



DÍOSPÓIREACHTAÍ PARLAIMINTE
PARLIAMENTARY DEBATES

DÁIL ÉIREANN

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

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DÁIL ÉIREANN

Dé Céadaoin, 4 Feabhra 2015

Wednesday, 4 February 2015

Chuaigh an Leas-Cheann Comhairle i gceannas ar 9.30 a.m.

Paidir.

Prayer.

Ceisteanna - Questions

Priority Questions

NAMA Operations

1. **Deputy Michael McGrath** asked the Minister for Finance when the National Asset Management Agency will wind up its operations; if he will provide an estimate of the financial outturn for the taxpayer from NAMA; if he envisages any further role for NAMA in the medium term beyond its current mandate; and if he will make a statement on the matter. [4823/15]

Deputy Michael McGrath: The purpose of this question is to establish when the Minister expects the National Asset Management Agency, NAMA, to wind up its operations, the current estimate of the financial outturn from NAMA and whether he envisages any further role for NAMA beyond its current mandate and perhaps beyond its current expected lifespan.

Minister for Finance (Deputy Michael Noonan): I thank the Deputy for the question. I am advised that the NAMA chief executive, in his opening address to the Committee of Public Accounts in December 2014, stated that NAMA is aiming to redeem a cumulative 80% - that is €24 billion - of its senior debt by the end of 2016 and that it hopes it will have redeemed all of it by the end of 2018. He stated that those targets were predicated on conditions in the Irish market remaining favourable and on NAMA being in a position to retain sufficient specialist staff to enable it to generate the optimal financial return from the realisation of its residual loan portfolio.

I am also advised that the chief executive indicated at a meeting of the joint finance committee in October 2014 that NAMA projected a financial surplus of the order of €500 million over its lifetime. I understand that this estimate was based on financial projections as at end-June 2014 and that an updated projection is currently being prepared as part of NAMA's end-2014 impairment review.

The Deputy will be aware that, in the context of the section 227 review of NAMA carried

out in 2014, I agreed to a set of strategic priorities with the NAMA board. In addition to its commitment to redeem a minimum of 80% of its senior debt by the end of 2016, the NAMA board also undertook to facilitate the timely and coherent delivery of key grade A office space, retail and residential space within the Dublin docklands strategic development zone and Dublin's central business district and to maximise the delivery of residential housing units in areas of most need.

Given that these commitments were agreed with NAMA only in July 2014, it is too early to speculate as to what date in the future NAMA will have made sufficient progress on its objectives as to warrant consideration of its dissolution.

It should be noted that NAMA's progress in repaying its debt - it has already repaid more than 50% of its senior bonds - has been a very important contributory factor in the recent upgrades of Ireland's credit rating. Of particular importance has been the manner in which NAMA has not just consistently met but has exceeded its targets.

Additional information not given on the floor of the House

NAMA's primary objective is, as the Deputy is aware, to repay its senior debt, the €30.2 billion issued to the banks in 2010 and 2011 as consideration for its acquired loans, and to recover its carrying costs and advances to debtors. It is NAMA's view, based on the assumption that current market conditions will be sustained, that it will meet this primary objective and that it will also repay its subordinated debt.

The additional commitments agreed by the NAMA board in July 2014 did not involve any change to NAMA's mandate. I am not currently contemplating any additional role for it beyond that existing challenging mandate. Its role in relation to both the Dublin docklands strategic development zone and residential development is entirely consistent with its mandate of achieving the best financial return for the State from the loans acquired by it and the active management of the underlying security. The provision of development funding to enhance the ultimate disposal value of assets securing its loans is a key part of its mandate. NAMA has to date advanced, on a commercial basis, more than €1 billion in development funding for Irish projects and has indicated that, if required, it could advance up to a further €3 billion to support delivery of commercial and residential accommodation.

Deputy Michael McGrath: I welcome the fact that it appears that the contingent liability which the State is carrying in respect of NAMA will not now be required because it appears NAMA will at least break even and hopefully generate a surplus for the Exchequer over time. When, in the Minister's view, can we expect that NAMA will have concluded its operations? NAMA's chairperson indicated that it hopes to have redeemed all of the senior debt by 2018. Does the Minister envisage that is around the timeframe when NAMA will have completed its work? There were reports last weekend that NAMA is about to sell €8 billion of loans in respect of its debtors. Can the Minister confirm if that is accurate? Also, can he give us any further information about the financial outturn he is expecting from NAMA?

Deputy Michael Noonan: There is no change in the indicative dates given by the chairman and the chief executive and it is hoped, market conditions permitting, that NAMA will have disposed of all its assets by 2018. It expects also to show a surplus at the end of that period. The stories there were a few years ago of a black hole emerging in NAMA are not correct. As the Deputy said, it will at least break even but, in all probability, it will now have a profit of

the magnitude I indicated in my reply. That means then that there is no contingent risk for the State coming from NAMA, which is one of the reasons our credit rating has been increased substantially.

As a type of special project, I agreed with NAMA last year that it would develop the docklands because there is a shortage of significant and much needed office space between the canals in Dublin in particular. NAMA is moving very quickly now to help to fill that gap in the property portfolio in Dublin.

Deputy Michael McGrath: As the Minister knows, about 90% of what NAMA has sold has been bought by US private equity funds. Their intentions in the medium term for the assets they have acquired from NAMA remains to be seen. Will the Minister speak about reports that NAMA is preparing to sell €8 billion worth of loans? If such a large tranche is sold, the loans could be bought by foreign investors, which would have a fundamental impact on the nature of the relationship between the debtors and their lenders. Many of them are viable trading businesses, despite having an overhang of property-related debt. Will the Minister confirm to the House if the reports that NAMA is preparing to sell €8 billion worth of assets are accurate? Some markets sources are indicating that there has been a change of attitude within NAMA, that there is now a much greater emphasis on disposing assets quickly and that there is, perhaps, some pressure on NAMA to wind up its operations more quickly than was originally intended. Will the Minister confirm, in respect of the €8 billion worth of assets, if NAMA is making plans to sell such a large tranche?

Deputy Michael Noonan: There is no pressure from me or the Department of Finance. What I have outlined in the House is the mandate for NAMA which it is fulfilling very satisfactorily. As market conditions and its perception of them change, NAMA speed up or slows down disposals. I understand market conditions are very good and that NAMA is speeding up disposals. I do not know where the figure of €8 billion came from, but it is obviously a punt in the dark. It is true that there was a speeding up of disposals in 2015 and at the back-end of 2014. However, this was not in response to any instruction from me. It is not my business how the property market is. NAMA is trying to match disposals to the best opportunities in the market and it considers now is a good time to speed up. However, the date for full disposals remains 2018. NAMA's role as a developer of the Dublin docklands and for office and residential projects has allowed it to retain its legal position, but an additional mandate is now being emphasised.

Debt Restructuring

2. **Deputy Pearse Doherty** asked the Minister for Finance his views on the need for a European debt conference to discuss and take action to reduce the high levels of debt of some EU countries, including Ireland. [4821/15]

Deputy Pearse Doherty: What is the State's position on having a European debt conference and the need for such a discussion to take place in order to reduce the high level of indebtedness of some EU countries, including Ireland? There has been much debate about what words were used by the Minister to the ambassadors. The Minister has said his words were taken out of context. However, it is very clear that the Tánaiste and leader of the Labour Party agrees that there would be merit in having a debt conference. Why would the fourth most indebted state in the European Union actively oppose having such a debt conference? This appears to be the

current approach of the Government.

Deputy Michael Noonan: Prior to the recent elections in Greece, I was asked my view on the need for a European debt conference, given the high level of public debt in Greece. My position was and remains that the best method of addressing the issue is through multilateral discussions, rather than unilateral action. Specifically, in the case of euro area member states, all programme negotiations have been conducted within the Eurogroup and ECOFIN, with IMF involvement, as appropriate. My view is that these are the appropriate fora in which to resolve outstanding issues.

The Deputy also questions the high level of public debt in Ireland. While our debt-to-GDP ratio is undoubtedly high, Ireland is in a very different position to Greece when it comes to debt. For a start, our debt ratio has peaked and is now on a firm downward trend. In fact, our net debt amounted to an estimated 91% of GDP at the end of last year. The Government has been very proactive in ensuring the affordability of our debt remains low. For instance, we replaced €9 billion of IMF debt last year with cheaper market debt and the intention is to refinance another €9 billion in the first half of this year. These early repayment transactions alone will deliver a saving of over €1.5 billion over the lifetime of the loans. We also restructured the promissory note, reducing the State's borrowing requirement by €20 billion in the next decade or so. We have succeeded in gaining concessions from our European partners in the form of maturity extensions and lower interest rates. The maturity extension removes a market refinancing requirement of €20 billion for the period 2015-22 and the interest rate reduction delivers savings each year in the annual budget. We have also put the public finances on a more sustainable path. We are on track to correct the excessive deficit this year.

In summary, we have the strongest economic growth in Europe, robust employment growth, a more sustainable deficit and a falling debt ratio. These are the main reasons we can now borrow at record low levels.

Deputy Pearse Doherty: The Minister has not given us an indication of why it is the Government is resisting the idea of having a debt conference. One thing for sure is that we would not know the outcome of any such debt conference. Whether it would take place in the context of the Eurogroup or somewhere else is largely irrelevant. What is relevant is the need for a shift in thinking at the heart of Europe. The European Union must accept that it has a debt problem.

The Minister spoke about the Eurogroup. Its six-month plan does not contain any significant mention of dealing with debt in a serious way. Will the Minister put the issue of debt on the European Union's agenda? The Union and Ireland are in denial about the extent of member states' debt. It is very clear that the Greek Government wishes to have this conversation and wishes to have it now. It is not a butting of heads or an ultimatum but a desire for the European Union to face up to the reality that there is a problem with the high level of indebtedness of many member states and that it needs to be dealt with in a fair and logical way. However, we have a Government that has closed its eyes and ears to such a call.

Why is the Minister's personal position and that of Fine Gael at such odds with the position of the Labour Party, which believes such a conversation should take place? As night follows day, Greece will have its debt written down, whether it is through engineering or otherwise. It will happen because it has to happen. Whether Ireland wishes to be part of this is the question the Minister, on behalf of the Government, must answer.

Deputy Michael Noonan: The Irish debt position is entirely sustainable. The problem is in Greece, not in Ireland. If one looks at the money raised by the NTMA since Christmas, yesterday a 30-year bond was issued for the first time in the history of the State. Some 380 investors wished to buy 30-year Irish paper, at just over 2%. If we are getting money for 30 years at a rate of 2%, it is very hard to say anything other than that Irish debt is entirely sustainable. A week ago our three-month T-bills were at a zero interest rate. In effect, people gave us €500 million to mind with no interest rate charge. At the end of January a seven-year bond was issued. The rate was 1.867%, well below the rate of 2% for seven-year money. That is what has happened since Christmas.

The position of Greece is different. The talk about a debt conference, in respect of Greece or the European Union at large, arose from the election manifesto of the party that won the election in Greece. However, I have been very careful in reading everything that has been said that I can find by the Prime Minister of Greece and its Minister for Finance, neither of whom has pursued the debt conference idea. They seem to be in discussions with their partners across Europe, the Commission and the ECB. This seems to be the route they are going down. This was the route followed by Spain, Portugal, Cyprus, Ireland and every other country which was in difficulty, namely, to engage with the Eurogroup and ECOFIN.

Deputy Pearse Doherty: The Minister will be aware that the Greek Minister for Finance tweeted, prior to the election, that the Minister was his first ally on the debt conference issue. This does not just concern what is happening in Greece, although I believe there is a genuine obligation on us, as a member state, to stop the absolute torture being imposed by the European Union. The Minister spoke in the House about arrangements dealt with at the Eurogroup which were supposed to make Greece's debts sustainable. The proposal put €240 billion of debt on the shoulders of that country, of which 11% was used for its benefit. The rest went to repay debt and interest rate charges. There is an obligation on us to stand up in solidarity and say we support Greece in its endeavour to have its debt reduced. There is also a responsibility on us to state on behalf of our electorate that we also need to reduce the level of debt the State has. In did not mention sustainable or unsustainable debt. I stated we are the fourth-largest indebted country in the European Union and the fourth-largest country which pays interest on debt as a proportion of GDP. It appears that if the Minister's partners in the Eurogroup, the ECB or the IMF told him they would reduce some of our debt he would tell them we are okay and we do not need it. This seems to be the position the Government has adopted.

Deputy Michael Noonan: I do not know what the new Greek finance Minister is tweeting because my Greek is very poor.

Deputy Pearse Doherty: It is in English. I thought the Minister stated he read all of his material.

