many is that it is the last thing on their minds before they sleep - if they can sleep - and the first thing on their minds when they wake up. It has led to suicide and addiction. That is why we have to get this right. The economic realities of debt are stark too. Thousands of households see every cent soaked up by interest and repayments. Paying a mortgage has meant not spending a cent in the real economy above and beyond the bare essentials. Like our national debt, personal debt is a huge burden preventing economic growth.

My party is prepared once again to engage constructively to tidy up the Government's mess and build a personal insolvency service that actually works for people and families who are over-indebted. When this Bill was first proposed by the then Minister, Deputy Alan Shatter, he told my colleague, Deputy Pearse Doherty, that he expected 15,000 people to avail of the various new arrangements in the first year of the service. Less than 10% of that number have actually availed of it. As a systemic solution to personal debt, it has failed. The reason it has failed is that the game was rigged from the beginning. The banks had a veto and they have used it. What the experts who work with people in debt said would happen has happened. The Act has not delivered. The proof lies in the numbers who still choose bankruptcy. Years later to hear the Taoiseach and Tánaiste suddenly realise there is a problem just shows once again how out of touch they are.

While we will examine the Bill in detail on Committee Stage I am stating clearly here that my party's primary objective is to remove the veto. If the penny has finally dropped on the Government side then we will work with it to achieve that goal. It is apt that we are discussing this Bill in the same week as my party and the Technical Group have tabled a motion in Private Members' motion calling for an EU-wide debt conference. We must never forget that the personal debt crisis in this State did not come out of the blue. While some people clearly made poor decisions, most were simply hit by a tide beyond their control. The Banking Inquiry has begun to look at the ties between politics, property and finance in the State, which lie behind much of the crash. For my party, this debate is not about forgiveness or doing people favours, it is about repairing society after it was attacked.

Personal debt, like business debt and our sovereign debt, must be made affordable and sustainable. This Government saying no to a debt conference is like a highly-indebted family refusing to meet with an insolvency practitioner out of pride. It makes no sense and can only hurt the country. From 2011 it was the mantra of this Government when asked about the mortgage arrears crisis that the Personal Insolvency Act was on the way and thousands of struggling homeowners would be liberated from unsustainable debt and would be free to remain in their homes. That was bluster and deceit which has now been exposed. What the Government actually did for struggling homeowners was remove the legal protection given by the Dunne judgement. When Sinn Féin proposed a Bill replacing Dunne with a more sustainable model, Labour and Fine Gael marched the troops in to vote it down. Anybody looking at that debate would have found no coherent reason for voting it down other than that the Troika told them to do it. In connivance with the Central Bank, they then allowed the banks to meet their targets for mortgage arrangements through legal actions. The Government sat back and let the banks off the leash. Now that fruit is ripening as we see hundreds of repossession cases taking place across the State. Labour and Fine Gael might be happy to consider repossessing a family home as a "sustainable solution" but Sinn Féin is not.

The number in long-term arrears is continuing to rise over three years after this Government came to power. The personal debt crisis is still with us and nothing substantial has been done to tackle it. The mortgage to rent scheme, for example, has failed utterly. My party has consistently called for an independent resolution system to be put in place to force banks into arrangements where the family home is concerned.

The core issue remains that we have a Government that trusts the banks and supports the banks over the people, a Government that owns two-and-a-bit banks but will not use that leverage to benefit the people in whose name they own those banks. We have seen this time and again. The Minister for Finance, Deputy Noonan paid top dollar to Mercer to publish a report on bankers' pay but then let the banks ignore it, force the cuts on the lower paid workers or just get rid of those workers altogether while protecting the bankers at the top. The Government owns 99% of AIB but will not lift a finger as it outsources its core staff. Banks were hiking up interest rates on variable mortgages at a time when the ECB was lending to them at record lows without a peep from the Government who owned those banks.

There is a pattern of capitulation to the banks time after time. It is that fear of the banks that means the Personal Insolvency Act has failed in its intended aim. It is not the fault of the insolvency service staff who are doing the best they can. People in debt are not going to play a game they know is rigged to their disadvantage.

We have before us an opportunity not just to tidy up but properly to sort out once and for all

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a functioning insolvency system which will make a difference. I will be tabling amendments to remove the veto and to empower people in debt to break free and start rebuilding their lives without the bank having to agree. I am calling on all sides to bang our heads together and to work together to rectify the mistakes made in 2012 and to put in place an avenue of hope for the tens of thousands of struggling households worried about losing their homes, and for all others burdened everyday by fears of debt taking over completely.

Deputy Michael Fitzmaurice: The amendment is needed. The Bill is too detailed, takes too long and is too prescriptive and cumbersome. They look for the CC of an engine and the mileage of a car. I am not one who would agree that it needs to go through the courts. It can be solved before that. We have a problem coming down the line in the next 18 months in the form of 57,000 houses. If the banks do not make some decision it is going to be a problem. There will either be 57,000 more rent allowances or 57,000 more families looking for accommodation. I know there are no simple solutions, but we cannot decide to bury our heads in the sand on this.

In the last few weeks, I have come across a sad reality as regards middle Ireland. I have talked to a few people who are public service workers and have got into difficulty in the last few years. They are looking at going through the insolvency process and they have children who are ready to go to college. Because of the top-line earnings they have, they will not even get a college grant.

As politicians, we need to look at this broadly. There is no quick-fix solution. We have to ask if NAMA can get involved, if we can buy these houses that are in difficulty and rent them back, or else do a new deal in a type of mortgage system. If we do not do something, the amount of money that will be involved will be significant. We cannot bury our heads in the sand. We have not got enough accommodation.

Do we want to let more American vulture funds come in buying Irish property, or do we want to solve it as a nation for ourselves? We have talked about the country taking a turn. The growth forecast looks to be good, but there is no point in spinning nice stories if people out there in what I call middle Ireland are in a situation where there is no hope.

I will support the Bill, but I think the whole insolvency process needs looking at. We have to tweak the system to make sure that it works efficiently. It is not right that someone could be still going through that process five months down the road. The good old banks into which we have put €64 billion of our taxpayers' money, and for which we will be paying for the next 30 or 40 years, seem to be calling the tune. That should not be the case in any world. The people of Ireland deserve to be given hope and to be brought out of this the same as the banks have been brought out of it. Everything should be working together. I encourage the Minister to look at the whole issue of insolvency. On top of that, I encourage the Government to consider the 57,000 people in arrears. Indeed, a further 30,000 or 40,000 people are in arrears above that figure. We cannot keep going with a cover over our eyes or decide that this is not happening. It has been coming down the tracks for years. Not as many have lost their houses as will lose them in the coming 18 months. Cometh the hour, cometh the man. Cometh the Government, something has to be done and I encourage the Government to examine it.

Deputy Finian McGrath: I thank the Leas-Cheann Comhairle for the opportunity to speak on this important legislation, the Personal Insolvency (Amendment) Bill 2014. This is an urgent Bill and I hope it assists the many families under stress with mortgages and other major

financial problems. Our duty as legislators is to support and assist these families as well as to come up with solutions, by which I mean solutions that are feasible and sustainable. There has been much talk in the past four years and it is about time we saw action and about time these people got adequate help. In the past four years we have seen an increase in poverty, the number of people losing their jobs and the number of families under stress. This is the reality for many people and that is why the Bill is urgent.

The Personal Insolvency (Amendment) Bill amends the Personal Insolvency Act 2012 in respect of the procedures for the approval of debt settlement arrangements and personal insolvency arrangements. Moreover, it makes supplementary provision for more detailed procedural aspects in respect of a DSA or PIA. It aims to clarify, where necessary, the detailed procedures which apply in respect of both processes. That is essentially what this legislation is about.

The broader humanitarian issue is about families and people who are in distress. There are families suffering and worrying about making repayments and it is a difficult time for them. The situation impinges on relationships and children going to school and college. It puts people under severe stress. We need to face up to these realities in the debate.

Let us consider the current situation and what is going on in the broader society. In its first year of operation, a little over 300 people were granted one of the three options open to them by the Insolvency Service of Ireland. A similar number declared themselves bankrupt. Given that more than 100,000 people are in long-term mortgage arrears and thousands are struggling with unsecured debt, we expect that approximately 10,000 would have gone through the service or have been declared bankrupt by the courts in the same period. A total of 100,000 is a significant number of people to have been affected by this issue.

Many families are really struggling. Many people are in debt but are not seeking help and this is something we must deal with as well. These people are living below reasonable living standards because of a commitment to pay off their debt. These brave people are suffering and scraping together every euro and cent to pay their mortgages. Along with a lack of awareness of the solutions available this may be the reason for the lower-than-expected numbers seeking help. This is something we must examine. It is an important issue. Many families are very proud and do not like to get into financial difficulties. They want to pay every cent that they are perceived to owe to financial institutions. We should remind them that it was not their fault if they lost their job or if they got hit in the economic downturn. We should remind them that there are procedures and legislation in place to assist them. It is important to say that to them. There are many brave people who are very shy and reserved and for whom the term “in debt” is almost a bad word. These are fine people - we know many of them ourselves - and they should be encouraged to get assistance and supports.

The most recent quarterly report from the ISI states: “So far this year, the ISI has dealt with insolvent debtors with an aggregate debt of almost one billion euro.” As of 22 October 2014, there were 140 personal insolvency practitioners and 43 approved intermediaries authorised by the ISI. These are the figures we are dealing with. These are the statistics and the realities. I emphasise the importance of supporting the families. According to the ISI the total debt in approximately 1,200 cases is close to €520 million. It is important that we emphasise the importance of knowing the detailed facts and what is going on in broader society.