Deputy Michael Noonan: I have friends in strange places so I am looking forward to meeting the Greek finance Minister for the first time at the next Eurogroup meeting in Brussels. It is up to the Greek Government to bring forward proposals on how to deal with its problem. It is not up to the other partners in Europe to be the initiators. It is up to the Greek Government to ask for what it wants. When it asks for what it wants Ireland will consider it, as will every other European country and then we will react to the request. As I stated, I understand the difficulties of Greece as a nation. I am very sympathetic towards the Greek people. I read the Syriza election manifesto, which contains very interesting and illustrative points. A major political party which puts in its manifesto that it needs to give food stamps to 300,000 of its citizens is indica-

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tive of the problem in Greece. A country which has 25% unemployment but after 12 months the unemployed no longer receive social welfare payments is a country which has big difficulties. I am sympathetic towards Greece, but it is up to it to ask for what it wants and then we will see whether it can be met.

Debt Restructuring

3. **Deputy Paul Murphy** asked the Minister for Finance his views on the matter of a proposed European debt conference in the view of the recent Greek parliamentary election. [4708/15]

Deputy Paul Murphy: This is also to ask the Minister his views on the question of a European debt conference. In particular I ask whether there has been a change of position here from the point of view of the Government. Were the remarks about broad support from the Minister for Finance to the idea of a debt conference wrongly ascribed to him? Was the Tánaiste and Minister for Social Protection, Deputy Joan Burton, wrongly quoted in stating the idea had merit? Is it not the case that a change of position has taken place because political self-interest has come to bear? There is a very serious conflict of interest between the interests of Fine Gael and the Labour Party and the interests of the majority of people in the State. It is not in the interests of the political parties to have success for a Greek strategy because it would embarrass the Government.

Deputy Michael Noonan: I thank the Deputy for his question. While the Greek debt to GDP ratio is currently very high, my view is that when countries encounter difficulties, a process of negotiation is always better than one of conflict. Specifically in the case of euro area member states, all programme negotiations have been conducted within the Eurogroup and ECOFIN, with IMF involvement as appropriate. My view is that these are the appropriate fora for resolving outstanding issues such as this.

The vast majority of the Greek debt is official debt and is owed to the IMF and to European taxpayers. Even before we entered a programme, we contributed almost €350 million by way of bilateral loans to Greece. Spain would face a liability of €30 billion if it wrote off its commitments to Greece and the figure for France would be €43 billion. One can see our amount is very small comparatively. These are big issues for big European countries and their taxpayers.

The issue now for Greece is not around cancellation of debt; it is about the affordability of the debt, which means looking at the interest rates and the maturities. The private and public sectors have already contributed to improving the affordability of Greek debt. In the case of the public sector, there are, of course, the options of further maturity extensions and interest rate reductions. No doubt these options will be discussed in due course. The Eurogroup is the appropriate forum in which to consider such options.

If one looks at the Irish situation, we have been negotiating our debt burden all the time. Before Christmas we restructured €9 billion of IMF debt and we will restructure another €9 billion in the first half of this year. We will be able deal with €3.5 billion of the €9 billion tomorrow because the NTMA has the cash. This is not what it raised in the 30 year bond as it had cash at its disposal. All of the legal arrangements have been made for this payment tomorrow. One can see this goes on all of the time. We also restructured the promissory note and the official debt through the extension of maturities and reduction of interest rates.

Let me be clear when I state we will respect the democratically-elected Greek Government. I and my Eurogroup colleagues look forward to hearing the views of the new finance Minister at the next meeting, scheduled for mid-February.

Deputy Paul Murphy: If the Minister has been following Syriza and the Greek finance Minister, Yanis Varoufakis, as closely as he proclaimed in answer to Deputy Doherty, he will know there is no proposal from Syriza for any taxpayers in Ireland, Spain or anywhere else to take the hit. Its proposal, contained in an academic paper, is for the debt of all indebted countries to be written down to 50% of GDP, with the ECB to take the balance, and it will come back on balance sheets as the debt comes down to a sustainable level of 50% or lower. Does the Minister agree that such a solution, if it were agreed on a European-wide basis, would save the Irish taxpayer €3.7 billion a year, which would go towards major infrastructural projects, house building and job creation? It would be a much better use of the money. It is inexplicable that the Government refuses to take advantage of the political opportunity opened by the election of the Syriza Greek Government to row in behind it and stake a serious demand for a significant write-down of the debt. The only explanation is because it will leave egg on the face of those who said we had a game-changer and had achieved a seismic shift as a result of being good pupils of austerity.

Deputy Michael Noonan: Different things have been said by the representatives of the new Greek Government during the election campaign and since the election. So far there has not been a consistent set of demands. Different people have said different things, or at least different people have been putting a different degree of emphasis on what they have been saying. We will see what the Greek ask is at the end of the day when it comes to the negotiating forum. There is always an element of what I believe somebody said about President Obama, which is that one campaigns in poetry and governs in prose. We are all familiar with this.

Deputy Michael McGrath: That is the Labour Party.

Deputy Michael Noonan: I would not exonerate anybody. There is always poetry during the campaign and prose when one must govern. Greece is in the prose stage now and we will see the hard proposals. I read with interest the reports of the press conference in London with Chancellor George Osborne and the Greek finance Minister. I thought an interesting set of proposals emerged.

It is incorrect to state a reduction in interest rates would allow us to invest in infrastructural projects. Interest is not calculated in the new expenditure benchmarks in Europe, so whether there was a reduction in interest rates or not it would not free up any more elbow-room for spending on capital in Ireland.

Deputy Paul Murphy: I was not referring to a reduction in interest rates but rather a reduction in the principal, with the reduction in the total amount of debt to 50% of GDP as per the Syriza proposal. This is not a question about the Greeks seeking a “Greek ask” and we, the Irish as creditors, all of a sudden seeing how we would react to it. It is a question of whether an ask can be made by the 99%, the mass of people in Europe, who have all suffered at the hands of this austerity policy to bail out bankers and bondholders. The mass of people in Ireland should be allies of the people in Greece as we are on the same page. The Government likes to emphasise that Ireland is not Greece and all of the differences which exist. Greece has €100 billion more debt than Ireland but pays only €500 million more in interest last year. We paid €7.5 billion and it paid €8 billion. Our private banking debt as a percentage of GDP in Ireland is 25%

whereas the Greek debt is 12.2%. Similarly, all the money that has gone to Greece and Ireland has gone back out to pay the banks and the bondholders. There are differences, but fundamentally people have suffered and it is not sustainable from the point of view of ordinary people to continue the policy of austerity, and have massive primary surpluses targeted in Greece and in Ireland which will only come at the expense of public services, jobs and living conditions.

Deputy Michael Noonan: Austerity in Ireland ended more than 12 months ago.

10 o'clock

The most recent budget imposed no new expenditure cuts or no new taxes, and a significant amount of tax relief was given in the budget, both in terms of reductions in universal social charge and in income tax. Deputy Paul Murphy can keep singing the same song, but it is the hit parade of last year or two years ago. There is no austerity programme in Ireland now. The budget was mildly expansionary and that will be reinforced by reductions in energy prices and by the quantitative easing proposals from the European Central Bank. There will be quite significant stimulus in demand coming through. Anybody one talks to will tell one it is there already on the January pay cheques.

The reason Greece's fundamental statistics, as Deputy Paul Murphy describes them, are lower than Ireland's is that in my time in the Eurogroup three separate deals have been done for Greece. The reason they are paying less interest is they are on an interest moratorium and on their official debt, they are not paying interest until 2023. It also means there is little scope to cut another deal. There is little headroom left, but there is some. The European colleagues have done a lot for Greece, but the Greek position was dire and its economy is a weak economy. I do not want to get into any detail because it is not for me to criticise the present management and the previous management of the Greece economy, but there are difficulties. There are historic difficulties in Greece as well of which the Deputy will be aware.

Gambling Legislation

4. **Deputy Michael McGrath** asked the Minister for Finance the reason for the delay in extending the 1% betting duty to online gambling; when the duty will be applied to bets placed online; the estimated amount that will be raised on an annual basis; and if he will make a statement on the matter. [4824/15]

Deputy Michael McGrath: This question relates to the ongoing delays in implementing the Betting (Amendment) Bill 2013, in particular, the 1% levy on online gambling. The continuing delays in implementing that levy are costing the State a lot of revenue. It is estimated that €5 billion of bets have been placed online over the past three years escaping the 1% levy, which has cost us approximately €50 million. I am aware of the technical reasons this was delayed at EU level, but can the Minister clarify whether those obstacles have now been removed and when he expects the 1% levy to start applying to online gambling?

Deputy Michael Noonan: The Betting (Amendment) Bill 2013 has been the subject of a number of delays, primarily arising from the need to ensure that the provisions relating to prosecution and enforcement were robust and the need to notify the EU Commission under the EU Technical Standards Directive. The Bill was first published in July 2012 but further work was required around the area of prosecution and enforcement. Given the resulting significant

changes to the Bill, it was republished in July 2013. On publication, the Bill entered a standstill period of three months under the EU technical standards directive.

The Bill was amended on Committee Stage in the Dáil to allow the Revenue Commissioners to take on the functions ascribed to the Minister for Justice and Equality around compliance. The advice from the Attorney General's office was that these amendments constituted a substantial policy change and, accordingly, had to be notified under the EU technical standards directive. Said notification took place in June 2014, giving rise to a standstill period of three months to the end of September 2014.

At the end of this period, the Department received detailed opinions from the Commission around provisions in the Bill restricting service providers in their engagement with unlicensed remote operators and also raising concerns at the prohibition on any person, who may be licensed by another jurisdiction, from offering betting services to persons within the Republic, unless the person holds a licence issued by the competent authority in Ireland. These interventions under the EU technical standards directive necessitated an extension of the standstill period until January 2015.

The standstill period has now ended and Committee Stage is provisionally scheduled for the Seanad on 11 February.

While a period of time is required to allow remote operations to become licensed, the betting duty will be applied to the remote sector as soon as possible once the legislation has been enacted. It is impossible to accurately estimate the additional revenue which will be raised for the Exchequer. However, using available data, it has been estimated that the extension of the betting duty to remote operations could raise up to €25 million in a full year.

Deputy Michael McGrath: I thank the Minister for his reply.

I am glad that this issue is finally progressing and I hope that we can get it over the line on this occasion. The extension of the 1% levy to online gambling was first provided for in the Finance Act 2011, subject to a licensing regime. Then there was a Betting (Amendment) Bill in 2012, as the Minister indicated, a subsequent one in 2013, and the last movement in the Oireachtas was in September last, and it has cost us a lot of revenue.

Perhaps €50 million has not been collected by the State because of the delays in implementing this betting duty. It is, according to the estimate I had, approximately €1.5 million a month and, as the Minister indicated that the annual revenue that could be raised is estimated to be €25 million, it is perhaps more than that. It is significant.

The Minister indicates he hopes Committee Stage will be on 11 February in the Seanad. Is there any indication, once the Bill is enacted, when this can be implemented in practice and the State can start collecting the revenue?

Deputy Michael Noonan: Obviously, the delays were unsatisfactory but they were out of our hands. Most of the delays were caused by the directive of the European Commission to which I referred. The Committee Stage is now scheduled for 11 February in the Seanad.

The Deputy will recall that we took out a whole section of the Bill about the longer opening hours for bookies' premises, etc., and enacted it in the Finance Bill. It is now a much slimmer Bill and it is down to the net issues of online betting. I would hope that once we get it enacted

and the President signs it, shortly afterwards it will be operational.

Deputy Michael McGrath: Have the other issues, such as the prosecution and enforcement issues and the technical issues around the implementation of this levy on online gambling, been overcome by the Revenue and the Department? As far as the Minister is aware, will we be in a position once the Bill is enacted to commence the collection of this revenue? Fundamentally, that is the question we need answered.

As the Minister indicated, the opening hours in betting shops have been extended. We are still awaiting the gambling control Bill, which is important in this area. Fundamentally, the extension of this levy to online gambling is about fairness and ensuring that the existing betting offices can compete with the online gambling because, with the emergence of applications, apps, people are gambling 24 hours a day and it is easy to do. The State is missing out on a lot of revenue. I welcome the fact that there appears to be progress. As far as the Minister is aware, once the Bill is enacted, are there other obstacles to prevent this from coming on stream and being live?

Deputy Michael Noonan: Agreement between my Department and the Revenue Commissioners was achieved last summer. The further delays were to do with the technical directive from Europe. At the end of the process, an objection was submitted to the Commission from the Maltese authorities and that had to run its course as well. After that three-month period elapsed, the European authorities are satisfied with the enforcement provisions. There is agreement between the Department and Revenue and there should be no further delays as soon as we enact it.

State Banking Sector

5. **Deputy Paul Murphy** asked the Minister for Finance if he will report on the appointment of a banking firm (details supplied) as advisers on the sale of the State's share in AIB; his views on the matter of the sale of the State's stakeholding in the banks; and if he will make a statement on the matter. [4709/15]

Deputy Paul Murphy: I ask the Minister for Finance to report on the appointment of Goldman Sachs as advisers on the sale of State's share in AIB, and to make a statement on why Goldman Sachs was chosen and on his views of the sale of shares in the banks.

Deputy Michael Noonan: As the Deputy will be aware the Irish banking system is in a much stronger position than it has been in recent years. Profits are recovering, balance sheets have been restructured and we have started the process of returning cash to the taxpayer following the huge investments that were made over the 2009-11 period.