Many people say the legislators in this House are out of touch and living in a bubble. We are not out of touch. Deputies meet these families every day in our constituency offices and at local

public meetings. We are very much in touch. There is one thing about Irish politics: one could never accuse Members of being out of touch. There is a relationship between the local Deputy, as a public representative, and the people. They know the real issues. This is not a party statement; it applies across the board in all political parties and particularly among my Independent colleagues. It is important that we make these points in respect of the Bill.

Let us dig deeper into the legislation. As I said earlier, the main purpose of this legislation is to resolve an urgent consideration. Legal advice, confirmed by the Office of the Attorney General, has identified that the drafting language used in two provisions governing voting by creditors on a debtor's proposal for a statutory debt deal, a debt settlement arrangement or a personal insolvency arrangement could possibly be open to an alternative interpretation to that intended by the Oireachtas. The effect of this alternative interpretation would be to impose an extra requirement on the debtor, potentially making it more difficult to gain creditor agreement, even to a reasonable proposal. This is the main purpose of the Bill. I accept that there has been no court challenge so far or decision on the possible alternative interpretation and, were this to occur, the court may well uphold the established interpretation. However, given the importance of the matter, the Attorney General's office has advised that it appears preferable to make a prudential amendment as a matter of urgency and to put the wording beyond doubt. I support this view. It is sensible and I commend the Attorney General on the matter. The relevant sections are sections 4 and 12. This measure will avoid any risk of uncertainty or delay pending a court decision arising from parties to statutory debt deals. Furthermore, it will preserve the intention of the legislation. The advice of the Attorney General on sections 4 and 12 is important in view of the possibility of uncertainty and delay. We cannot allow that to happen. We need to be prepared and we need to be strong on this issue. This is why I welcome these changes to the legislation.

A second point in respect of this legislation is important. The Bill includes a supplementary provision to clarify the more detailed procedures which apply where creditors are deciding on a debtor's proposal for a debt deal, debt settlement arrangement or personal insolvency arrangement in two specific scenarios. This may not be urgent but it has been included in the Bill on the advice of the Attorney General since it arises in the same sections of the legislation. Effectively, the Act provides for a standard decision-making procedure by a vote at the creditor's meeting. Alternative decision-making procedures may arise only in specific scenarios. The Act sets out detailed procedures for these scenarios, including notice periods, time limits for decision, procedures for varying any decision and documents to be provided to the Insolvency Service of Ireland and the court.

Overall, this is important legislation. I welcome the publication of the Personal Insolvency (Amendment) Bill. I hope families gain from this legislation and I hope they will be assisted in a strong way because many of them have been suffering for too long.

Debate adjourned.

European Debt: Motion [Private Members]

Deputy Catherine Murphy: I move:

“That Dáil Éireann notes:

— that the financial crisis highlighted the deviation from the founding principles and values of the European Union (EU) such as solidarity and mutual respect amongst

nations;

— the unsustainability of the debt burden imposed on Ireland and other European countries;

— that the debt burden is an obstacle to economic and social development;

— that Ireland was a casualty of timing which allowed for private banking debts to be socialised, thus sacrificing the social and economic interests of Irish citizens; and

— that there is an urgent need to recapture the founding principle of solidarity and work towards a co-operative effort to promote sustainable growth and job creation across the EU; and

calls on the Government to:

— support calls for a European Debt Conference in order to agree a common solution with our Eurozone partners; and

— work constructively at European Council level and with all relevant EU institutions towards establishing a European Debt Conference.”

I think the Acting Chairman has a list of those I am sharing time with.

Acting Chairman (Deputy Frank Feighan): Deputy Catherine Murphy is sharing time with Deputies Finian McGrath, Maureen O’Sullivan, Joe Higgins, Joan Collins and Thomas Pringle.

Deputy Catherine Murphy: This motion refers to the call for a debt conference. It is often said that the most dangerous people are those who have nothing to lose. Too many people across Europe have been put in a position where they feel they have nothing to lose, not just because of the economic crash but how it has been responded to by powerful individuals and institutions who design outcomes in their own interest - outcomes for the few at the expense of the many. We should not be surprised at the reaction to this: mass demonstrations, a feeling of hopelessness and the political revolt at the ballot box. Huge levels of creative energy and ability are being lost through unemployment, underemployment and emigration right across Europe. Public services are being diminished, abnormal levels of personal indebtedness are limiting the quality of so many lives and ordinary citizens’ pockets are being picked to pay back massive debts they did not incur in the first place.

The demand by the Greek people for a debt conference should and must be taken seriously, not least because of its democratic legitimacy, but also because it is essential for the future of Europe. It should be seen and supported by Ireland as a helpful and hopeful initiative.

As President Michael D. Higgins put it when addressing the European Parliament in 2013:

Parliaments matter; parliaments must continue to matter. Centuries of effort have been invested by European citizens in securing the vote. It is to parliament that citizens look for accountability, for strategic alternatives. If national parliaments, if the European Parliament, were to lose the capacity to deliver accountability where else might it be found?

Jürgen Habermas, widely regarded as one of the world’s leading intellectuals, addressed the issue of democracy and solidarity in the context of the European crisis in April 2013 in a wide

ranging paper. I do not have time to go into it in detail, but he states:

The European Union owes its existence to the efforts of political elites who could count on the passive consent of their more or less indifferent populations as long as the peoples could regard the Union as also being in their economic interests all things considered.

He goes on to say:

What unite the European citizens today are the Eurosceptical mindsets that have become more pronounced in all of the member countries during the crisis... The actual course of the crisis management is pushed and implemented in the first place by the large camp of pragmatic politicians who pursue an incrementalist agenda but lack a comprehensive perspective. They are oriented towards “More Europe” because they want to avoid the far more dramatic and presumably costly alternative of abandoning the euro.

The reason for the result of the Greek election cannot be disputed. With 175% debt-to-GDP ratio, Greece’s debt mountain is the highest in the eurozone. It is usually accepted that national debt is unsustainable when it goes above a 120% debt-to-GDP ratio.

In an open letter addressed to German citizens, the new Greek Prime Minister says:

Germany, and in particular the hard-working German workers, have nothing to fear from a Syriza victory. The opposite holds. Our task is not to confront our partners. It is not to secure larger loans or, equivalently, the right to higher deficits. Our target is, rather, the country’s stabilisation, balanced budgets and, of course, the end of the grand squeeze of the weaker Greek taxpayers in the context of a loan agreement that is simply unenforceable. We are committed to end “extend and pretend” logic not against German citizens but with a view to the mutual advantages for all Europeans. Our task is to bring about a new European deal within which our people can breathe, create and live in dignity.

It might come as a surprise to many Europeans that many Irish citizens identify with those hopes and expectations. It is not a narrative that has been articulated by our leaders. The message instead has been about the Irish miracle, with decreasing unemployment rates, good rates of growth and healthy export figures. The other side of the story is never part of the message. The level of emigration is a running sore. The real rates of unemployment, when JobBridge, zero hours contracts and underemployment are considered is much higher than the stated figures. The huge housing and hospital crises are a day-to-day reality. The levels of disposable income after all taxes, direct and indirect, are considered, with poor corresponding public services, are never spoken about at European level. We were reminded by Government last week that Ireland contributed €350 million to Greece’s €240 billion bailout, which Syriza wants to renegotiate as part of its election promise to put an end to austerity. Much of the rest of that vast bailout came from other sovereigns. The €350 million is a very significant amount of money, which could be used productively addressing some of the issues I have just referred to. What I find objectionable is that this is put forward as a reason not to support a European debt conference. Just before Christmas - there was not a blink at this - the Governor of the Irish Central Bank extinguished, destroyed or burnt - whatever terminology one wants to use - €500 million on 23 December in the first part of the €28.46 billion that is now part of our sovereign debt and was formerly the private debts of Anglo Irish Bank and Irish Nationwide Building Society. The schedule for extinguishing the balance will be €500 million in 2015, 2016, 2017 and 2018. That will rise to €1 billion in 2019, 2020, 2021, 2022 and 2023. It will double again to €2 billion

in 2024 and will continue to be paid at that rate until all the bonds are extinguished. The €350 million pales into insignificance when compared to the Anglo bonds.

Some 41% of the entire European Banking collapse was shouldered by Ireland, a country that makes up just 1% of the European population. There was significant pressure from the European institutions not to let a European bank fail, but there was no solidarity when it came to picking up the tab. All we got was a pat on the head. It is interesting that Fintan O'Toole wrote in an article today:

It comes down to this question: how much does it cost to service the debt? Who, in other words, gets the best deal from its international lenders, good Ireland or bad Greece? There's no contest. Last year, Greece paid €8 billion to service debts of €315 billion. Last year, too, Ireland paid €7.5 billion to service debts of €214 billion. So it cost us almost as much to service €100 billion less.

Ireland should be seeking a write-off of these debts in the context of the quantitative easing initiative the ECB has just embarked on.

The Spanish election is due later in the year, and with unemployment running at around 25%, much of it youth unemployment, it is hardly surprising that the anti-austerity Podemos looks like emulating the Syriza victory in Greece. A quarter of the population feels they have nothing to lose. It is not just those in indebted countries who are seeking other approaches. German debt campaigner Jürgen Kaiser concludes in his June 2013 comparative analysis of today's crisis and the post-war London Debt Agreement that "few sovereign debt restructurings have so clearly marked the transition from a state of critical indebtedness to a situation where debt is no longer an obstacle to economic and social development." Key elements of that agreement were that creditors and debtors negotiated as equals; it was comprehensive in the sense that it included almost all public and private pre- and post-war German debts; and debt service was to be financed exclusively from current income, without taking recourse to reserves or assuming new debts order to pay off the existing obligations. Disputes about the interpretation of the agreement were to be solved, as a matter of principle, through consultation or an arbitration process, rather than unilateral decisions by creditors.