Much of the banking-related work in the Department of Finance this year will focus on AIB. Given the scale of the State's investment - some €20.8 billion - and the range of options available to recoup value from the bank, officials within my Department are working with AIB on reconfiguring its capital structure. Goldman Sachs International has been appointed to provide financial advice to the Department in this regard.

The appointment follows the establishment by the Department last year of three separate panels of financial advisers. These panels were put in place to facilitate the provision of timely advice in relation to our banking investments though the panels are available for the wider De-

partment to use in other areas if deemed necessary.

The award of the current contract followed a competitive tendering process with each of the eleven firms on panel 1, which covers capital markets, strategic, M&A and restructuring advice, being invited to submit a tender. Prior to the year end, each of the firms accepted the invitation and the tendering process included face-to-face presentations by each of the firms to a panel of Department of Finance officials. Arising from these presentations, each of the firms was scored across a number of standard criteria with Goldman Sachs International being adjudged to have achieved the highest aggregated score. Accordingly, it was awarded the contract.

The focus will be on ensuring that the best decisions are made regarding potential capital restructuring options and sequencing in order to maximise the return of cash to the State from our AIB investments over time. While this is just the start of the process, it is an essential first step on the road to recovering value for the taxpayer. All options remain on the table and it is too early to specify what steps will be taken next or to put a timeline on decisions.

As I have previously stated on numerous occasions, Government policy is that we will not remain a holder of our banking investments in the long term. Given our high debt-to-GDP ratio, we do not have the luxury of holding all of these investments indefinitely and I envisage receipts from the gradual sale of these investments helping to play their part in reducing the State's overall debt burden in the coming years.

Deputy Paul Murphy: Why does the Minister think that Goldman Sachs has agreed to this on a *pro bono* basis similar to four other groups on the panel he mentioned? Was it simply because they are nice, kind people and they want to help us out bearing in mind that an article in *Rolling Stone* accurately described them as “a great vampire squid wrapped around the face of humanity relentlessly jamming its blood funnel into anything that smells like money”? Could this perhaps smell like money? Is there not a clear conflict of interest given the fact that Goldman Sachs advises so many investors, which at a later stage may look to buy bank shares? Is the company doing this *pro bono* because it will gain access to confidential information, which it can later use for its own financial advantage? The conflict of interest is blatant given the company's history, including being found guilty of defrauding investors in the US and playing a role in the Greek debt crisis. Why would the Minister trust this company to do this without seeking its own return?

Deputy Michael Noonan: I am not sure of the weight that should be attributed to *Rolling Stone* magazine in terms of being a financial adviser. If it was me, I would telephone Mick Jagger rather than read the magazine if I was looking for financial advice.

Deputy Dara Calleary: Has the Minister his number?

Deputy Michael Noonan: The position is that we anticipated a year or so ago that we would have a need for advice and three panels were put together of possible advisers with different areas of expertise. The panel from which we were getting advice to restructure AIB had 11 advisory groups on it, including Goldman Sachs. All 11 tendered and there was an objective selection process. Goldman Sachs was marginally first on the aggregate score. I had no involvement in this whatsoever. I was simply told the result of the competition and I agreed to the proposal that Goldman Sachs, because it had come out of the competition, should be the winner. Five of the 11 groups that tendered offered to do the work for nothing. It is common practice seemingly, especially in the city of London, that finance houses such as Goldman Sachs

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feel their reputation will be enhanced for other work if they act as advisers to sovereign governments for key pieces of work. An IPO to sell even 25% of AIB would be one of the biggest ever on the London stock market and obviously great attention would be paid to who are the advisers.

There is no commitment at the point of sale that Goldman Sachs will get additional work. There will be a separate tendering process for the advisers that are required. Goldman Sachs is retained to advise on the restructuring of the bank and when that work is finished, any new work will have to be re-tendered.

Deputy Paul Murphy: It is naive or disingenuous to consider that Goldman Sachs staff are just interested in the high visibility work and that it does not enter their minds that future clients will say Goldman Sachs saw the inside of AIB and that will encourage them to go to the company rather than another firm.

I refer to another aspect of this. Is this an admission that the Minister is giving up on the retrospective recapitalisation of the banks? He has come into the House on numerous occasions and said that once the SSM is set up, we can apply. He has still not applied through that. Government sources are reported as saying Ireland has little or no chance of ever recouping the billions of euro pumped in to rescuing the banks from Europe. Is this the wrong moment to make that admission and to accept that defeat, particularly in the context of the previous questions around the election of Syriza and the change that will make to the European picture, including the possibility of a European debt conference? Surely now is not the moment to sell to private investors and lose State control over a key bank. Instead, the Minister should seek retrospective recapitalisation.

Deputy Michael Noonan: I have answered this question on innumerable occasions. The Government's policy position is that we do not intend retaining the banks and, in particular AIB, in public ownership indefinitely but indefinitely could stretch out a long way. I have been advised by my Swedish colleague that the last of the shares held by the Swedish Government in its banking system following the country's banking crisis in the early 1990s was only disposed of in the second half of last year, more than 20 years after the event. We are not talking about a sudden sale or a fire-sale; we are talking about getting the bank's books in order so that it is structured in a way that it is saleable and then we will consider best advice on what quantum we will put on the market. That does not mean that we have abandoned the idea of a retrospective or retroactive recapitalisation. The same initial mechanism is involved whether we sell on the market or to the ESM. They give us money for shares and whether it is the market or the ESM, it is an exchange of money for shares. I am totally non-ideological on this. We will give the shares to the people who give us the most money and at the moment it looks as if the market is disposed to giving us more money than the ESM. One monopoly purchaser is in a stronger position than a number of willing buyers on the market but we will see. This is one of the reasons we have Goldman Sachs in. It will evaluate the full scenario and advance it.

Other Questions

Bank Charges

6. **Deputy Dara Calleary** asked the Minister for Finance his views on recent increases in

bank charges and the consequent impact on personal and business customers; and if he will make a statement on the matter. [4675/15]

Deputy Dara Calleary: I would like to discuss with the Minister the impact of recent increases in bank fees for SMEs. In some cases maintenance fees have been increased by 300%. The banks say it is a direct consequence of the Government's wish to expand online banking. This is having a significant impact on SMEs along with the general lack of choice in business banking in the market.

Deputy Michael Noonan: All credit institutions in Ireland are independent commercial entities. I have no statutory in respect of the charges applied by them. Section 149 of the Consumer Credit Act 1995 requires that credit institutions, prescribed credit institutions and bureaux de change must make a submission to the Central Bank if they wish to introduce new customer charges or increase existing customer charges in respect of certain services. Section 149 does not cover interest rates; it applies to fee and commissions only. The Central Bank may direct the institution not to impose the new or increased charge or it may approve the charge or approve at a lower level than requested by the institution. Once approved, the bank is entitled to impose the charge.

My Department published a report on the review of the regulation of bank fees and charges in December 2013. This contained a detailed description of the process by which the Central Bank makes decisions on whether to approve proposed charges. It is available on my Department's website, www.finance.gov.ie. Among the key findings of the review was that while fee and commission income has become a more important source of income to the banks in recent years, net fee and commission income in Irish banks was well below the average of their European peers.

The review also found that competition in the banking sector has reduced significantly since the onset of the economic crisis. This lack of competition means that the removal of section 149 would give unfettered price setting power to the incumbent and, therefore, it was recommended that it not be repealed. The Central Bank Supervision and Enforcement Act 2013 introduced changes to section 149 to attract new entrants to the banking sector. There is some evidence of improvements in the sector with a number of institutions introducing new products and adapting their business model.

The website of the Competition and Consumer Protection Commission lists the various charges imposed by the various financial institutions for different transactions - www.consumer-help.ie. Institutions have varying models for charges and have different regimes and conditions under which they are willing to grant transaction free banking.

Deputy Dara Calleary: Even since the report's publication, Bank of Ireland has increased the quarterly maintenance fee for business customers from €5.25 to €15. Cheque lodgement charges have increased from 20 cent to 60 cent, while a book of 50 cheques now costs €15, as opposed to €4. Equally, AIB increased its fee for an e-banking product by 25% overnight after directing approximately 46,000 businesses into it. These charges have a direct impact on the bottom line of small and medium enterprises that are struggling. Many banks now dictate the days on which coins can be lodged, for example; therefore, if a person works in a service industry, there are days when he or she may be forced to keep cash on the premises because the banks will only take coins on specific days and sometimes only two or three days a week. That happens in a town not far from where the Minister lives and in which there is a big dependence

on the service industry. One arm of the Central Bank does not know what the other is doing. Its representatives have lectured us about costs in the economy moving out of the stream, but, on the other hand, they seem content to stand by and allow this level of increase. I note the Minister's comment on the charges being listed on the website, but he knows that businesses find it difficult to shop around for banking facilities because of security concerns and the problems which come in moving from one bank to another. They do not tend to do it and it seems the banks are exploiting this inability to move.

Deputy Michael Noonan: There is no connection between the report published by the Department of Finance in 2013 and the subsequent increases in charges by the banks. The Central Bank has a role in authorising charges and may alter them, but the Minister for Finance has no such role. I presume the banks were waiting to see if section 149 of the Consumer Credit Act 1995 would be repealed or if there would be a proposal to do so. We indicated that there would be no repeal, as if that were to happen, there would be *carte blanche* for the banks to do as they wished independent of the Central Bank. There is still control.

It is true that, on a comparative basis, the range of fees in Ireland is much lower than in comparable institutions across the European Union. If we are to attract competition, a range of fees more closely allied to what is happening in Europe would be appropriate. It is up to institutions and the Central Bank to decide on fees. There is some evidence that new institutions are coming to Ireland, of which the Minister of State, Deputy Simon Harris, who is in charge of financial services would have significant knowledge.

Deputy Dara Calleary: I did not want to make a connection between the report and the increases, but the reality is that the increases have happened. The Minister has a role because he is the main shareholder in one of the banks and a minority shareholder in the other. He is the Minister whose Department regularly publishes targets for small and medium enterprise, SME, lending and the condition of that sector's finances. I quoted the charges of Bank of Ireland, which has indicated that they are being introduced in line with the Government's national payments plan. I do not accept this and it is a cop-out by Bank of Ireland. As somebody who is in charge of SME lending and pushing the banks into such lending, the Minister has a role. This is particularly relevant, as we are about to establish the strategic banking corporation which could have been another player in the market if it had been approached differently as an independent bank in its own right. We are going to give these guys more money to lend to the same businesses on which they are piling pressure.

Deputy Michael Noonan: As the Deputy is aware, when my predecessor, the late Brian Lenihan, brought the banks into public ownership, there were arrangements, agreements and legal contracts signed to the effect that the Department of Finance and the Minister would not interfere in the commercial affairs of the banks. He was absolutely right to do so and I have followed these rules. We do not interfere in what are considered to be the commercial considerations of banks. The new strategic investment bank will operate and develop products independently. Retail banks will be used as gateways to deliver money to businesses, but the bank will be independent in the exercise of its functions. There will be announcements in that regard very shortly and Deputies will be happy with the details.

Budget Measures

7. **Deputy Terence Flanagan** asked the Minister for Finance his plans to help the squeezed middle in future budgets; and if he will make a statement on the matter. [4702/15]

Deputy Terence Flanagan: Will the Minister outline his plan, as recently reported in the media, to help the coping classes or those middle-income earners between €32,800 and €70,000? Does the definition include households or does it refer only to individuals earning that income?

Deputy Michael Noonan: I thank the Deputy for his question. As he may be aware, I am of the view that a fair, efficient and competitive income tax system is essential for economic growth and job creation. I have long said the burden of the income tax system in Ireland is too high. I also said I would seek to reduce it as soon as it was prudent to do so. The identification of the squeezed middle as those earning between €30,000 and €70,000 was an important step.

In the 2015 budget I reduced the top rate of income tax from 41% to 40%. I also extended the standard rate band in which income tax is chargeable at the lower 20% rate by €1,000. These measures ensure all those earning in excess of €32,800 per annum will benefit from the income tax changes in the budget. In addition, I reduced the two lower rates at which the universal social charge, USC, was payable from 2% and 4% to 1.5% and 3.5%, respectively. This ensures people on lower incomes who do not pay income tax also benefit from the budget. Furthermore, I also increased the threshold before which the 7% rate of USC becomes payable to €17,576; as a result, those on the minimum wage will now only be liable to a maximum 3.5% rate of USC. I also retained the exemption from the top rates of USC for medical card holders and those over 70 years with incomes that did not exceed €60,000. These individuals will now only be liable to pay a USC rate of 3.5%, down from 4%.

Ireland already has one of the most progressive income tax systems in the developed world. To preserve that progressivity, the budget also contained measures to limit the maximum benefit of the tax package to approximately €14 per week for any individual taxpayer, which means that those with very high incomes will only benefit to the same extent as those with more modest incomes. The changes announced in the budget took effect last month and have resulted in a reduced tax bill for all those paying income tax and USC.