Germany's outstanding debts from the 1920s and 1930s, which were largely devolved to the new West German Government, were estimated to equate to 300% of the country's GDP in 1938. Uniquely in western Europe in this period, Germany obtained the benefit of generous debt forgiveness as more than half of its foreign debt was written off and easier repayment terms were agreed for the balance. Some of this debt was repaid only recently. What occurred in 1953, through the London debt agreement, was an extraordinary act of solidarity in much more difficult circumstances than those that obtain today. It was an act that laid the path to the construction of the European Union and enabled the reunification of Germany. The massive write-down of debt did not inhibit Germany from becoming the powerhouse of Europe.

In 2012, the Taoiseach famously stated:

We will not have the name "defaulter" written on our foreheads... We have never looked for a debt write-down.

This Government should reflect on this statement. We need to become allies rather than adversaries of the Greeks in their call for a debt conference.

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In his 2013 lecture, Professor Jürgen Habermas, who is German, concluded:

If one wants to preserve the monetary union, it is no longer enough, given the structural imbalances between the national economies, to provide loans to over-indebted states so that each should improve its competitiveness by its own efforts. What is required is solidarity instead, a co-operative effort from a shared political perspective to promote growth and competitiveness in the eurozone as a whole.

Such an effort would require Germany and several other countries to accept short and medium-term negative redistribution effects in its own longer term self-interest.

Just last week, the Governor of the Bank of England, Mark Carney, attacked the strategy of austerity in the eurozone, pointing to its unemployment rate of 11.5%, which is more than double that of the United Kingdom. At the same time, the eurozone's fiscal deficit is only half the size of that of the UK. Mr. Carney also warned that persistent economic weakness damages the extent to which economies can recover. Debate on this issue needs to broaden beyond the Oireachtas to include citizens, civil society groups, professionals and a wide range of academics. We all know Governments come and go and we all have an interest in this critical issue.

To return to Professor Habermas, he argues that the German Government holds the key to the fate of the European Union and questions not only whether Germany is in a position to take the initiative but also whether it should have an interest in doing so. Writing in *The Guardian* on 31 January, the former German Foreign Minister, Joschka Fischer, wrote:

Not long ago, German politicians confidently declared that the euro crisis was over; Germany and the European Union, they believed, had weathered the storm. Today, we know that this was just another mistake in the continuing crisis... Merkel is underestimating the options at her disposal. She could do much more, if only she trusted herself.

We need to encourage the German Chancellor to trust herself.

If we look to our future, we can argue back and forth about whether our private and public debts are sustainable. The Government, in its amendment, declares that they are sustainable. They are only sustainable if we accept poor public services relative to the taxes that are paid or a high proportion of citizens, including children, continuing to live in poverty. They are only sustainable if we accept that they limit our ability to deliver fiscal expansion in key areas such as establishing a 21st century water infrastructure or providing a housing programme that tackles the housing crisis in a manner that normalises the housing market and moves away from the boom and bust construction profile that we have had over the years. Delivering broadband to every home and business in the country requires actual delivery, rather than announcements. We must invest in the very thing that will sustain us into the future, namely, our people, by spending on education, from preschool to university level. Not only must we create the conditions that will allow the country to thrive, we must stop and reverse emigration if we are to reduce the ratio of dependency in the population, to provide quality public services and maintain reasonable levels of disposable income.

Speaking on the current crisis, former European Commission President, Jacques Delors, stated, "Europe does not just need firefighters; it needs architects too." We need to do something radically different because we have reached a critical point. There is a new dynamic at work in Europe, one which is driven by citizens and of which we will see more. We cannot afford to lose momentum. This opportunity that must be seized. The proposal for a European

debt conference is a hopeful sign and one that needs to become a hopeful reality.

Deputy Finian McGrath: I am grateful for an opportunity to speak in this urgent and important debate on the unsustainability of the debt burden imposed on Ireland and other European countries. I commend and thank my Independent colleague, Deputy Catherine Murphy, for placing the motion before the House. I urge all Deputies to support it tomorrow night.

The issue of debt must be addressed. I urge support for a European debt conference. Let us open our minds to new ideas and solutions, rather than continuing with the tired old conservative solutions that are destroying the country. We must face reality when discussing the unsustainable debt burden imposed on Ireland and other countries, which is an obstacle to economic and social development. Ireland became a casualty of timing when private banking debts were socialised. This decision sacrificed the social and economic interests of citizens. There is an urgent need to recapture solidarity, the founding principle of the European Union, and engage in a co-operative effort to promote sustainable growth and job creation across Europe. This is the objective of the motion.

Let us reject boring old conservative phrases such as “affordable” and “repayable”. The key phrase in the motion is “social and economic development”, which will be essential if we are to address the issue of debt. The interest on our debt amounts to €7.5 billion per annum or approximately 40% of the country’s income tax revenue. This figure is only slightly less than the annual cost of the education system. Irish public and private debt amounts to approximately €700 billion. The challenge is not only to reduce our debt but also to facilitate social and economic development. We should be brave and radical by embracing the issue of debt justice. We need new and dynamic solutions to our problems.

More than 400,000 children live in deprivation, of whom 140,000 live in dire poverty. Families are at severe risk of poverty and the percentage of the population in poverty increased from 7.7% in 2012 to 8.2% in 2013. This is a national scandal. Almost 31% of the population - 1.4 million people - are experiencing deprivation and are unable to afford basic items. One quarter of the population cannot afford to heat their homes adequately, which must be difficult in the weather we have been having recently. Deprivation rates are most acute among lone parents, the unemployed and those who are not working due to illness or disability. It is also scandalous that people with a disability have taken a hit in this crisis.

Children in wealthy areas receive more special education teaching hours than children in other areas. For example, the Department of Education and Skills conducted a survey this year which found that children in Terenure receive more special education teaching hours than children in Dublin 17. The reason for the discrepancy in provision is that parents of children in wealthier schools pay between €400 and €600 to have psychological assessments done privately. These are then fed into the public education system where they are used in determining resource hours and staffing allocations to schools, and so the gulf widens.

For the record, private assessments cost in the region of €400 and €600. All children should have equal access to educational resources irrespective of their parent’s wealth. That is the reality on the ground. Ireland is ranked 37 out of 41 OECD countries, ahead of Croatia, Latvia, Greece and Iceland in a league table measuring relative changes in child poverty. We have seen that 18 OECD countries recorded a reduction in child poverty during the period, including Chile, Australia and Poland. UNICEF said recently that the impact of the financial crisis saw a disproportionate decline in children’s well-being. In other words, it disputes the “blame it on

the recession” approach.

I urge all Deputies to come to the House tomorrow to support Deputy Catherine Murphy’s motion. It is about the future of this country and about economic development. Above all, however, it is about the citizens of this country.

Deputy Maureen O’Sullivan: This is a timely, opportune and very welcome topic for Private Members’ time tonight and I acknowledge Deputy Catherine Murphy’s work and commitment. Tá baint ag comhdháil le díospóireacht agus ní fheadair cén fáth go bhfuil eagla ar dhaoine agus ar an Rialtas leanúint ar aghaidh agus tacú leis an rún seo. I do not understand the fear or reluctance against the idea of a conference because, surely, debate and conversation have to be welcomed.

We seem to have a propensity in this country for wasting money and for not getting the best value out of a project, venture or a plan. We do not seem able to get real value for money. I have mentioned this in the House before and it was outlined in one of last Sunday’s newspapers. In my own constituency we have the overspend on the children’s hospital, not to mention the tribunals, the massive property write-downs, the Irish Glass Bottle Company, which is a prime example, the incinerator, the National Aquatic Centre and so on. We do not know how to get value for our money. It is similar with the debt burden this country took on in that we did not get the best deal or the best value for the country.

I acknowledge the signs of recovery that we see but that will only be believed when recovery reaches the pockets of all sections of society. We know the sections that are still struggling - the one-parent families, the children in low-income households, those touched by the housing crisis and people with special needs. We know the statistics the Government comes up with on the recovery, including in its amendment to the motion. However, I have to ask what kind of growth we would have now if we did not have the intolerable debt burden to deal with. As it stands, the budget deficit will continue to run, meaning more and more will have to be borrowed, which means more expenditure on the interest. One figure from an economist refers to the sum of €8.2 billion to service the national debt in 2014. We can consider what that could have been spent on. We can just imagine the resources that would be at our disposal for health, education, housing, water and social issues.

The amendment refers to the economic recovery. We are the fastest growing EU member state. Again, how much further would we be with a different debt, one that was not unsustainable? A considerable portion of this is not our debt, and private bondholders are rubbing their hands in glee at their good fortune at our expense.

The situation we are in now is the situation that many African countries were in when they had unsustainable debt which was hindering growth and had conditions attached to their loans that were not in their best interests. In September last there was a proposal at the UN General Assembly to establish a committee to negotiate an international mechanism which would enable countries which were unfairly indebted to justly avoid default. Some 11 countries voted against this, including Ireland. The *ad hoc* UN committee on sovereign debt restructuring processes has been established and met today in New York for the first time. Ireland boycotted it, using the excuse that this was not something the EU was getting involved in, yet some EU countries were involved. It does not make sense to boycott a mechanism to resolve sovereign debt crises which could potentially facilitate Ireland getting some leeway on unjust debt, such as that undertaken in connection with the Anglo Irish Bank bonds.

There is a change of mood in Ireland and in Europe. There is a demand for a different way because families, communities and citizens are more and more demanding that they, and future generations, do not have to service a debt that was created by a greedy few, who gambled and lost, but did not really gamble as their bonds and investments were guaranteed. Who do we, as Deputies, represent? Is it the bondholders, the developers, the reckless banks and the financial institutions, or is it the people? It is very hard to accept that there are certain developers who lost but who are getting €200,000 a year from this country. If the best interests of the people were the priority and if the Government wanted to show that it is connected with the people, why not support the motion? This motion is about a conversation, about a debate, about a conference. We Irish people are very good at debate and conversation. I do not understand what there is to lose by having this debate and agreeing with it.

There is a reminder in the motion about the founding principles and the values of the EU, which are to do with solidarity and mutual respect among nations. Where is that solidarity and mutual respect when European debts are placed on the most fragile shoulders, when Ireland, Portugal, Spain and Greece have suffered disproportionately? It is almost sadistic. The press conference this morning called by Deputy Catherine Murphy was basically asking for a wider debate that would involve the Government, Departments, academics, NGOs, communities and citizens. It is a great topic for a constitutional convention, if we want to take that road again. It is basically about the common good. Where is the fear in that?

Deputy Joe Higgins: I strongly agree with the sentiments in the motion which state that the debt burden on Ireland and on other European states is unsustainable and is acting as a huge brake on the economic and social development of society. I agree also with the sentiment that it is the social and economic interests of our people that were sacrificed to private banks and to the European financial markets in the bailouts. Of course, there should be support for a European debt conference.

I do not agree that the European Union was ever managed on the basis of being a zone of solidarity and mutual respect. It was and is a club for the major corporations, the finance houses, the armaments industry and, of course, the establishment politicians, be they Christian or social democratic. Not solidarity but right-wing neoliberalism, privatisation and profit maximisation for the benefit of big capitalists is what has driven the leading institutions of the European Union.

It is incredible that the Government fails to support a debt conference. The craven adherence of Fine Gael and Labour to the austerity agenda, driven by the financial markets and the right-wing governments throughout Europe, shames the Irish people, who have been victims of austerity and who have, on many occasions, stood in solidarity with the people of Greece and, indeed, of other countries where people have suffered. It is breathtaking that an Irish Minister for Finance would describe the Irish debt as affordable and repayable and that the country is in a good position in that regard when just under €8 billion a year in interest alone is paid to banks and bondholders, the big majority of it odious debt or the result of odious debt being foisted on the Irish people and the damage that did to the economy. These are billions that could and should be going into investment, infrastructure and the creation of tens and hundreds of thousands of jobs for our people, particularly our youth. As an example, €1 billion alone out of that every year would transform the water infrastructure and obviate the push by the current Government to impose a hated water tax, which will not be accepted.

The Irish people, like the Greek people, need a debt conference, but not merely to stretch out

the repayments over a longer period of time and put the burden instead of on the present generation or on the children of the present generation, on the children of children yet unborn. That would be a rotten compromise. A debt conference should deal with the repudiation of odious debt. The Irish people have no responsibility for what was foisted on them as a result of what was speculated and gambled during the bubble. The Greek people have no responsibility for the reckless lending by the European banks and bondholders to right-wing Greek governments, the majority of which did not benefit the Greek people but an elite in that society. The position is similar for the people of Portugal, Spain and other countries.

The coming to power of Syriza in Greece has given hope to people in that country and much further afield. A party to stand against austerity is what people have yearned for.

8 o'clock o'clock Syriza will have to hold firm to its election promises to improve the lot of working class people and must not, in any sense, agree to a rotten compromise with the European debt mongers. Inevitably, it will be in headlong confrontation with the financial markets, Frau Merkel and the other neoliberal political parties which will try to undermine the government in Greece. If Syriza and the Greek people are forced into a corner and default or if they are pushed out of the eurozone, they can only stave off disaster by taking the most radical democratic and socialist measures to nationalise the banks in public ownership and major sectors of the economy similarly in order that it can be planned for the people by introducing capital and credit controls to stop speculators and taking other such radical measures in the interests of the people. It will need a socialist programme to transform the horror created by the barbarism of the profit system and the financial marketeers.

Mar fhocal scoir, teastaíonn tacaíocht do chomhdháil Eorpach maidir le fiacha a chur ar ceal. Chomh maith le sin, teastaíonn tacaíocht le lucht oibre na Gréige i bhfabhar athrú raidiceach sóisialach daonlathach le fáil réidh le córas barbartha na margaí airgeadais agus an caipitleachas.

Deputy Joan Collins: I express my deep appreciation to Deputy Catherine Murphy for bringing forward this motion. As others have said, it is appropriate that we deal with this issue. I am happy to be one of the 11 Technical Group members who signed and sent a letter of support to Syriza before the election wishing it well and supporting its call for a debt conference. I am also proud to have been among the thousands of people out on the streets of Dublin on Saturday, marching against austerity and expressing the desire to see austerity measures stopped in this country. I am also proud to support the 300,000 plus in Madrid who marched with Podemos and called for a change in European austerity measures.

Like other Deputies, I ask the Minister for Finance and to ask the Tánaiste, Deputy Joan Burton, why there has been a dramatic change in their position on the new Greek Government's proposal for a European debt conference. When Syriza first proposed the idea of such a conference, both the Minister and the Tánaiste gave the proposal a guarded welcome. At least, they said it was an idea that could be looked at. Now, any such proposal is denounced as a demand for a debt write-off which cannot be countenanced under any circumstance. The Minister for Finance came out with a despicable statement that they still owed us €350 million. This is consistent with the "No" vote and the boycott by the Government of the UN committee on international debt in New York today. It is unbelievable that the Government voted "No" against holding this conference. Only 11 countries voted against the proposal, one of which was Ireland. All other heavily indebted European countries abstained in the vote. Ireland is boycotting the meeting. The Government has stated only "market mechanisms" can be used to

resolve debt crises, which is why it will not engage with the UN committee. That is a shameful position to take. The Government is certainly not speaking for me, most Members on this side of the House or the Irish people in making that statement.

The Government's position seems strange, given that we could be major beneficiaries of any reorganisation of debt across the eurozone. The only conclusion one can draw is that if Syriza gets a deal along the lines it has proposed, this will be a huge political embarrassment for the Government. Avoiding any such embarrassment comes before a sensible suggestion which could get the eurozone out of the mess austerity has created. This strange sense of priorities is entirely consistent with the Government's new economic policy in the run-up to a general election, a policy which, as far as I am concerned, is based on three words - "Save our bacon".

A new policy is required for Europe, as the mad experiment with austerity has been a disaster. The social consequences have been well documented. We see them in the SILC figures which show that over 30% of the population are living in deprivation. In Greece the social consequences are horrific and the purchase of goods and services has fallen by 40% since 2008. The imposition of such poverty in a modern economy and EU member state is shameful and raises a moral question. Like the Irish bailout, the Greek bailout was a bailout not of the people but of EU banks, in particular German banks. Only 11% of the €230 billion was spent on Government services. In reality, the money went in one door and out the other. The social consequences of the austerity economic policy are not the only issue. As a solution to debt crisis, austerity has failed and no longer is it just those on the left who are saying this.

The *Financial Times* is hardly a socialist newspaper, but it states: "To service its debt burden would require Greece to operate as a quasi-slave economy, running a primary surplus of 5% of GDP for years purely for the benefit of its foreign creditors. Even the IMF has dropped hints in favour of debt forgiveness". The report went on to ask: "What is the point of demanding money back merely to hasten the bankruptcy of the Greek state?" The majority of the ECB board now accept that austerity has not worked, which is the real reason behind its decision to launch a massive programme of quantitative easing. However, quantitative easing will not work either; just ask the Japanese Minister. Quantitative easing linked with continuing austerity will certainly not work, but it could work with a debt conference to discuss how the debt could be restructured.

At least, in Greece we have a government that is prepared to say "No" and demand a serious look at an alternative. This is not rocket science; it is a no brainer. I call on this Chamber to support the Greek Government and people.

Deputy Thomas Pringle: I commend Deputy Murphy on bringing forward this timely motion. The election of Syriza in Greece in the past week was a victory for progressive politics in Greece and all of Europe. It is very likely that it will be followed by the election of Podemos in Spain. We in Ireland should be delighted with the potential these election results present to us. The election of Syriza indicates that the citizens of Greece have had enough of the policies imposed on them by the troika which have socialised the debts of the banking sector and made citizens liable for them, forcing massive austerity across the board.

The proposal made by Syriza of a European debt conference should be embraced by the Dáil and the Government. Even though we have weathered the troika programme, I must ask: at what cost? It has led to massive unemployment, particularly youth unemployment, huge levels of emigration and increases in deprivation and poverty rates. While the housing crisis may not

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be directly attributable to the troika and the bailout programme, our ability to respond to it is restricted by the amount of debt we are carrying and the interest payments we are required to make annually.