Additional information not given on the floor of the House

The tax package announced in the budget is the first stage of a tax reform plan to be undertaken over a number of years to reduce the tax burden, particularly for low and middle-income earners. My Department estimates that a reform plan along these lines over three years will create up to 15,000 jobs when the full effects of the changes have taken hold in the economy. I propose to continue to reform the income tax system in this manner in future budgets, subject to the required economic growth and the consequent fiscal space being available to the Government.

Deputy Terence Flanagan: I thank the Minister for his response. What steps are he and the Minister for Public Expenditure and Reform taking to keep costs down for all households, particularly State-controlled costs? Households and, in particular, employed persons are paying major taxes, including new taxes in recent years such as the property tax and water charges, as well as the dreaded USC. The most expensive outgoings for households are child care costs and mortgage debt payments. What measures will the Minister take to specifically help those with high child care costs? Recently, the OECD indicated that a family in Ireland with two children would spend 40% of its average wage on child care costs. This amounts to over €2,000

per month to keep a baby and a toddler in child care facilities. What is the Minister doing to target this issue?

Deputy Michael Noonan: A series of supplementary questions have been put by the Deputy. The Government's target for procurement costs is to save €150 million this year, a very significant saving. The Deputy is aware that the cost of energy has come down dramatically. The budget was built on a Brent oil figure of €105 per barrel, but it is now at €43 or €44. The Government's policy is to ensure these savings are passed to the consumer. The same would apply to heating oil.

Child care is one issue that is putting a structural obstacle in place of full participation by women in the workforce. It is an issue currently being examined by my Department. Primary responsibility for this matter lies with the Minister for Children and Youth Affairs, with whom I have already had discussions on the issue. It is easy to identify the problem but difficult to arrive at a solution. However, we are working on it.

Deputy Terence Flanagan: The Minister will be aware that Ireland is the most expensive country in the world in terms of child care costs. This is an area that requires targeted action. This Government and previous governments have failed ordinary working people in not taking targeted action to address child care costs.

On mortgage debt and variable interest rates, some banks are charging new customers a lower variable interest rate than that which they are charging their existing customers. Perhaps the Minister will say if there is anything further he can do in regard to this matter which would provide people with hope, particularly those people who have had to pay high taxes in recent years and are badly squeezed.

Deputy Michael Noonan: The policy instrument available to me to assist the so-called squeezed middle is the taxation system. I have outlined for the Deputy what I have done in terms of income tax and USC reductions through the budget. I also said in my Budget Statement that I would follow the same line of policy in the next budget, subject to the availability of resources to do so.

The Deputy has raised many issues which are not in the same space. While very important, many of them are the responsibility of other Ministers. The Deputy has material for a series of parliamentary questions.

Budget Consultation Process

8. **Deputy Pearse Doherty** asked the Minister for Finance his views on whether the budgetary process would benefit from the creation of a specific body to provide independent costings of alternative budgets from Opposition parties and if he sees an existing body such as the Irish Fiscal Advisory Council taking on such a role. [4654/15]

Deputy Pearse Doherty: This question seeks the Minister's view on whether the budgetary process would be enhanced by the creation of a specific body to provide independent costings of alternative budgets from Opposition parties, whether an existing body such as the Irish Fiscal Advisory Council could take on this role and whether this process would enhance the type of debate we have on proposals from the Opposition in regard to policy matters and alternative

budget formulation.

Deputy Michael Noonan: The proposal raised by the Deputy is one that surfaces from time to time and its consideration has already led to steps in this direction. For instance, my Department provides costings in regard to taxation proposals on a confidential basis to assist parties in advance of general elections or budgets. However, it is fair to say that these costings are limited by being provided on a static, individual basis without analysis of the general government implications or potential economic effects.

A further factor is that Ireland is entering the preventive arm of the Stability and Growth Pact and this will have major implications for fiscal policy in the coming years. Initiatives that improve the quality of debate around budgetary priorities and the best allocation of resources should be encouraged. Accordingly, I am coming to the view that the proposal should be considered in depth. This is a complicated matter and the work undertaken by such a body would have to be subject to strict terms of reference. Care must be taken to ensure that such a body does not supplant the role of Government and the Oireachtas through gaining, for instance, an effective veto power over proposals that it dislikes in purely economic terms.

Various models of this type of service and body already exist. These include independent bodies or offices under the aegis of parliaments. An important factor must be the need to bear in mind the resource implications, both in terms of expenditure and staff. Too much duplication must be avoided.

The Deputy asks if the Irish Fiscal Advisory Council could take on such a role. While this could be one of the options, my first reaction is that it would be difficult to combine its current functions with such a role. We need the council as a fully independent voice to assess the fiscal stance and to assess compliance with the fiscal rules Ireland signed up to in the Stability and Growth Pact and the Fiscal Compact. It also endorses the macro-economic forecasts. Even if the differing roles could be made fully compatible, I think it is safe to say that the current part-time role of the council members would not be feasible.

Deputy Pearse Doherty: I welcome the Minister's response to this proposal, which I have been making for some time. I note from the Official Report of the Dáil that this matter was also raised with the late Minister for Finance, Brian Lenihan, by the Tánaiste when Labour Party Opposition spokesperson on finance and by other Deputies. The provision of this type of process would allow for a proper, realistic and wholesome debate on alternative budgets. However, I ask that the Minister ensure that the process is not only the preserve of Government and that in coming to a decision on the best way to proceed there is engagement with Opposition Deputies, particularly those who hold finance portfolios and those who take these issues seriously in terms of their parliamentary work. The finance committee might also have a role to play in regard to what is proposed. I would encourage that this proposal be proceeded with.

I suggest that to complete the circle we also need to deal with the constitutional amendment. I have tabled legislation on this issue but it was not accepted. That Opposition Deputies cannot table particular amendments to a Finance Bill is archaic. There is a need for reflection on how to ensure proper debate on finance legislation. That Opposition Deputies cannot table particular amendments for discussion on Committee Stage does not allow for full debate.

Deputy Michael Noonan: I have not fully developed my views on this yet but I agree in principle that we should move in the direction signalled by the Deputy. I agree also that the Op-

position should be involved in developing the ideas. When my own thoughts have developed a little further I will meet with Deputy Doherty, Deputy Michael McGrath and the representative on finance from the Technical Group to see how we can move forward and have a meeting of minds on this matter. My thinking is that this should be done by a unit within the ambit of the Oireachtas Commission and that it should then be independent of the Government and the Department of Finance. We will also have to put in place some terms of reference of access because as well as having party access we need access by individual Deputies who want to bring forward proposals.

It might be appropriate to tie this in to the Friday sittings so that the proposals are not just arid and theoretic. We could have a first run at proposals by way of rehearsed debate on the Friday to get the views of colleagues on them. However, that is a matter for individuals. That is my current thinking on the matter. As soon as I have fleshed it out a little more I will be in contact with the Deputy. We can then meet over a cup of coffee or deal with the matter through the finance committee, whichever the Deputy wishes.

Deputy Pearse Doherty: I appreciate that. This is long overdue. I welcome that the Government has agreed to it. While this issue has arisen as a result of the, in my view, nonsensical debate in regard to budgetary costings, budgets were never costed by the Opposition until 2011. This is something new that has crept into the debate, although it is somewhat welcome. The debate around whether all proposals or individual measures should be costed should be a thing of the past.

I also believe that not only budgetary costings but policy proposals should be addressed. For example, the issue of child care costs was raised earlier. If a proposal in terms of a policy for child care is put forward it is important we have the option of having an independent analysis of its implications, outside of general manifestos already provided. I welcome the Minister's comments on this matter and hope that the process moves along at a pace that is necessary to allow this to be put in place as quickly as possible, while ensuring the system is robust. I have concerns around whether the Irish Fiscal Advisory Council would be the best vehicle to do this. However, I and my party are open to engaging with the Minister on this matter.

Mortgage Lending

9. **Deputy Michael McGrath** asked the Minister for Finance his views on whether the new rules introduced by the Central Bank of Ireland requiring a 20% deposit for non-first time buyers will result in many homeowners finding it impossible to move on to a new home; and if he will make a statement on the matter. [4670/15]

Deputy Michael McGrath: This question relates to the new mortgage rules introduced by the Central Bank recently and seeks the views of the Minister on their impact on, in particular, non-first time buyers who will now be subject to a 20% deposit requirement in, at least, 85% of cases. What is the Minister's view of the impact of this onerous requirement on those seeking to trade up or move home by virtue of finding a job elsewhere or their family size growing? When will these rules take effect? Will they require the approval of the House or merely the laying of a statutory instrument before the House? Will the Minister clarify this procedural matter?

Deputy Michael Noonan: Following a public consultation process, the Central Bank of

Ireland announced its new macro-prudential measures for residential mortgage lending. The regulations place certain limits on both loan-to-value, LTV, and loan-to-income, LTI, ratios for new mortgage lending. For non-first-time buyers, a mortgage will be limited to 80% of the value of a principal dwelling house. First-time buyers will be subject to a maximum mortgage LTV ratio of 90% on a property valued up to €220,000 and to an 80% LTV ratio on any excess value above that amount. Buy-to-let mortgages are subject to a limit of 70% LTV ratio. Principal dwelling loans will also be restricted to a maximum multiple of 3.5 times gross annual income.

It is important to note that there are several exemptions from these rules. For example, the principal home LTV ratio restriction will not apply to a borrower in negative equity who wishes to obtain a mortgage for a new home. Additionally, in the case of principal dwelling loans, lenders can exceed these thresholds in respect of up to 15% of loans advanced for such purposes. These regulations are a matter for the Central Bank, acting independently in its capacity as regulator of financial service providers and also in its lead role in ensuring overall banking and financial stability. It is considered these final measures adapted by the Central Bank will help to promote prudent and sustainable lending for housing purposes and contribute towards the achievement of the bank's overall macro-prudential objectives. They will take effect as soon as the bank promulgates the regulations. My responsibility is to bring the promulgated regulations to the House by way of placing them in the Oireachtas Library. The House does not have any function in enacting them, either through primary or secondary legislation.

Deputy Michael McGrath: I thank the Minister for clarifying the matter. I do not have any difficulty with the loan-to-income ratios. It is a better measure of the affordability of a mortgage because it measures someone's capacity to service a mortgage on a monthly basis. The Central Bank has got that one right.

On the issue of the 15% wriggle room the banks have, what they have told me privately is that they will use it to look after their own customers. For a new mortgage customer or someone seeking to switch a mortgage, that wriggle room is unlikely to be available. The Central Bank has gone a long way towards addressing the concerns of first-time buyers. However, there will still be problems, particularly in Dublin where there is no property available for a first-time buyer for €220,000. There will be problems in other urban centres such as Cork, too.

The biggest issue thrown up by the new rules is for non-first-time buyers. For example, a home owner who wants to trade up or move home will require a deposit of €70,000 for a new mortgage on a property worth €350,000. If he or she has little or no equity in his or her existing property, I am sure the Minister will agree that is a tall order. These rules are very onerous for non-first-time buyers and they will ultimately have an impact on first-time buyers, too. If people are not in a position to trade up, the properties that should be available for first-time buyers may not come on the market. Does the Minister support the Central Bank's rules in their entirety?

Deputy Michael Noonan: First, the Central Bank is independent. It brought forward these macro-prudential rules on lending for house purchases because it was aware of how the property bubble had crashed the economy previously. It was also aware of the inadequacy of Central Bank and Financial Regulator action at the time, which is well recited. One can see why the bank was anxious that there would be no repeat.

My views were reflected in the submission made by the Department of Finance during the

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consultative process, the outcome of which has been published. I hope they were influential in providing a little more space for first-time buyers. The LTV scale does not jump from 80% to 90% in one go. The figure of €220,000 applies at the 90% rate and the scale then begins to slide for properties above that threshold. Up to a house worth €1 million, one would not be down to an 80% LTV ratio. It would work out at a maximum mortgage of 82%. There is a long sliding scale before one arrives at the 80% LTV level. I hope it will work.

It must be remembered that issue this is subject to ongoing review by the Central Bank. It is the bank's announcement and fully within its rights to make it. Its job involves the macro-prudential care of the economy.

Deputy Michael McGrath: I welcome regulation as some rules are absolutely needed. I welcome their introduction. The debate is really about the detail.

The Central Bank has got it right largely for first-time buyers. On the sliding scale a first-time buyer buying a house worth €400,000 will be required to come up with a 15% deposit, which is a lot. In Dublin many properties for first-time buyers will be in that region. However, there is a real issue for non-first-time buyers. It will have an impact on the market and, more importantly, a negative impact on the families affected. They may not be in negative equity but have modest positive equity in their properties. In such cases, the full rules apply concerning a 20% deposit. A couple with young children, for example, living in a duplex apartment or a small home may need to trade up to a house worth €350,000. They may be able to service the larger mortgage on this property but may not have the 20% mortgage deposit, namely, €70,000 cash, after they have sold their existing property. To me, that is very onerous and will result in many people being trapped, but we will see how it works out. I hope I am wrong. It is welcome that the issue will be kept under review because the Central Bank has gone too far on the deposit requirement for non-first-time buyers. I do not have a difficulty with the loan-to-income ratio, as it is a good measure of affordability, which is a more important benchmark to test somebody's capacity to service a mortgage.