The Syriza proposal is for a European debt conference to be called, to include all eurozone countries. There is a precedent - the debt conference held in the 1950s that led to the Marshall plan which included a halving of Germany's debt and reductions in the debts of other European countries because of the burden imposed by the war. The Syriza proposal is to reduce the national debts of all eurozone countries to 50% of GDP. This would be achieved by the ECB buying the sovereign debts of members. This would remove approximately €4 trillion of debt and place it on the balance sheet of the ECB. It would not be a debt write-off, nor would it be a default. The bonds held by the ECB would be bought back by member states when the level of the debt reached 20% of a country's GDP. For each country the time within which this would be achieved would be different. In our case it could be as far out as 2053 or 2060.

This proposal would not involve a fiscal transfer from one eurozone country to another, which is illegal under the Lisbon treaty, and would not constitute a bailout. The balance sheet of the ECB could sustain this level of debt and the losses to it for the first number of years would be manageable, at approximately €60 billion per year. This sounds like a huge amount of money, but measured against the ECB balance sheet it is relatively small. This move would have a stimulus effect on the entire eurozone economy and help to head off the deflationary problems in the eurozone.

What this would mean for us as a nation is that our debt repayments would be reduced by up to €3.7 billion per year, moneys that could be used to address the housing crisis and invest in the economy. Considering the announcement made by the Minister for Transport, Tourism and Sport today, in which he indicated a cut of €40 million since 2014 in the fund for local and European Union-funded roads, we see the potential this investment could have in this area and services such as child care. Investing in child care provision and creating a proper functioning affordable child-care sector would mean that citizens could continue in work without having the burden of the most expensive child care in Europe. It would also allow the development of a proper career path and living wage for child-care workers.

We could also invest in providing fibre broadband for each household in the country. That is achievable if there is the vision to provide it. The stimulus of providing real broadband would free up huge potential for people outside the major urban areas to create jobs for themselves.

The Western Development Commission in 2011 published a report that estimated that up to 18,000 jobs could be created in the creative industries in the north west alone simply by improving access to the Internet and e-commerce. Imagine the potential that could be unleashed with this kind of stimulus. These are just some of the possibilities of what we could do after the debt conference proposal.

To make it a reality requires an Irish government to have the vision to embrace it and see the potential in it. Unfortunately, the statements coming from the Government have attempted to pour cold water on the idea. It is interesting that the initial response to the proposals was not to rule it out entirely, but then the IMF and the troika came to town for the review conference a few weeks ago and the mood changed. Was it that the IMF told the Government to get back on message and toe the line? It certainly seems like it.

Things are changing within Europe and the Government needs to see what is happening. The debt conference proposal is not only to benefit Greece, it is a proposal that benefits the entire eurozone and, along with Greece and probably Spain, we should champion it. Who would have more credibility in selling this idea than a country like Ireland which did so much to shoulder the burden of the eurozone crisis, paying 43% of the entire banking bailout of the eurozone?

The Government could be helping our citizens by supporting a proposal that benefits everyone in Europe and its credentials as good Europeans would be intact. I am urging the Minister to accept this motion, not to move the mealy-mouthed amendment he has tabled and to embrace a debt conference that offers a solution once and for all to the crisis that still goes on and is still impacting on all our citizens.

Minister for Finance (Deputy Michael Noonan): I move amendment No. 1:

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

“acknowledges that the financial crisis exposed flaws in the euro area’s design;

notes the significant enhancements to the economic, fiscal and banking frameworks in the European Union since the crisis;

acknowledges that sustainable growth and job creation across the EU are a priority and indeed was a priority of the Irish presidency;

recognises the importance of the founding principles and values of the Union, such as solidarity and mutual respect amongst nations;

further acknowledges the support of our European colleagues in the reduction of our debt burden through the lengthening of maturities on the European Financial Stability Facility and European Financial Stabilisation Mechanism debt, the reduction in interest rates on this debt, the promissory note deal and facilitating the early repayment of the more expensive International Monetary Fund debt;

notes that:

- Ireland has emerged from the economic and fiscal crisis and is now the fastest growing EU member state, and most importantly jobs are being created;

- debt is sustainable and on a firmly downward trajectory;

- economic recovery has allowed us to invest in public services and reduce the tax burden on individuals in budget 2015; and

- other programme countries are also growing strongly;

recognises that multilateral engagement should form the basis for discussions regarding debt sustainability and that the Eurogroup and Ecofin are the appropriate fora in this regard; and

agrees that the focus should be on promoting sustainable growth and job creation across the EU.”

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I wish to share speaking time with Deputies Nolan, Connaughton and Michael McGrath.

Acting Chairman (Deputy Frank Feighan): Is that agreed? Agreed.

Deputy Michael Noonan: I thank Deputy Catherine Murphy for tabling the motion, which allows us to discuss a very important issue for Ireland and Europe. I hope that in our discussions over the next two evenings we can have a reasonable debate on an issue that is currently at the centre of much dialogue in the euro area. At the heart of the initial motion proposed is the idea that public debt in Ireland and some other euro area members is unsustainable and the suggestion is that a lack of solidarity among member states has contributed to this. These suggestions are wrong.

First, I want to address the suggestion that economic recovery is being restrained by public debt. This morning, the Central Bank published projections that GDP would grow by 3.7% this year and 3.8% next year, following growth of over 5% last year. These figures are broadly in line with my Department's projections published alongside the budget. Importantly, domestic demand - that is consumer and business spending - is making a positive contribution to growth for the first time since the crisis began.

This year, the level of GDP in Ireland will likely return to its pre-crisis peak. However, it will be more balanced than during the bubble years, not relying too heavily on any one particular sector. This is a very positive development and reflects the Government's management of the economy.

Recovery is perhaps most clearly evident in the labour market, with employment having increased in each of the last eight quarters. Put another way, the level of employment has increased by 80,000 since the low point in mid-2012. Unemployment has fallen significantly and this decline is projected to continue. So while there is more to be done, we are certainly moving in the right direction.

In this regard, the Cabinet held a special meeting on jobs last month and agreed to a range of measures to ensure the delivery of three key employment targets ahead of schedule: ensuring 40,000 additional jobs in 2015, which, when combined with the 80,000 new jobs already created since the launch of the Action Plan for Jobs, will ensure the Government's original target of 100,000 new jobs by 2016 is beaten; ensuring unemployment falls below 10% this year, ahead of forecasts when the Government took office; and delivering full employment in 2018, two years earlier than anticipated. To facilitate the delivery of these targets, the Cabinet agreed to update medium-term economic and job creation strategies in a range of areas in 2015. It is clear that whatever it is doing the debt burden is not inhibiting economic growth because we have the highest growth levels in Europe and we are creating more jobs relative to our labour force than anywhere else in Europe.

I turn now to the suggestion that our debt burden is not sustainable and that it was somehow imposed on Ireland by other member states. Our debt is sustainable, which is evidenced by the fact that borrowing costs are the lowest on record. Our debt-to-GDP ratio peaked in 2013 at 123% and fell to an estimated 110% last year. This figure is above the EU average and we must continue to reduce it but importantly, the figure includes a substantial amount of liquid and semi-liquid assets built up in order to ensure a smooth exit from the joint EU-IMF programme at the end of 2013. On foot of this our net debt - that is excluding liquid assets - amounted to around 90% of GDP last year, which is close to the European average. Furthermore, this net

figure will decline over time as we dispose of our banking assets. These are currently valued at just €15 billion but I am confident that with ongoing economic recovery we will recover at a minimum the €18 billion that the Government invested and up to the €30 billion invested in the pillar banks and PTSB. The debt ratio will further benefit from the successful liquidation of IBRC over time. In addition, the repayment profile has improved substantially and major funding cliffs have been removed through the extension of maturities on EFSF and EFSM loans, re-financing of IMF loans and normal debt management operations. There will be no repayments on EU loans until 2027 at the earliest. The replacement of the promissory notes with long-term government bonds involves significant savings for the State.

The NTMA announced that it intends to raise €12 billion to €15 billion in 2015 and has already had considerable success, accessing seven-year funding at less than 1%. Indeed, the last €500 million in six-month treasury bills was raised last week at an annualised yield of 0%. This morning a 30-year bond of €4 billion was raised at an interest rate of 2.08%. There were 385 separate investors from throughout the world. They believe we are sustainable for the next 30 years and are prepared to give us 30-year money at just over 2%.

The Government has made major inroads into making our debt more affordable and minimising its impact on the economy. As our European colleagues have provided the necessary support for this, I reject suggestions that there is any lack of solidarity in the Union.

It is also important to correct the misperception that Ireland's debt is mainly due to banking debt. In fact the bulk of our debt relates to the mismatch between revenue and expenditure as a result of inappropriate policies adopted during the 2000s. All the earlier contributions on the motion were about debt, banking debt and our European colleagues when everybody in Ireland knows that the main reason for the collapse in the economy were the people who sit in the benches opposite. This evening they have disappeared. Fianna Fáil wrecked this country and nobody else. It caused the problems of poverty, the housing crisis and all the other problems that were enumerated across the House this evening, in case Deputies have forgotten what happened. In the period 2008-14, the cumulative underlying deficit - the gap between the income and expenditure of the State on services and excluding banking support - totalled €100 billion. Some €100 billion of the debt between 2008 and 2014 was because expenditure was ahead of tax and the gap was bridged by borrowing. Some €100 billion was borrowed for health services and education and all public services. If we are to debate the issue, we should at least agree on the facts. The bulk of the Irish debt is due to the fact that the previous Government not only destroyed economic activity but destroyed the tax base. We were left with a situation where the taxes collected were no longer sufficient to fund the day-to-day running of the public services in the country. As a result, just under one fifth or approximately €40 billion of our gross debt relates to banking support, at least part of which will be recovered over time in a manner that maximises value for the taxpayer. NAMA is disposing of its assets at a faster pace than initially expected and, in all likelihood, NAMA will be wound up before 2020, thereby eliminating an important source of contingent liability for the State.

The majority of the banking-related debt in our national debt is associated with IBRC. As a result of the accounting treatment applied, the total cost of Anglo Irish Bank was added to our debt in 2009 and 2010, the two years following the banking guarantee and years in which Fianna Fáil injected just under €35 billion of taxpayers' funds into Anglo Irish Bank. As a result of the promissory note transaction and the successful liquidation of IBRC, the main legacy cost of this on the national debt is the portfolio of eight floating rate Government bonds totalling €25 billion. The first bond does not mature until 2036, with the final bond maturing in 2053.

The misconception is equally true when it comes to the cost of servicing the national debt. The factual position is that, of the €7.5 billion in interest payment we face in 2015, when account is taken of the various asset sales and circular flows of income, only around €800 million is bank related. Slightly more than 10% of the interest paid on the national debt is interest paid on the debt incurred in bailing out the banks and the bad decision to fund Anglo Irish Bank through promissory notes. If we are to debate this seriously, let us stick to the facts. The debt we in Ireland must pay for and sustain through interest rates is the accumulation of historic debt together with deficits that have been run since 2008. We are still running one this year and that is why we are trying to get deficits below 3% and then bring in a balanced budget by 2018 so that we are no longer building up debt.

There is another misconception that if it were not for the interest costs, banking related or otherwise, we would have billions in additional capacity to spend on day-to-day expenditure. Again, this is not the factual position. Looking to the future, interest costs are not included in the calculation of the expenditure benchmark and will have no impact on the available fiscal space. This is an important issue to bear in mind.

Before continuing, I want to say a few words about reforms that have taken place in the EU and particularly in the euro area since the crisis began. At its heart, the EU is a community of nations that came together because they realised that working together, compromising and reaching negotiated solutions was infinitely better than going to war. This was the foundation of our Union and it remains as true today as ever. Over the decades, the Union has increased in size and geographical spread but the basic principles have been always maintained and respected. I strongly dispute any suggestion that this is not the case.

It is fair to say the financial crisis and subsequent euro area debt crisis highlighted flaws in the design of economic and monetary union. Broadly speaking, the policy response has centred on retro-fitting the monetary union with the tools to make it operate more efficiently - a strengthened fiscal framework, enhanced economic surveillance and progress towards a banking union - and these are very much consistent with the principles of solidarity and mutual respect.

As a Union, we are now in a much better place. In recent weeks, financial markets in Greece have been adversely affected through declines in the stock market, capital outflows and increases in bond yields, although markets appear to be treating Greece as an outlier rather than a source of contagion. This is encouraging and suggests the firewalls created, especially outright monetary transactions, OMT, and governance changes made during the crisis appear to have the desired effect.

While the governance changes have improved policy making and the resilience of the European economy to shocks, I am conscious of the need for a greater focus on jobs and growth in Europe. This was a major theme of the Irish Presidency in 2013. The data flow has not been particularly encouraging of late - GDP in the euro area remains well below its pre-crisis peak and activity has virtually come to a standstill in the past year or so. This has manifest itself in unacceptably high levels of unemployment and social exclusion.

Our overriding emphasis now has to be on economic growth, that is, growth based not just on sound public finances and ongoing structural reform but also growth driven by productive investment. We need economic growth at a rate sufficient to get people back to work as well as to re-establish the commitment of our citizens to the European ideal that has been damaged

in recent years.

In the past six months, ECOFIN has held substantial debates and took important decisions on how to create durable conditions for sustained growth and job creation, most notably on structural reforms, investment and market integration. We must have a comprehensive and co-ordinated approach to realise the full potential of our economies. In this regard, a three-pronged strategy is needed. First, there is a need for differentiated fiscal policies - those member states with fiscal space should use it, especially when borrowing costs are so low. Second, there is the role of monetary policy. The announcement that the ECB would undertake a widescale programme of bond buying to reduce financing costs for households and firms is certainly welcome. The potentially open-ended nature of the programme is also positive and has sent a strong signal that the monetary authorities are responding to the problems. Finally, member states need to undertake structural reforms to unlock the growth potential of their economies. I welcome the clarification provided recently by the European Commission that, under certain conditions, the fiscal cost associated with structural reforms will be excluded from deliberations on the Stability and Growth Pact. Investment under the so-called Juncker plan will be also treated favourably.

The European Union was formed out of a desire to forge a common destiny, while retaining a national identity. In this regard, solidarity and mutual respect among nations has been key to the restoration of economic growth in Ireland. It is fresh in the minds of the people of Ireland, the support that was sought from our European colleagues and the international institutions in terms of the programme of financial assistance in 2010.

We have successfully exited the EU-IMF programme and we have the fastest growing economy in Europe. In the most recent budget, we were in a position to invest in public services and to reduce the tax burden on individuals. The Irish people have made major sacrifices to achieve this economic and financial stability and this must not be taken for granted. While the people of Ireland firmly took control of the destiny of this country by making important sacrifices, it is important that we acknowledge the role of our European colleagues, particularly in ensuring our debt burden is sustainable.

In the run-up to the Greek elections, the issue of a debt conference was raised and has since garnered a lot of attention. My view, and that of the Government, is that when countries encounter difficulties, a process of negotiation is always better than one of conflict. Recent comment from the newly elected Greek Government suggests this is a view shared in Greece. Specifically in the case of euro area member states, all programme negotiations have been conducted between the finance ministers and prime ministers of democratically elected governments in member states within the Eurogroup, ECOFIN and the European Council, with institutional involvement as appropriate. My view is that these are the appropriate fora for resolving outstanding issues in the best interest of Europe.

When I was asked what would happen if Syriza won the election in Greece and wrote off debt, I expressed the view that it probably would not seek to write off debt in a unilateral fashion because I had read its election manifesto and it had proposed a debt conference. I made the point that if it was proposing a debt conference, its intention was to negotiate rather than take unilateral action. That is the context in which I was talking about a debt conference. I read practically everything that has been said by the Greek Prime Minister and Finance Minister in recent days. I have not come across any proposal from the new Government on putting in place a debt conference. It has said it will not negotiate with the troika but it seems to be negotiating

with the ECB and the European Commission, although it has been silent on the IMF.

I wish the Greek Government well because Greece has suffered much more than Ireland. The 25% of the Greek population who are unemployed have no social assistance after 12 months. Effectively they have to live as best they can in the black economy or through charity. In such circumstances, I can understand why the new Government committed in its election manifesto to providing food stamps and free electricity in the winter months to 300,000 people. It would, however, be a mistake to say the position in Ireland is comparable to that of Greece. Greece has an extraordinarily weak economy and it is in a very bad situation. There is solidarity in Europe in terms of assisting the Greek Government and people, and we will see how that develops in the coming weeks and months.

The solution for heavily indebted countries is growth. I hope the Greek economy can grow again. If one takes Ireland from 1995 to 2005 as a model, our general government debt was €43 billion in 1995, or 80% of GDP. The debt had increased by €1 billion by 2005 but it was only 26% of GDP. This demonstrates the point that national debt is usually rolled over rather than paid back. The proportion of GDP taken up by debt is the significant figure. During the 1990s, employment in Ireland grew by approximately 50%. Do the people who used to speak about debt default in Ireland really believe that Ireland should have defaulted in 1995?

Deputy Thomas Pringle: Who mentioned default? Where is default mentioned in the motion?

Deputy Michael Noonan: I did not refer to anybody who spoke this evening. I spoke about the people who advocate default.

Deputy Thomas Pringle: The Minister's script makes reference to supporters of default.

Deputy Michael Noonan: That is not what I actually said. I spoke about those who advocate default but I was not referring to people in this Chamber. This Government will continue to work to broaden and deepen the economic recovery that is taking place across the country. I thank Deputy Catherine Murphy and the other Deputies who signed their names to this motion for giving this House the opportunity to debate an issue that is being debated across Europe.

Deputy Derek Nolan: I will never forget the election of 2011 or the horror and despair at the state of our economy I encountered while canvassing in Galway city. I recall calling to a house in Renmore and meeting a woman in her 50s who was in tears because all of her savings had been wiped out. Her livelihood and retirement prospects had been completely undermined and she could see no way forward. That was the experience for many people around the country in a context of humiliation at the arrival of the IMF in the midst of sky-rocketing unemployment. These problems did not emerge as a result of banking debt; they were caused by the collapse of a false economy that existed in this country for a number of years. We had a housing bubble that took with it livelihoods, jobs, mortgages and hopes and dreams of a generation of Irish people when it burst. We are still trying to pick up the pieces from that collapse. As so many people lost their jobs and required help social expenditure exploded. We had to pay more to provide medical cards, social welfare and supports for people to go to college. We did our best to maintain the welfare state but even as expenditure increased dramatically our income collapsed because people were not working and paying taxes, and because the revenue to the Exchequer from the bubble dried up. While 20% of our debt relates to the banks, 80% is because we had to borrow to fill the gap between what we were taking in and what we were doing

to maintain a decent standard of living for our people.

What we have done to make our debt sustainable has been remarkable. People said we would be unable to reduce the interest rates but we managed to get them decreased from 6% to 3%. Others said we would not be able to renegotiate anything with the troika but we extended the maturities, got rid of promissory notes and changed the repayment methods to make our debt more affordable.