Deputy Michael Noonan: I am familiar with the arguments the Deputy has made, arguments that he has put very well. On the issue of how it will affect the market, it is designed to have an effect on it. There would be no point to it if it did not have an effect on it.

Deputy Michael McGrath: The Central Bank has claimed it has nothing to do with it.

Deputy Michael Noonan: The overall purpose of the rules is to prevent another housing bubble from emerging, if one believes that is a risk. We hope they will have an effect on the market.

Written Answers follow Adjournment.

Personal Insolvency (Amendment) Bill 2014: Second Stage (Resumed)

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

Deputy Paul Murphy: The 19th century American journalist Ambrose Bierce described debt as an ingenious substitute for the chain and whip of the slave driver. If he had been writing in contemporary Ireland, he could have added a special mention for the banker, the property speculator, the big building firms and big businesses which have forced tens of thousands of

households into poverty to pay their boom-time debts. Over 50% of Ireland's households are in debt, way above the eurozone average. It is estimated that as many as 250,000 people are insolvent. This debt crisis is a daily nightmare for tens of thousands of people who are in constant fear of the next telephone call or letter from their bank. I recall last year meeting a young woman whose hair had fallen out owing to the stress caused by the constant harassment of her banks in looking for payments that simply could not be made. Debt is destroying people's lives, forcing them into making daily decisions about whether they should leave bills unpaid, not eat or leave their homes without heat in order to pay their mortgages or other creditors, decisions that are impossible for them to make. The vast majority of people who are in debt are not those who theoretically "lost the run of themselves" in the course of the boom. Their only crime was to provide for their very basic need to have a home.

Despite the hype and spin about the recovery in our economy, we are still in the midst of a very severe debt crisis, which even the Taoiseach has admitted this morning. The latest Central Bank figures show that nearly 118,000 mortgage accounts are in arrears, which amounts to €2.5 billion and represents over 15% of all mortgages. The number of those in serious mortgage arrears is still increasing. There are now just under 37,500 mortgages in arrears of over 720 days, coming to a value of €8 billion. That is 7.6% of total outstanding mortgages.

When the Government came to power in 2011, there was an expectation that something would be done to ease the burden of those in mortgage and personal debt difficulty. The Labour Party even promised a personal debt management agency that would be armed with strong powers to protect people in debt. All we got was a Personal Insolvency Bill which, although it has worked for some, has demonstrated itself to be woefully inadequate, riddled with shortcomings, and a complete failure in dealing with the mountain of debt heaped onto households. The reality of the existing system can be seen in the fact that since the launch of the insolvency service, just 1,600 people have applied for one of those arrangements, and of those, only 548 have been approved. It is a tiny drop in the ocean compared to the debt crisis that exists. In reality, people have been voting with their feet and not engaging with this regime.

With this Bill, the Government had an opportunity to correct the flaws in the personal insolvency system. Instead, it is tying up some loose ends and making relatively minor and technical changes. Nothing is being done about the fact that personal insolvency practitioners, PIPs, are allowed to set their own rates and charge in the region of €2,000 for their services. Some cases have been reported of €4,000 being charged, to people who are in extreme debt crisis situations, and just a consultation with a PIP can cost in the region of €100 to €300. The whole thing puts the process beyond the reach of many who are in debt. There are also cases of personal insolvency practitioners refusing to deal with people in very serious arrears. The profiting off the backs of people who are in vulnerable and difficult situations must end. Organisations such as MABS have called for insolvency practitioners to be provided free of charge to those in debt. We in the Anti-Austerity Alliance support that and believe it could be funded through a levy on the banks.

This legislation will do nothing to tackle the power banks have under this regime. The banks' veto on proposals remains. The exercise of this veto is not an isolated incident but is something the banks are using on a regular basis. The insolvency service reports that to date, 25% of proposals have been rejected by creditors, which is an exercise of that veto. With the re-inflation of the property bubble, the increase in property prices we are seeing at the moment, we are only likely to see further increases in the use of that veto as banks seek to maximise their profits at any cost. This legislation could have been an opportunity to dislodge the banks from

the driving seat in this process. We could have seen the introduction of mechanisms forcing the banks to agree to write-downs, but instead, yet again the Fine Gael and Labour Government has decided to back up the banks.

Debt is a personal nightmare for many people, but it should not be. People in debt are victims of the capitalist system that has forced them into buying modest homes at massively inflated prices in order to swell the coffers of the banks, property speculators and big builders. When the inevitable crash happened, who was forced to pay the price? It was not the vultures who had profited, but ordinary working people who have been forced to pay the bill through austerity and massive personal debt, while the developers and bankers were bailed out. Austerity, the debt rip-off and the private misery must end. We need a common struggle to end the debt nightmare. The Anti-Austerity Alliance calls for debt to be written down to affordable levels, and the cost to be put onto those who profited from housing and unsustainable lending during the boom. Repossessions must be outlawed. It is simply not a solution to turf people out of homes, for them to go onto endless local authority waiting lists or be thrown to the mercy of rack-renting landlords and all the associated crisis surrounding homelessness.

Tackling the debt crisis will also have to take place as part of tackling the housing crisis. We need a massive plan for public investment in social housing to provide affordable housing for all to rent and to buy. We also need to take on the rack-renting landlords by introducing rent controls and decent rights for tenants.

Acting Chairman (Deputy Olivia Mitchell): The next speaker is Deputy Neville. Sorry, I call the Minister to reply.

Minister for Justice and Equality (Deputy Frances Fitzgerald): I thank all of the Deputies for their contributions to the debate on the Personal Insolvency (Amendment) Bill 2014, and for the broad support that has been expressed for the technical but important changes it will effect. Taking up some of the points that Deputy Murphy and others have made, last year the Government committed to reviewing both the implementation of the Central Bank mortgage arrears targets and the operation of the insolvency service to make sure that both bodies have the necessary powers to support families who are trying to work their way out of their debt problems.

There is not a Deputy in this House who does not understand how serious this issue is. The Government is absolutely committed to taking steps to make a difference in this area. Our review of the insolvency legislation has examined closely the full range of issues which arise. It has included consultation with a range of stakeholders, including those working directly with people who are deeply in debt. I intend to bring forward proposals to the Government shortly arising from that review, so that the insolvency legislation can work effectively to ensure that people trapped in unsustainable debt can arrive at sustainable solutions.

Many of the Deputies, including Deputy Murphy, referred to direct contact with individuals and families, which we have all had. We are all very aware of the struggle that people are experiencing and the total pressure they feel when they are carrying debt of the order that pertains for many families. That is why we need a range of initiatives and why I took those decisions to remove the barriers to working effectively with the insolvency service. I have reduced the fees to make it much more likely that people will be able to go and work with the insolvency service. The insolvency service has also done a lot more work in making people aware of its existence. It has become very clear from the insolvency service's own research that people are

not sufficiently aware that the service exists. Once it did that work in the fourth quarter of last year, as I informed the House yesterday, we saw a very substantial rise - well over 100% - in the numbers of people going to the insolvency service. I hope that will continue.

I want to say a word directly to those families. It is very clear that many of them are struggling alone and feel embarrassed to seek help. I would like to echo what was said by the director of the insolvency service. We want people to know that there is help available, and that there is no embarrassment in seeking it and no shame in taking it. Many of those who have made contact with the insolvency service or with other agencies have spoken of the relief they feel and have said that they really regret not having gone for help earlier. I have heard this directly from the PIPs working with families, from the director of the service and from others. That is a message we really need to get out to many people. I am constantly surprised at meeting people who have had an awful lot of contact from those to whom they owe money, but have not responded to any of the letters because of that fear. I want to say to them to use the insolvency service, go and get that initial help and begin to work through the difficulties. A lot of help can be given.

I am examining a whole range of issues in the review and we have consulted very widely. I am bringing proposals to the Government arising from the review. If I can table some amendments on Committee Stage that would make a difference to areas where we see that action needs to be taken, I will do that as well.

11 o'clock

Moreover, I am keen to see what practical action can be taken quickly and effectively. Yesterday, and again today, I referred to the steps we have taken to lift barriers to people seeking help and to spread information in order that people know where to get help. I am pleased that this is showing results and I believe we can do more.

I emphasise clearly and strongly that the banks must engage constructively with the insolvency legislation and the Insolvency Service of Ireland. We have seen some banks working strongly with individuals while other banks are not and that must change. This is of key importance. We are seeing overall mortgage debt reducing significantly and steadily but more needs to be done to ensure sustainable solutions are put in place for families in long-term arrears who are making every effort to pay what they can.

I thank all the stakeholders, including MABS, the other services and those facing heavy debt who were involved in the review. During the review I will examine carefully possible measures to address any question of unreasonable refusal by creditors to engage with the legislation, but this will be done in a reflective manner. The Government has already shown a willingness to hone the legislation. Earlier, I heard the Minister for Finance, Deputy Noonan, speaking about other initiatives being taken. These topics were covered on "Morning Ireland" this morning. Efforts to hone the legislation and processes relating to insolvency have been made by the Government to ensure they work better and better assist those they are designed to serve.

Reference was made to the mortgage-to-rent scheme. The scheme holds considerable potential to provide solutions. The operation of the scheme has been kept under review by the Minister for the Environment, Community and Local Government, Deputy Alan Kelly, with a view to addressing any barriers which may have arisen.

4 February 2015

As Deputies have said, today's Bill is technical but it has an important objective. No court actions have been initiated in respect of these issues. It is technical but it is prudential and serves to ensure that there is procedural clarity for all stakeholders. I believe effective and well-designed legislation has a vital role to play in addressing indebtedness and helping people. It is vital that each Deputy and Senator make people aware of the services of the Insolvency Service of Ireland when they come to their clinics. Help is available. It is a flexible service and the practitioners, many of whom I met last week, are there to help.

I thank Deputies for their support for the Bill. I take the points they have made about the further actions needed in respect of the debt situation facing people. Of course I understand the pressures people are feeling. We are keen to do everything possible to ensure that people can access the services and benefits which the insolvency service can bring in a timely way.

Deputies have spoken about the low numbers. I emphasise that in other jurisdictions when insolvency services were introduced it has taken several years to really get started. There was an increase in the numbers who went to the insolvency service in the last quarter of 2014. People became aware of it through local radio or advertisements placed as well as through the work of the personal insolvency practitioners. It is clear that the numbers increased and more people were helped. I expect that to continue in 2015 and beyond and that the insolvency service will become an important part of the solution for people who are facing debt at the levels we have been discussing this morning.

Question put and agreed to.

Personal Insolvency (Amendment) Bill 2014: Referral to Select Committee

Minister for Justice and Equality (Deputy Frances Fitzgerald): I move:

That the Bill be referred to the Select Committee on Justice, Defence and Equality pursuant to 82A(3)(a) and 126(1) of the Standing Orders relative to Public Business and paragraph (8) of the Orders of Reference of Select Committees.

Question put and agreed to.

Consumer Protection (Regulation of Credit Servicing Firms) Bill 2015: Order for Second Stage

Bill entitled an Act to provide for the protection of certain borrowers who are parties to credit agreements in respect of which credit servicing firms undertake certain services and for this purpose to amend the Central Bank Acts 1942 to 2014 and the Consumer Credit Act 1995 and to provide for related matters.

Minister for Finance (Deputy Michael Noonan): I move: "That Second Stage be taken now."

Question put and agreed to.

Consumer Protection (Regulation of Credit Servicing Firms) Bill 2015: Second Stage

Minister for Finance (Deputy Michael Noonan): I move: “That the Bill be now read a Second Time.”

I welcome the opportunity to address the House on this important legislation, which is a priority issue for the Government. The purpose of the legislation is to protect consumers whose loans are sold by regulated financial service providers to unregulated firms. It will address concerns surrounding the continued applicability of the Central Bank’s codes and access for borrowers to the Financial Services Ombudsman after loan books are sold. The proposed legislation provides that borrowers retain protections after their loans are sold. For example, they will retain the protections provided by the Central Bank codes, such as the code of conduct on mortgage arrears, known as the CCMA.

Unregulated financial institutions are not bound by the Central Bank codes. In addition, while customers of unregulated financial institutions have access to the courts, they do not have access to the Financial Services Ombudsman. As Members will be aware, while many purchasers of loan books have already agreed to voluntarily apply the Central Bank codes when managing loan books, voluntary compliance is not enforceable. As a result, the Government committed in March 2014 to ensuring these protections would be made available for all consumers whose loans have been sold.

It is generally accepted that there is a need for financial institutions to be able to deleverage and restructure their loan books to return to their main business of supporting the economy through the provision of financial services, including credit for SMEs and consumers. We do not intend that this legislation will inhibit that process but neither do we want borrowers to lose protections because of a change in ownership.

Consumers need protection when they take out credit, during the course of holding credit and when they are repaying credit. It is not equitable for some of these protections to be avoided due to the regulatory position of the entity that owns the credit. For this reason, consumers should maintain the protections they had before their loans were sold and that is what the proposed legislation seeks to achieve.

The process of preparing the legislation has been complex. My officials have carefully considered how best to protect consumers and, as is often the case when preparing legislation, their thinking has evolved over the course of the preparatory phase. Last July and August, the Department of Finance ran a public consultation seeking views on this proposed legislation. A total of 19 submissions were received from a range of respondents, including the financial services industry, consumer groups, public representatives, individuals and other stakeholders. The submissions are available on the Department’s website. Subsequently, my officials met some stakeholders to clarify submissions and the technicalities of how the credit servicing industry operates. The officials also discussed the issue with the authorities in the United Kingdom, which have faced similar policy challenges in recent times. Officials in the Department of Finance have carefully considered the submissions and have been working intensively with the Central Bank and Office of the Attorney General to progress this legislation. This legislation again underlines the value of public consultations. It means that legislation is prepared in an open and transparent manner and plays an important role in contributing to understanding of the issues and avoiding unintended consequences.

When work began on this Bill, the initial thinking was that the ownership of credit should be regulated to ensure that borrowers continue to receive the same protections as they enjoyed prior to the loan book sale. The public consultation process highlighted an issue with this approach, as it was possible to envisage cases where owners would effectively be a passive special purpose vehicle, SPV, and where they would outsource servicing of the loans to a firm that would not be regulated. It therefore became clear from the consultation process that if we were to effectively protect consumers it was better to regulate the process of credit servicing, as that is the customer-facing activity. However, if an owner does not outsource credit servicing and instead undertakes the activity themselves, they must be regulated. In other words, some regulated entity will be responsible for all credit agreements.

The Bill is entitled the Consumer Protection (Regulation of Credit Servicing Firms) Bill 2015. The Title was agreed following consultation with the Office of Parliamentary Counsel and reflects the approach being adopted to protect consumers.

The proposed legislation will amend the Central Bank Act 1942, Central Bank Act 1997, the Central Bank (Supervision and Enforcement) Act 2013 and the Consumer Credit Act 1995 and provide for related matters. It is proposed to amend section 28 of the Central Bank Act 1997 by inserting definitions of the terms “credit agreement”, “credit servicing”, “credit servicing firm” and “relevant borrowers”. The term “credit servicing” is tightly defined in order that a firm which communicates with relevant borrowers in regard to their credit agreement will require authorisation. As mentioned earlier, the legislation will also require owners which do not outsource credit servicing to another party to be regulated. The effect of this amendment is to regulate the activity of credit servicing, and the credit servicing firms engaged in such activity, in order that the borrowers retain the protections they had before the loan book was sold.

All consumer and SME loans which are sold will be covered by these amendments and retain the protections they currently have. These include, first, the code of conduct on mortgage arrears, CCMA, which sets out the framework that lenders must use when dealing with borrowers in mortgage arrears or pre-arrears. It requires lenders to positively engage with the objective of helping borrowers meet their obligations. Under the CCMA, borrowers must be dealt with in accordance with the mortgage arrears resolution process, MARP, which sets out the steps to be followed on communication, gathering financial information, assessing the circumstances of the borrowers and proposing a resolution. Procedures for complaints and appeals are also provided. Second, the consumer protection code provides protections such as limits on communications, personal visits and other contacts, complaint resolution processes, error handling, compliance of outsourced activity with the code and post-sale information provisions, including warnings on switching from a tracker mortgage to a variable interest rate mortgage. Third, on the code of conduct for business lending to small and medium enterprises, SME customers of regulated financial institutions have the protections provided regarding arrears handling, complaint resolution, etc.

Breaches of the Central Bank codes can lead to sanctions on the regulated entity. As credit servicing firms will become regulated financial services providers under the new legislative regime, all appropriate supervisory powers of the Central Bank will be applicable to them as regulated financial service providers, including the administrative sanctions procedures regime. Customers of regulated financial institutions also have access to the Financial Services Ombudsman, FSO, whose role is to investigate, mediate and adjudicate complaints about the conduct of regulated financial service providers. This is a very important protection for borrowers.

Finally, with regard to credit union credit, we must ensure that where credit union loan books are sold outside the credit union movement, those borrowers are afforded the same protections as other borrowers. This requires an amendment to the Consumer Credit Act 1995. Therefore, the relevant codes will apply to credit which is initially advanced by a credit union but is subsequently sold. We are not aware of circumstances where this has arisen but consider it to be prudent from a consumer protection perspective to provide for this.

Turning to the details of the Bill, section 1 amends section 28 of the Central Bank Act 1997 by inserting definitions of “credit agreement”, “credit servicing”, “credit servicing firm” and “relevant borrowers”. The activities of credit servicing have been defined to ensure that the entity managing the relevant borrowers’ credit arrangements will be regulated. The effect of the amendments to section 28 of the Central Bank Act 1997 is to regulate the activity of “credit servicing” and the “credit servicing firms” engaged in such activity, so that the borrowers retain the protections that they had before a loan book was sold. Section 2 amends the Central Bank Act 1997 in regard to the Central Bank’s powers to grant and refuse applications for authorisation. Section 3 amends section 33A of the Central Bank Act 1997 to enable the Central Bank to impose conditions or requirements on authorised “credit servicing firms”.

Section 4 amends the Central Bank Act 1997 by inserting new sections, 34E and 34F, with transitional provisions for retail credit firms and credit servicing firms, respectively. Section 5 amends Section 3 of the Central Bank (Supervision and Enforcement) Act 2013 to amend the definition of “customer”. Section 6 amends the Central Bank Act 1942 to ensure that relevant borrowers whose credit agreements are being serviced by an authorised credit servicing firm are considered eligible consumers for the purposes of the Financial Services Ombudsman. Section 7 amends section 3 of the Consumer Credit Act 1995 (application) to ensure that the relevant Central Bank codes will apply to credit union credit that is sold to an unregulated entity. Section 8 contains the Short Title and collective citation. The Bill will commence on its signature by the President.

This Bill is important because it addresses the concerns of a number of consumers whose loans are sold. It will give consumers a legally enforceable right to complain to the Financial Services Ombudsman and it will ensure that consumers whose loans have been sold will have the benefits of the Central Bank codes and those dealing with those consumers will have to be authorised by the Central Bank. I look forward to a constructive debate on the Bill. I believe there is broad agreement in the House on the need to ensure that borrowers will have the same protections as they had before their loans were sold.

The Bill will protect consumers whose loans are sold and I commend it to the House.

Acting Chairman (Deputy Olivia Mitchell): Is a copy of the Minister’s speech available? I will wait a moment or two for that to be distributed.

Deputy Michael McGrath: I can proceed.

Acting Chairman (Deputy Olivia Mitchell): Fair enough. I thank the Deputy.

Deputy Michael McGrath: I welcome to opportunity to speak to the Second Stage of this very important legislation, the Consumer Protection (Regulation of Credit Servicing Firms) Bill 2015. I apologise to the Minister for not being here for all of his speech. I was attending the banking inquiry at a private meeting. I was not expecting this Bill to be introduced so.

Acting Chairman (Deputy Olivia Mitchell): None of us were.

Deputy Michael Noonan: The previous Bill collapsed.

Deputy Michael McGrath: I understand. Nonetheless, I am glad this debate is getting under way.

We have called for this a Bill for a considerable period. Many thousands of mortgages have been sold by existing financial institutions to private equity funds, in the main, and because of the operation of the code of conduct on mortgage arrears, those mortgage holders now find themselves outside of the statutory protection of the code of conduct on mortgage arrears and, indeed, other statutory protections. That exposes them to very significant risks because the code of conduct on mortgage arrears, which has been developed over the last number of years, offers vital protections to mortgage holders. It offers protection in particular to mortgage holders who find themselves in some level of financial difficulty because of the requirements the code places on lenders. Example of these include the requirement to go through a series of steps to work with borrowers in arrears in order to try, in so far as possible, to rescue a mortgage or to put in place forbearance measures and the requirement on mortgage holders to complete standard financial statement forms, for example, so that the lender must assess the capacity of a borrower to repay a mortgage to see if it can be restructured and made sustainable and to put a stay on any possible legal proceedings being taken by lenders. The code of conduct was diluted in the last couple of years and many of the key protections that borrowers hold were also diluted. This balance of power between the lender and the borrower has shifted firmly in favour of the latter.

Notwithstanding its limitations, the code of conduct on mortgage arrears, CCMA, is an essential tool for mortgage holders. Under the current two-tier system, the vast majority of mortgage holders benefit from statutory protections, while another group of borrowers do not enjoy such protections. I refer to those whose mortgages have been sold on by their lenders by virtue of the liquidation of the Irish Bank Resolution Company and the exit from the Irish market of a number of institutions which sold their mortgage books, mainly to private equity funds from the United States, in an effort to wind down their operations here. While almost all of the private equity funds have committed to voluntary compliance with the code of conduct, this is not a substitute for a binding code that enjoys full legal force. In the event of a dispute between the borrower and the new owner of the mortgage, there is no policeman in place. The borrower will not be able to approach the Department of Finance or the Central Bank which is responsible for the application of the code of conduct on mortgage arrears because the new holder of the mortgage will not be a regulated entity and, therefore, will fall outside the scope of the CCMA. As such, the borrower is essentially left to his or her own devices.

It is clear from certain cases that have been brought to my attention that equity or vulture funds, as they have been described, sometimes operate outside the code. While this practice may not be widespread, problems have emerged in individual cases. We simply do not know the extent of problem because many borrowers in arrears are in a vulnerable position and not all of them are fully apprised of their statutory rights or the protections afforded by the code of conduct on mortgage arrears. The extent of non-compliance with the CCMA among vulture funds is difficult to determine. For this reason, its protections should be extended to all mortgage holders.

The Joint Committee on Finance, Public Expenditure and Reform scrutinised the heads of the Bill in December. Members had a good engagement with officials from the Department

and a number of advocacy groups. One key concern emerged from our deliberations. While everybody welcomes the broad scope of the provision bringing mortgages that have been sold on to private equity funds under the umbrella of regulation, the original intention in the Bill in respect of oversight of the sale of mortgages was to make the ownership of credit a regulated activity, but the Minister appears to have moved away from this proposal in the published Bill. It is my duty to seek to change his mind on this issue because he appears to have backed away from the original proposal, presumably under pressure from financial institutions, of which we know a number made submissions to the Department on the Bill.

As proposed, the Bill will leave us with a half-baked system under which the servicing agent for the mortgage will need to be regulated, but the same requirement will not apply to the owner of the mortgage. In essence, the Minister is proposing to replace the current two-tier system with a different type of two-tier system. My fundamental concern is that an opportunity to provide for the effective regulation of the sale of mortgages has been lost. While my party will support the Bill in principle on Second Stage, we will engage with the Minister in a detailed debate on Committee Stage and seek to have the new owners of mortgages, namely, the private equity funds that have become the legal owners having stepped into the shoes of the original lenders in a legal sense, fully subject to the regulation of the Central Bank. The full statutory protections provided by the code of conduct on mortgage arrears should apply to the mortgage holder.

The system proposed will mean that companies such as Pepper which administers mortgages on behalf of private equity funds will be subject to regulation and come within the ambit of the code of conduct on mortgage arrears, while statutory protection will not apply in the case of loans held by Lone Star and Oaktree. This two-tier system will create practical difficulties which need to be teased out with the Minister. For example, vulture funds which outsource the administration of loans and will continue to control key decisions such as on initiating action for repossession or raising the interest rate that applies to loans will not be subject to regulation. This leaves a potentially dangerous gap in the regulatory system.

There is also a legitimate concern that loans may be sold more than once, with each subsequent transaction resulting in a deterioration of the conditions applying to the borrower in respect of interest rates, penalty charges and the status of any restructuring agreement. The possibility of changes being made to servicing agreements is a key concern. The owners of mortgages, most likely a private equity fund, may seek to change from one service provider to another. The Bill provides that the service provider will be regulated, whereas the owner of the mortgage will not be so regulated. Having examined the Bill, I am concerned that this will create potential legal uncertainty. It became clear at the joint committee's meeting with officials in December that they were moving in this direction. The Free Legal Advice Centres and other organisations raised important concerns about the issue of legal uncertainty. If the arrangement between the owner of the mortgage - the equity fund - and the service provider ends and a new arrangement needs to be put in place, it is possible that uncertainty will arise about who is accountable for the application of the CCMA and on whom the code is legally binding should a problem arise in the period before the new arrangement is implemented. We need straight, honest responses to address this concern and ensure mortgage holders are fully protected. We do not want people whose mortgage has been sold on to a US private equity fund, through no fault of their own, to discover while following up a dispute that they are subject to a different tier of regulation than those who hold mortgages with one of the main banks that are regulated in Ireland.