I welcome the election of Syriza in Greece and wish it the best of luck. It has great potential to bolster the cause in Europe for the growth model, which is being pushed by countries like Ireland, France and Italy. However, the champions of its victory in Ireland, including Sinn Féin, are trying to portray it as something it is not. Sinn Féin advocates default but Syriza has gone to the pin of its collar to say Greece is not going to default unilaterally. Already the split has occurred between the two camps. Sinn Féin supported the bank guarantee in 2008 but just last week it denied that it happened.

Deputy Seán Crowe: Read the history books.

Deputy Derek Nolan: In February 2001 it claimed we did not need a bailout only for Deputy Pearse Doherty to call for a second bailout in June 2011. Both claims were factually inaccurate. Its great solution to our revenue gap was a wealth tax, which it proposed in three budget submissions. It originally claimed that such a tax would bring in €800 million but later it put its hands up to admit it did not know how much revenue it would earn. We did the right thing for the country by introducing budgets that were difficult but as fair as we could make them. Sinn Féin accused us of taking money out of the economy even though all of its own budget proposals would have taken money out of the economy. If we are an austerity Government, there is also an austerity Opposition because it believes in exactly the same debt ratios, deficit targets and structural adjustments. It introduced glossy budget statements in 2012, 2013 and 2014 but €1.5 billion of the tax increases proposed in them were exactly the same, as were €600 million in spending adjustments. We got copy and paste budgets over a three year period while the State was trying to balance the books. That does not work.

My party has been criticised for saying things at the last election but Sinn Féin's manifesto in 2011 promised to reverse all the cuts. It has not introduced a single budget document or proposal on reducing or reversing all of the cuts. Deputy Adams recently stated that it would cost €8 million to reverse water charges and the property tax when every dog in the streets knows it will cost over €1 billion. Just yesterday, Deputy McDonald revealed that she did not know where her party would find the money to pay for water.

We have to be realistic about what is happening in this country, and devise proper policies. There are people who live in a world of opportunism and there are those who sit on this side of the House and make decisions. With unemployment down from 15% to nearly 10% and growth at the highest rate in the European Union, we are finally seeing taxes decreasing and incomes increasing. I think we know who rolled their sleeves up to do the right thing instead of exploiting people's fears and worries.

Deputy Paul J. Connaughton: I welcome the opportunity to speak on this motion, which was tabled on foot of the results in the recent election in Greece. I wish the new Greek Government the very best. It was democratically elected by the Greek people. Certainly, the Greek Government will not need my approval as a backbencher from County Galway, but I do not see

why we would stand in its way. I wish its members the best of luck with what they are doing. However, I have noticed that in the short period they have been there they are already tending to row back from where they stood before the election. I noticed one comment by the new finance Minister, whose name I will not try to pronounce as I will not do it justice. He said only yesterday, "Help us to reform our country and give us some fiscal space to do this, otherwise we shall continue to suffocate and become a deformed rather than a reformed Greece". He has got elected and is looking for a bit of space and time. It sounds familiar to the situation when we came in four years ago and looked for that same space to reform. Four years on, we are starting to see the benefits of that even if it is probably not as quick as we would like and there are still things out there that upset people. There are a number of people in our country who will never get over the issue of Anglo and bondholders.

It would be easy for me to stand up here like any backbencher and kick the previous Government and other politicians, but what would be the point? The point here is what the future will bring. We see our country growing again and we see economic growth going the right way. Deputy Maureen O'Sullivan, who is still in the Chamber, asked whether things might have been quicker in getting back to double the growth. That is not guesswork and certainly there is something to consider. However, while I am not saying any of them is sitting here tonight, there were Members across the Chamber who said we had to default straight away or go for a second bailout. They were nearly wetting themselves when they were saying this. Technically, they were betting against the country. Now, there is no talk of that. Four years ago, they said the euro would go on but Ireland would not be part of it, or if we were that it would be a two-tier euro. They said we had no business in it, but where are they all now? They are nowhere to be seen and they do not talk like that anymore. That is because we are getting back to where we want to be, which is somewhere sustainable with growth and jobs. I agree that we could do a great deal more and that we need to do a great deal more.

One of the biggest issues that has always faced Greece is that if there was political instability, it was followed by economic stability. We have had political stability for four years due to the current Government of Fine Gael and Labour. I do not know how many elections Greece has had but it has been at least two or three in that time. Greece has not had a chance to have political stability. We also see another issue which is that it is always easy to blame people we never meet and can never know. I am not here to cheerlead for banks or the ECB, but like every country Greece is in need of reform. It has very high unemployment which it has to sort out itself. Of course, we need to help it to do that.

I have no particular gripe with a debt conference although I am not wholly convinced as to what it would achieve. I have no doubt that every country that goes to these talks will look to see first how it can help itself and second how it can work as part of the European Union. As a small island country that needs to work with others, it is to our benefit in particular if other economies recover and do well and as such I have no problem with that. However, we have to be logistically minded and sensible as Deputy Derek Nolan said. For every action we take, there will be a consequence, whether we like it or not. After four years in this Government, I know that when one makes unpopular decisions, one pays the price. The idea that some form of debt write down will solve everyone's problem is ridiculous. People have to start coming up with other solutions also. Countries and economies need to reform. Greece is not calling anymore for a large debt write down, but is looking to work with colleagues and partners and we should support fully what it does. It is not acceptable to continue to suggest a single populist answer that writing off the debt will make everything rosy in the garden. It is unfair to Irish citi-

zens and European citizens. Let us see what is discussed at the debt conference, what solutions emerge and whether they will work or suit everybody else. If we can have that conversation, we can move forward.

Deputy Michael McGrath: I am glad to have an opportunity on behalf of Fianna Fáil to address the motion before the House and I compliment Deputy Catherine Murphy and others on putting it forward to ensure we have an important debate on the issue. Fianna Fáil supports the idea of a European debt conference which would examine both the sustainability and fairness of the sovereign debt burden currently borne by the most indebted countries in Europe. It is disappointing that the parliamentary replies of the Minister for Finance to date indicate that there are no plans for such a conference to take place nor does he intend to put it on the agenda himself notwithstanding his signal at one stage that he was reasonably disposed to the idea. He seems to have moved away from that position.

There is no need for the calling of a conference to cause a market panic. I suspect that is one of the reasons those opposed to a conference believe it should not happen. They do not want to cause instability in the financial markets at a time when the cost of borrowing for Ireland and other countries has reduced very substantially. However, it could be done in a managed way with the express aim of achieving an outcome that is fair to both debtor and creditor countries. Ireland's direct need from a debt conference or any other form of talks that take place would be very different from that of Greece. I am the first person to acknowledge that we are in a very different space to Greece despite having also come through a very difficult period. We are in a stronger position than the Greeks in so many different ways. We have a very open trading economy which is market based. Ours is a strong export oriented economy in a way that Greece's is not, which poses a real difficulty for it in terms of growing its way out of a very large national debt. Greece's economy has deep structural problems.

Our focus as a country should be on the unresolved issue of the legacy bank debt. The Government seems to have given up on pursuing the option of a retroactive recapitalisation of the Irish banks by the ESM. It favours instead the possible sale of a stake in AIB on the open market. It remains to be seen to what extent that course of action will result in the State being repaid a substantial amount of the €21 billion which was pumped into AIB. Ideally, it will all be repaid. A debt conference at which both the sustainability and fairness of the debt burden being shouldered by European states would be considered has the possibility of providing a new impetus for dealing with this issue. The European Stability Mechanism has been open for business for a number of months now but it appears that while the theoretical possibility of retroactive recapitalisation of the banks via this route exists, the Government has no intention of pursuing this option.

I note that we have singularly failed as a country to ensure the delivery of the June 2012 summit agreement. The summit and the Taoiseach's declaration now seem a very long way away. He said: "The agreement that we have now brought about here allows the European Stability Mechanism to be used directly in capitalising banks and that represents a seismic shift in European policy and it is one I have been advocating for several months." He went on to say:

To those the naysayers who say you should be beating the Lambeg drum up and down the streets of Europe, there is another way of getting results and that's what interests me. I'm a hard grafter and as some of them found out, they shouldn't tangle with me too often.

Two and a half years later, his words are ringing very hollow indeed. It was not only he Tao-

iseach who talked up the implications of the summit communiqué. The Minister for Finance, Deputy Michael Noonan said:

Our negotiating position up to now was to put arrangements in place to lessen the burden of bank debts, but it would still remain on the sovereign balance sheet. This agreement takes this further in terms of policy and the intention now is to separate certain bank debt completely from the sovereign balance sheet.

It is hard to see any action on the part of the European authorities in the intervening period which will give any practical effect to the Minister's interpretation of the June 2012 agreement.

To use the phrase of Brian Hayes MEP, who referred to the matter at the weekend, the promissory note arrangement of February 2013 put the Anglo and Nationwide debt on the "never-never". However, even this is being unravelled as we speak. While we will have to wait for the Central Bank annual report for 2014 for confirmation, all the indications are that the sale of the bonds held by the Central Bank is taking place much faster than the minimum pace prescribed in February 2013. This is diluting the benefit of the arrangement as the interest on Government bonds, which was being paid to the Central Bank and back to the Exchequer via the Central Bank surplus, is now being paid to third parties instead. While the Taoiseach lauded at the weekend the €50 billion reduction in debt payments, I would like to see an actual breakdown of this figure.