The Minister should amend the legislation to ensure borrowers who stick to the terms of restructuring arrangements cannot have the payment structure cancelled by the acquirer of a loan or an agent acting on the acquirer's behalf. He must also review the adequacy of the code of conduct on mortgage arrears. He has acknowledged that none of the banks or financial institutions has been subject to sanction for a failure to abide by the code. It is welcome that the Central Bank is carrying out inspections on this issue. Despite its previous finding that the code of conduct had been breached by regulated entities, the Central Bank has not imposed sanctions on the institutions in question. This is a cause of grave concern. A deterrent is needed as the regulated entities must know that there will be consequences for non-compliance. Given that we are bringing additional entities within the ambit of the code of conduct, it must be made clear that enforcement action, including sanctions, will be taken if the code's provisions are not fully adhered to.

For some time, the Fianna Fáil Party has been calling for the sale of loan books to unregulated third parties to be regulated for a specific period. It is estimated that the loans of between 10,000 and 15,000 mortgage holders have been sold to unregulated third parties and that the number is increasing as the sale of the remainder of the IBRC mortgage book proceeds. As practising politicians, we all regularly meet people at our advice clinics who are experiencing difficulties with their mortgages. Customers of Allied Irish Banks, Bank of Ireland or Permanent TSB can refer to the code of conduct on mortgage arrears when dealing with their financial institutions and have their statutory legal rights, albeit limited in certain cases, upheld. However, others who take issue with letters from private equity funds and service providers on the basis that they are being treated unfairly and that their restructuring agreements with their former financial institutions are not being honoured by the new owners of the mortgage find themselves in legal limbo. This is an unsatisfactory position which must be addressed.

This is particularly the case in light of the fact there is significant potential for more mortgage loan books to be sold. There is an issue of concern in regard to State-supported banks. For example, under clause 11 of the relationship framework with AIB, the bank is not obliged to consult with the Minister if it proposes a disposal of a tranche of loans for an amount of less than €100 million, and a €50 million limit would apply in the case of Permanent TSB making a similar disposal. Therefore, many mortgages could be sold, even by the main institutions in Ireland, without the consent of, or any consultation with, the Minister for Finance. In our view, that issue needs to be dealt with.

I have spoken already about the problems with voluntary compliance. It is an issue that has been teased out at the joint Oireachtas finance committee on a number of occasions. The new purchasers of the mortgages have made it clear through, for example, KPMG, the special liquidator in respect of the sale of IBRC, that there is absolutely nothing in writing to give a reassurance that the CCMA will be adhered to or that it is legally binding, which it cannot be because the new owners are not governed by the legislation.

I have spoken about the issue of third party administrators and the potential difficulties that arise if this Bill is enacted as proposed, in that the owners will not be fully subject to regulation on a par with all of the other institutions in Ireland. That raises real concerns which we will tease out on Committee Stage.

There are a number of other issues which are not covered by the CCMA itself and which fall directly outside the ambit of this Bill. The important thing is to focus on ensuring that mortgage holders and other people who are going to benefit from the extension of the legislation and other

loans, for example, will come under this regulation without any further delay. While that is something we will be supporting in principle, it will be very much subject to a proper analysis of the way in which this is being constructed, given the owner is not going to be a regulated entity and will not come under the CCMA. With regard to the service provider, with whom the mortgage holder does have day-to-day contact in respect of the administration of the mortgage, although only in respect of its administration, key decisions in respect of the future of that mortgage, for example, any restructuring of that mortgage or any decision to go down the legal road and commence enforcement proceedings, will be taken by the owner of the mortgage. The fact the mortgage owners will not come under the CCMA or the statutory protections is a concern which I hope the Minister will be able to assuage in the course of Committee and Report Stages.

Deputy Pearse Doherty: Cuirim fáilte roimh an mBille seo. Tá sé thar am dó. Anuraidh, bhí go leor plé agus scansála ann nuair a d'fhógair an Rialtas go mbeadh an Bille foilsithe in 2015. Ag an am sin, dúirt mé gur chóir an Bille seo teacht os comhair na Dála go lom láithreach agus go gcomhoibródh Sinn Féin leis an Rialtas chun a chinntiú go mbeadh sé i bhfeidhm lastigh d'am an-ghairid. Ar an ndrochuair, táimid ag tús 2015, i mí Feabhra, an dara mhí de 2015, agus nílimid ach ag plé an Dara Céim den Bhille seo. Tá inní mhór ormsa anois. An rud a bhí fógartha ag an Rialtas agus a bhí á iarraidh ag an Rialtas ag an am ná cinntiú de go dtiocfadh leabhair iasachta na mbanc faoi chúram an rialtóra nuair a díoltar iad, agus nach mbeadh siad gan chosaint na ndlíthe agus na rialacha a bhí ag baint leo roimhe sin. Tá deighilt mhór idir an sprioc sin agus an reachtaíocht atá os ár gcomhair. Tá an Bille seo dírithe ar an tseirbhís atá á déanamh ar na hiasachtaí seachas an duine atá i lár na hiasachta.

Tá fadhbanna móra ann agus is athrú mór atá ann fiú ó foilsíodh na heads of Bill. Nuair a bhíomar ag plé an ruda seo ag coiste an Oireachtais, bhí athrú mór tagtha ar an méid a bhí i scríbhinn ag an am sin agus na smaointe a bhí ag an Rialtas, faoi tar éis comhairle agus a leithéid a fháil. Bhí an chomhairle seo ag teacht ó heagraíochtaí a bhí baint acu leis na hiasachtaí áirithe seo. Cuireann sé sin inní mór ormsa agus ar Shinn Féin. Is í an inní is mó atá orainn ná go bhfuil iasachtaí bainc díolta ar aghaidh go dtí tríú páirtí ach ní thagann na hiasachtaí sin lastigh de chúram an Bhainc Ceannais anois.

An éireoidh leis an reachtaíocht seo an méid atá i gceist ag an Rialtas agus an méid atá á rá ag an Rialtas a bhaint amach? Caithfimis mionscrúdú a dhéanamh ar an mBille seo ag Céim an Choiste. Tá cúpla ábhar mór a gcaithfear a scrúdú sa reachtaíocht seo. Sin ceann amháin acu atá luaite agam. Tá cúpla rud eile ann fosta, ar nós an code of conduct on mortgage arrears, CCMA, agus an ról a bheidh ag Fear an Phobail sa reachtaíocht seo.

This Bill is welcome and overdue. The Minister will recall that we in Sinn Féin offered during the earlier part of last year to facilitate the speedy passage of this legislation through the Dáil, if possible, and to engage in a constructive way with the Government. There was huge concern at that time, when the Government announced in its legislative programme that the legislation would be published in 2015. The concern focused on the question of why we would allow these loans to be sold to unregulated third parties when the legislation was not planned to be brought forward until 2015. While the heads of Bill were published last year, we are only now, in the second month of this year, starting to deal with it on Second Stage.

From the time the heads of the Bill were published until its introduction, there was quite a shift in Government thinking on the legislation. It was described as legislation to cater for the sale of loan books by regulated financial institutions to unregulated financial institutions, yet what we have in the legislation is something very different. It is the Consumer Protection

(Regulation of Credit Servicing Firms) Bill, and while we could argue as to what is in a name, as we discussed in regard to the heads of the Bill, the reality is there has been a substantial change in Government thinking on what and how to regulate, and where the regulation falls.

This has caused major concern for people who are dealing with this at the coal face and for the members of our party. The issue is whether this does what was originally intended and whether the same type of regulation that applies to banks which hold loans today would apply when the banks sell those loans to unregulated third parties. There is also the issue of whether the regulation will follow if they buy loan books from regulated parties in this State. The answer is that it does not. The simple proposal that was put forward by Government, namely, that the regulation would automatically follow to the third party institutions, is not now the case. It is now a more convoluted structure where it will instead apply to the servicing of the loans by third parties. Therefore, it does not apply to the third party but applies to the next party, which will be employed by the third party to service the credit. This creates a legislative concern as to whether there are gaps and mismatches that exist at this time, or that could be identified by those who want to escape the type of regulation that would follow if this legislation did what it is supposed to do. It is a genuine concern, particularly for those who have been thrown to the wolves - those who have had their mortgages sold on to third party institutions.

One of the outcomes of the banking collapse has been the emergence of vulture capitalism at an unprecedented level. Some of that was inevitable but the level at which this Government has tolerated their actions and, in fact, relied on them is, in my view, sickening. We can see that in terms of the bottom feeders in the property sector. It has always been my view, and I have stated it on the record, that the Government and the banks had an agenda to bump up property prices because it would help in regard to the balance sheets of the banks but also in regard to the Government. Some of the measures the Government introduced, for example capital gains tax and the REITs, have been geared towards that type of proposal. I believe the Government's proposal in regard to introducing a guarantee scheme that would allow for higher loan to value ratios was also an attempt to try to increase property prices. Thankfully that idea has been put aside now that the Central Bank has stepped in and said that what the Government was trying to do was headed in the wrong direction and that it should take the opposite direction.

We have also seen the sale of loan books of State owned banks and the sale of the IBRC loan books comes to mind. The sale of the IBRC loan books to vulture funds was in my view a calculated decision to throw mortgage owners to the wolves. These mortgage owners have had to wait since without any protection. Deputy McGrath spoke about the type of verbal guarantee that was given. That type of voluntary compliance with the different codes is not based on any legal guarantee, any written piece of paper or any exchange of contract and can be broken at a whim without a fall-back position for the Government or the mortgage holder to take action. The sale of loan books has been an ongoing issue and we have seen some of the pillar banks follow suit.

I welcome the Bill and hope it does what it is intended to do. However, I have concerns there are gaps in it and that the shift in focus by the Government could expose some deficiencies. I wish to commend the campaigners for this protection, who have been led by those who have seen their mortgages sold to unregulated entities. They have pressed their concerns in the Houses and have protested outside the gates. They have kept this issue alive and I commend and thank them for their work over many months to keep it real for the public and themselves and most importantly for the political system and the Government. That work has resulted in the bringing forward of this legislation.

Some of the concerns have also been identified by FLAC in its presentation to the Joint Committee on Finance, Public Expenditure and Reform and in its submission in regard to this Bill. The big concern is whether in regulating the servicers of the debt we actually capture what is intended. In other words, do we regulate the loan books? No, we do not. Therefore, do gaps exist as a result of the legislation? We know, for example, that the code of conduct on mortgage arrears is very weak. It was always weak, but it is weaker now as a result of the review carried out by the Central Bank, in cahoots with the Government and the troika. There are questions in regard to the legislation and its effect. Does the code only apply to the areas relating to debt servicing? For example, are there other areas that will now be outside the scope of the code as a result of the legislation only applying to the servicing of credit and not the holders of the loan book?

Another issue of concern is the Financial Services Ombudsman. I have serious concerns about the weak position of that body and while I commend the work the Ombudsman does, the office needs to be strengthened. In the context of this legislation, the question arises as to what recourse has a person with a mortgage that is being sold on to an unregulated third party to the Financial Services Ombudsman. Will they only have recourse to that office on issues in regard to the servicing of credit or will they have recourse to make a complaint if, for example, the loan book is held by an unregulated entity and there is an unprecedented or unacceptable increase in the interest rate? These concerns in regard to the legislation need to be teased out.

We need to ensure we are given enough time to deal with this Bill on Committee Stage and I understand we will get the opportunity to debate it in greater detail in the Select Committee on Finance, Public Expenditure and Reform. I am not convinced, after the debate we had on the heads of the Bill, regarding the change of tack the Government has taken to regulate the servicing of credit instead of regulating the loan books themselves. We are now regulating the middle man instead of the holders of the debt. This is something of which I need to be convinced, but I am open to being convinced and we can tease it out on Committee Stage. Despite the fact there is much to be teased out then, I hope the legislation will pass.

The legislation is complex, but short. It has one main purpose and if we work together, it should not be delayed. There is genuine willingness to get the legislation across the line, but there is also a desire to ensure it is robust enough and that it protects those people who have had no legal protection. In the length of time it has taken to bring this forward, we must get it right. Hopefully, the concerns that need to be addressed can be thrashed out on Committee Stage.

Deputy Catherine Murphy: I welcome the debate on this Bill and I welcome the extension of protection to people who to date did not have protection in regard to mortgage arrears. This is something I and others called for particularly at the time the IBRC loan books were sold when our attention was drawn to the consequences people felt they might face. Many of those who contacted us at the time were furious, particularly those whose performing loans were being bundled with other loans and sold to big organisations for a knock-down price. People felt at the time they should have been given the opportunity to buy those loans, but that is a separate issue. Their argument was that their loans could have been made more sustainable as loans teetering on the edge would have been reduced.

Our concerns regarding the Bill will be debated and perhaps ironed out and amended on Committee Stage. I have a particular concern in regard to foreign entity owners of loan books that do not have an agent in this country and also in regard to loan books we do not anticipate being sold on in the future. What level of protection will be provided for people who find them-

selves caught in this position? When people take out a mortgage, they expect that mortgage to remain for its duration with the lender from whom they got the mortgage. However, this position has shifted dramatically in the past few years.