I take issue with one aspect of the motion, namely the statement of certainty that the Irish debt burden is unsustainable. Our argument must be that the debt burden was unfairly levied, not that it is inherently unsustainable. It is possible that our debt burden will become unsustainable if economic growth does not continue. We are meeting our debt obligations as they fall due. The annual interest bill is a considerable burden at approximately €8 billion. A reply to a parliamentary question indicated that, in so far as it can be estimated with accuracy, the banking related element of this is approximately €1.6 billion with about half of it being paid in interest to the Irish Central Bank so that the net interest bill is about €800 million, which will increase if the Central Bank continues to sell the bonds. This is a huge sum of money which could be put to many important uses, such as reducing the hospital waiting lists or improving the water infrastructure. It would be wrong to claim with absolute certainty that our debt is unsustainable. Although our debt burden is making life much more difficult, we will not default on our debts and it is important that message is delivered.

I turn to the situation faced by the Greek people. When the Euro Area Loan Facility (Amendment) Bill was being debated in the Dail in 2013, I stated that while I supported the bailout measures for Greece contained in it, I doubted they would be successful in restoring the Greek economy. I noted the significant risk that, having got a third round of support, it was very possible that Greece would need a fourth, fifth or sixth bailout if the underlying weakness in the Greek economy was not tackled. We are heading into this territory because the deals done for Greece were hopelessly unrealistic and were based on unrealistic assumptions. The immediate situation is urgent for Greece and the wider eurozone. Its bailout programme expires at the end of February and it must make over €7 billion in payments before the end of the summer. The Greek Government has proposed a number of suggestions on how it will deal with it.

Having benefited from the programme, Ireland should pledge itself to assist Greece, in a spirit of European solidarity. Greece needs something akin to the Marshall aid plan which the US extended to Europe after the Second World war and from which Ireland benefited. The

plight of the Greek people requires decisive European action. While there are no quick fixes, we should signal our determination to be part of the process and a European debt conference which would examine the sustainability of sovereign debt across the eurozone would be a good start.

Deputy Éamon Ó Cuív: I am pleased to have an opportunity to speak on the motion. I congratulate the proposers of the motion on giving us the opportunity to debate it. One of the interesting statements this evening was the admission by the Minister for Finance, Deputy Noonan, that the bank debt costs us €800 million of the €8 billion interest we paid last year. There has been a gross exaggeration of the cost of the bank debt relative to the budget deficit. This does not make the bank debt fair. It was always the intention that, when we reached calmer waters, we would seek to redress the unfairness of how we were saddled with the bank debt. I was a member of the then Government, and we faced two crises, one in 2008 and a very acute one in 2010. In 2008, we implemented the bank guarantee to prevent a run on the banks and avoid a situation in which the banks would not have been able to refund depositors. Be it right or wrong, at the time it was felt that to try to separate the different types of investments in banks would precipitate the very crisis we were trying to avoid. There were large deposits in Irish banks, including €50 billion in Anglo Irish Bank, approximately 40% of which comprised Irish deposits.

In 2010, due to international crises, bond prices increased across Europe, including Ireland. Money started flowing out of the Irish banks and we had to rely on temporary liquidity. The prudent thing was to try to stabilise the situation and avoid a crisis. Does anybody believe low interest rates across Europe, including in Greece, are the function of each individual economy? Are they, rather, a function of the stability of the European mechanism and the euro? When people were taking the punts with their money, it was a risk. I have never thought it was fair for a person who lends money to a second party, who then lends it to a third party, to expect to get it all back. I do not refer to ordinary depositors who act in good faith and whom we should protect as a national and European community. I refer to the bankers who loaned the money in the banking system. At the time, Europe insisted that the first party be paid back. There should have been burden sharing.

Like Deputy Michael McGrath, who put it very eloquently, at the time of the fiscal compact, I thought the Taoiseach was getting a deal on it and that there would be recognition that the Irish people should not have had to shoulder the burden because many parties were involved. Nothing happened, and the Greek Government had more influence on any extension of the debt, arrangements or reductions in interest than the Irish Government. Without supporting Greece, the Irish Government piggybacked on the eyeballing the Greek Government did. I applaud the motion. Any significant writedown or other financial mechanism - I am not fussy about the mechanism as long as it reduces the burden on the Irish people - which may be arrived at to deal with the Greek situation should not penalise Ireland for taking hard decisions. We should, therefore, support the peripheral countries such as Portugal, Ireland, Italy, Greece, Spain and Cyprus in saying the way the centre treated the periphery was unfair on two counts: the uncontrolled flow of capital out during the good times and the demand for all the money back in the bad times.

I was astounded when I read the Government's amendment to the motion, which seems to state we are above all this, we do not want our fair deal anymore, we can paddle our own canoe and will not stand with the other peripheral economies, particularly Greece in its time of need. It seems to suggest we are not going to demand the fair play the Taoiseach promised us in 2012.

It is difficult to understand the rationale behind it because no other country in the European Union would be so soft about its interests. The German Chancellor, Angela Merkel, is clear about defending her country's interests. Meanwhile, the Irish Government seems to suffer from an eternal need to be the good guy in the class, not to kick up any trouble or demand anything in any negotiation. It is not good enough. We should call for the debt conference and stand shoulder to shoulder to say the way the crisis was dealt with from the beginning was not equitable.

It was easy for those outside the system to come up with handy answers and say let Anglo Irish Bank go bust, but no one told us what to do about all of the depositors. Should we have let depositors with deposits worth €20 billion go bust? In the nationalisation the only ones who did not get their money back were the investors in the bank. We certainly were not bailing them out, or any other bank.

The Minister needs a backbone. He needs to go to Brussels to say there is unfinished business, that the Irish people are very annoyed that they took the full hit and are now being punished by the Commission's logic in getting their house in order and that he and the Irish people want to share in any new deal done for Greece.

Deputy Seán Crowe: The motion asks the Government to support holding a European debt conference. The Taoiseach has bluntly rejected the idea. The Minister for Finance also seemed to reject it. He also said making debt more affordable was a better solution than writing it off. It makes absolutely no sense for the Taoiseach and the Minister for Finance or the Government of a state with a debt-to-GDP ratio of 111% to say "No" to the idea of having a European debt conference. I do not understand the logic of the Government's position.

The Government says ECOFIN is the right place in which to discuss the issue, but this is the group that promised in June 2012 the separation of banking and sovereign debt. It is made up of EU finance Ministers who are so out of touch with reality that they cannot, or will not, see the impact of austerity on the young, the elderly, the unemployed and those on low incomes across Europe. The Taoiseach says we should leave it to them to sort it out.

A debt conference should not only involve Ministers but also people from civic society who have been affected by debt. The new Greek Government wants to get the European Union talking about debt and is calling for the adoption of a fresh approach. Why would anyone oppose this? When the Minister replies, he might answer that question. *9 o'clock* The Government should recognise an ally when it sees one. Instead, it seems to be blinded by misguided loyalty to those who forced austerity on the people. Its amendment to the motion promises more of the same. There is not one single word about poverty and the deprivation facing many Irish families because of debt. It affects families right across Europe. We are being presented with a benevolent European Union which has been kind to the people. The people should shut up and be thankful to the bondholders whom we bailed out. That seems to be the attitude and the message we are getting.

The Government's amendment also states the debt is sustainable. If one is wealthy, it probably is, under the Government's policies. Last night 518 patients were on trolleys in hospitals. Is that sustainable? Hundreds of thousands, mostly young people, emigrate each year. Is that sustainable? It is inexplicable that the Government of a state as indebted as ours would close its mind and say "No" to a different approach. The Government should be standing up for the people and support the call for the holding of a European debt conference.

Last September Argentina called for the creation of an *ad hoc* UN committee on sovereign debt restructuring that would negotiate an international mechanism to enable countries that were heavily indebted to default in a fair and just way. Ireland was one of eleven countries to vote against the creation of the committee and was the only heavily indebted European country to vote “No”. The committee has been established and is meeting in New York for the first time today, but the Government seems to be staying away.

The position the Government has adopted is against the national interest. Surely an international mechanism to resolve sovereign debt crises would make it easier for Ireland to seek a write-down of some of its unjust debts and, in particular, the Anglo Irish Bank debts which most Members agree are unfair. A new UN mechanism could support Ireland and some of the world’s poorest countries which are suffering under the burden of unfair, unearned and, in many cases, unpayable debts. It is supposed to be part of the Government’s policy for development to work towards helping countries in that position. The average Irish citizen, myself included, wants to know why the Government refuses to negotiate in a serious way, at an international level, in the best interests of the people. Why would it oppose the holding of a debt conference? I listened to the Minister for Finance speak and he gave no answers. The Taoiseach said during Leaders’ Questions that it was up to EU finance Ministers to sort it out. Surely we should consider other ways.

Deputy Derek Nolan spoke about where Sinn Féin was going wrong. Like the bully in the schoolyard, he gives a few slaps, throws a few boots in and runs out. Many of the things he said were fantasies. He misquoted us. We want to see people move from their current position. The amount of personal debt Irish people have is astronomical. We all know this and if we work in our constituencies, we should know it.

The debate needs to continue. The debt conference could be opened up to every individual and could come up with some serious solutions to what is happening across Europe. Like others, I welcome what has happened in Greece. It has a new government, with a new approach and a new way forward. The rest of us in Europe need to watch and learn lessons from what has happened there and perhaps open our minds to new ways forward to deal with the crisis facing people across Europe.

Debate adjourned.

Estimates for Public Services 2015: Message from Select Committee

Acting Chairman (Deputy Frank Feighan): The Select Sub-Committee on Children and Youth Affairs has completed its consideration of the following Revised Estimate for public services for the year ending 31 December 2015: Vote 40 - Children and Youth Affairs.

The Dáil adjourned 9.10 p.m. until 9.30 a.m. on Wednesday, 4 February 2015.