The situation is particularly interesting when we look at individual cases. I have had contact with a family whose story illustrates very well that the extension of this protection will benefit not just individuals but also society. The family in question voluntarily relinquished possession of the family home. They had arrears of €3,000 and could not withstand the pressure, which had caused quite a bit of ill health in the household. One of the parents became ill, the other lost a job and the family was on a reduced income. This family now relies on rent assistance, which is a much more costly option for the State than providing protection and working through the arrears, which the family might eventually have been able to manage. Such a situation also has consequences relating to health because of the stress put on a family. It is eminently sensible not just for the people involved but for society to extend the kinds of protections and try to retain people in a situation where at least the stress of mortgage arrears can be managed. Clearly some progress has been made on mortgage arrears. I deal with Mr. David Hall from the Irish Mortgage Holders Organisation all too frequently. His organisation has worked through the detail with many individuals towards some of those resolutions. That is part of the reason we are seeing some progress. However, that it took a voluntary organisation to engage with some of the lenders says an awful lot. Clearly institutions such as Lone Star and O3 have abided by the Central Bank code of conduct, but it was a voluntary arrangement and it should be mandatory.

Even though the arrears levels are obviously going in the right direction because of not having other housing options, a very substantial number of people go on a very long local authority waiting list, go into a very unsustainable arrangement in terms of lack of security of tenure in the private rental sector or they try to purchase. Particularly with the new Central Bank rules and with people having their homes repossessed we need to take the long view because they will find it increasingly difficult to raise finance in the future. Obviously the option of very expensive rental will become a problem of sustaining that. Particularly if somebody has been unable to service a loan, they are unlikely to be able to pay a large rent. They may be better off or may have no option but to be unemployed because of the way the rent assistance arrangements work at the moment and that does not look like changing any time soon.

So we need to look at the totality of this. In the overall scheme of things it is in our best interests to afford the maximum protection to those who are teetering on the edge or are in arrears. I would welcome if the Minister could particularly address the issue of what happens if the entity is entirely outside the State. There may be limits on what we can do or there may be something that can be added to the Bill. While I may be missing that particular point it seems that they are required to have an agent in this country. I would appreciate if the Minister could address that because that is the most problematic area.

I was supposed to say I was sharing this slot with Deputies Finian McGrath and Fitzmaurice.

Deputy Michael Fitzmaurice: Any legislation that protects consumers is welcome, but we have seen a stark reality in the past year with vulture funds buying up mortgages from the banks. As bad as our own banks are, these people have no mercy. As I have seen in my own part of the country, no mercy is shown to anybody who goes into arrears. At least some of our own banks might listen for a while. This cannot continue.

At the moment there are approximately 57,000 mortgages in arrears and over the next 18

months 57,000 families will reach a stage where they do not know where they are going. As a nation do we know where we are going if we have to fork out so much in rent allowance? The sad reality is that vulture funds from America and elsewhere outside the country are coming in to buy up large tracts of houses while our people are being evicted from them.

A few years ago the Government, on behalf of the nation, decided to bail out the banks. Taxpayers throughout the country are struggling and have seen their living standards drop. Governments have talked about how they have put their shoulder to the wheel. However, now we need someone else to put a shoulder to the wheel to help these people who are in difficulty because many of them are unemployed and cannot service the loans.

If we keep going the way we are going, where will Ireland, as a nation, be a year or two down the road? Will we have foreigners owning most of our property or will we make a decision to work together? I know there is not just one simple solution to all of this - several different solutions may be required. However, we cannot keep letting these American vulture funds gain ownership of our property that our people owned for so many years. Perhaps because of bad advice and because of a recession someone else in another land is gaining out of it. They are now even attacking people who may be in arrears where the amount owed is less than the value of the property.

As politicians, we can keep kicking the can down the road, but sooner or later we need to decide what we will do for all our people and not just some of our people or not just the banking people. Will we look after the Irish people, north, south, east and west?

It is great to hear that growth figures are moving in the right direction and everyone welcomes that. Every day of the week I hear that we are turning corners. That is a good thing if we are, but sadly for the 57,000 people who are in arrears and those who have lost their homes there does not seem to be any corner and only a big black wall in front of them. Life cannot go on like that. Families need to be freed of the shackles and allowed to start a new life. They cannot continue to live with debt around them because, as the saying goes, when poverty comes in the door, love goes out the window.

The sad reality is that it is causing depression. Let us consider the number of people who have committed suicide because of banks hounding them. Many of the vulture funds who have bought the mortgages have no mercy. They do not mind if people take it in a bad way or whatever. They just drive on and many of them do not want even to engage with people.

I welcome something that will try to protect people. However, as politicians, we have to turn around and start solving these problems because if we do not there are dark days ahead for all these families throughout the country.

Debate adjourned.

Topical Issue Matters

Acting Chairman (Deputy Olivia Mitchell): 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 Peadar Tóibín - the need to discuss concerns raised by various Irish stakeholders regarding the investor State dispute settlements clause, potential job

losses here and in the EU, and other related matters; (2) Deputy Thomas P. Broughan - the need to address spiralling rental prices and need for rent regulation; (3) Deputy Patrick O'Donovan - the need to amend the building regulations for one-off houses; (4) Deputy Terence Flanagan - the need for a fresh inquiry into the Stardust fire; (5) Deputy Michael Fitzmaurice - the need to address the cuts to the subsidy of group water schemes; (6) Deputy Peter Mathews - the need to provide additional classes for entry to primary schools in Dublin South to meet the increasing demand for school places; (7) Deputy Alan Shatter - the circumstances of Ibrahim Halawa who has been held in jail in Egypt since August 2013 and the securing of his release by the Egyptian authorities; (8) Deputies Joe Costello and Finian McGrath - the proposed offer for Aer Lingus; (9) Deputy Jonathan O'Brien - to discuss the disciplinary processes for teachers and child protection matters in schools; (10) Deputy Michael Creed - the measures being taken to secure justice for the family of the late Private Thomas Barrett and Private Derek Smallhorne; (11) Deputy Pádraig Mac Lochlainn - the need to address the high number of patients on trolleys and awaiting a bed at Letterkenny General Hospital; (12) Deputy Seán Kyne - the need to expedite the follow-up to the national spatial strategy so as to ensure balanced, regional development; (13) Deputy Barry Cowen - the support and funding available to help Sligo County Council resolve its financial difficulties and conditions imposed on such financial support; (14) Deputy Lucinda Creighton - the deteriorating tax environment for productive investment in small and medium-sized enterprises here; (15) Deputy Helen McEntee - the need to address the issue of offshore wind farms and their future connection to the national grid; (16) Deputy Dara Calleary - the threat to the future of group water schemes as a result of the proposed reduction in Government subsidies to the schemes; (17) Deputy Seán Conlan - the need to ensure the communities affected by the North-South interconnector are consulted by EirGrid about specific underground route options before he allows them make any fresh application to An Bord Pleanála; (18) Deputy Noel Harrington - the need for a compensation fund under the European Fisheries Fund for the mussel fishermen of west Cork and Kerry; (19) Deputy Brian Stanley - funding of domestic abuse services in Laois; (20) Deputy Clare Daly - the latest round of senior Garda appointments in the context of ongoing investigations regarding serious allegations of malpractice in a number of divisions; (21) Deputy Mick Wallace - the latest round of senior Garda appointments in the context of ongoing investigations regarding serious allegations of malpractice in a number of divisions; (22) Deputy Martin Heydon - the implications of the loss of Newbridge Credit Union, locally and nationally; (23) Deputy Michael P. Kitt - the situation regarding funding for public library services; (24) Deputy Billy Kelleher - the need to address the long waiting times for children in need of MRI scans at Crumlin hospital; (25) Deputy Seán Ó Fearghaíl - the need to adapt the home renovation incentive scheme; (26) Deputy Sean Fleming - the powers that the National Transport Authority has to accept, reject and amend applications by bus companies to curtail services on bus routes throughout the country; (27) Deputy Mary Mitchell O'Connor - the non-resumption of the Stena ferry service from Dún Laoghaire to Holyhead; (28) Deputy Paul Murphy - the social impact assessment of budget 2015 which shows no significant change in the rate of people at risk of poverty; (29) Deputy Richard Boyd Barrett - the need to address the changes to the one-parent family payment from budget 2012 which will come into effect in 2015 and will affect 40,000 parents; and (30) Deputy Maureen O'Sullivan - to need to ensure the release of hares currently in captivity as a result of the cancellation of the fourth day's coursing, so they are not kept in captivity for a further week.

The matters raised by Deputies Mary Mitchell O'Connor, Joe Costello and Finian McGrath, Michael Creed and Thomas P. Broughan have been selected for discussion.

12 o'clock

Leaders' Questions

Deputy Micheál Martin: Last week I raised the issue of patients with paroxysmal nocturnal haemoglobinuria, PNH, a life-threatening blood disease, being denied access to Soliris, a life-saving medicine. Some 35% of people with the condition die within five years, which is the life expectancy without treatment. It is a serious situation. In 2010, ten patients were put on treatment at St James's Hospital by the then Government and HSE. Since then, new patients have been denied the therapy and treatment used in the United Kingdom and across Europe. I have met some of those involved, having spoken to Ms Mary Gorman and Mr. John Duggan. Mary Gorman's letter and testimony is heartrending. I contrast it with the case of a young woman who had to emigrate to get treatment. Mary Gorman talks about slowly dying with this disease and how her daily life involves another dreadful night of disturbed sleep and distress and the daily onslaught on her body. It is a two-year battle she has had with the authorities and has written to the Taoiseach over the past 12 months. She had a job and was energetic but she now has no job. She says she is slowly but surely dying without treatment. She hopes the Government, the Minister for Health and the people responsible in the HSE are fully aware of the distress and utter devastation they are causing.

We can contrast that with a young woman to whom I have spoken. At a young age, in her 30s, she developed this particular condition and was diagnosed with it. She was denied treatment at St. James's Hospital but she was not told why. She was given no timeframe for when she might expect to get medication. In 2013, the young woman went to another EU country and before she was resident in the country she was able to talk to the haematologist, who reassured her she would get the treatment. Within five days of going to the country, she was under treatment. The contrast in her life is as follows. She says that she is now very fortunate that she can work in an extremely high pressure environment, with very long working hours, without the worry of treatment and PNH over her. Poignantly, she says that she will never be in a position to return to Ireland so long as Soliris is unavailable to her. She is permanently in exile.

Then we have the case of Maeve McGill, Ardara, County Donegal. She is a 15-year-old who was denied treatment. Her family has been farming in the area since the 1800s and are now planning to sell the small farm to go to the United Kingdom so that she can get access to treatment. Do the Taoiseach and the Government have any shame that a situation like this is carrying on for the past two years when the drug has been available in United Kingdom? It is an orphan drug with a limited market and from what I can read, the Taoiseach also knows there has been little proper engagement by the authorities in terms of offers. Mary Gorman was denied all freedom of information requests in terms of times, venues and meetings between the company and the HSE. Why? What is the big secret? It is a disgrace and I ask the Taoiseach to urgently intervene to make sure patients get access to the drug therapy.

The Taoiseach: This is a very personal issue and I take fully on board what the Deputy has said in respect of the person involved and the letters written. I am dealing with a case that came to my attention where someone has gone to the United States for a particular form of treatment. I do not accept that the Minister, the HSE or the Government are not aware of the importance or sensitivity of this. The cost is €400,000 per annum but we cannot put a price on a life. The HSE has been engaged with Alexion Pharmaceuticals, the company that produces the drug here. I am disappointed that it has not been able to reach a conclusion that the company will make the drug available at a cheaper cost and a lower price for people who need it in Ireland. That is

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regrettable and I am sorry that this is causing distress to this patient and others, who are small in number but very sensitive and must put up with this scale of challenge. It is important to stress that the engagement of the HSE with Alexion Pharmaceuticals is designed to bring about a situation where the drug can be available at a more reasonable cost and therefore be able to treat more people. Deputy Martin is well aware of the scale of the challenge facing the health services.

The HSE will continue to engage with a pharmaceutical company, urging it to provide the drug at a more reasonable cost. I do not know the country to which the Deputy referred or whether the same drug is required. This is an indication of why we must move towards universal health insurance, where access to medicine and the attention required can be available to people as they need it.

Deputy Micheál Martin: We gave them medicine.

The Taoiseach: The Deputy may shake his head but he went through this himself with sensitive cases. I understand what he is pointing out about the person involved and he can be as righteously indignant as he wants from the point of view of his party-----

Deputy Finian McGrath: These are real people.

The Taoiseach: -----but this is about an engagement between the HSE, the Department of Health and Alexion Pharmaceuticals, which is charging €400,000 per year for the drug. Some ten people are on a pilot scheme and I wish the company would be more reasonable in its response to an engagement when it knows there are small numbers of people with this challenging condition. We will continue to engage directly with the company. I do not know the number of meetings that took place but I can find out for Deputy Martin.

Deputy Micheál Martin: The Taoiseach knows more than he is saying. Some nine months ago, he wrote to Mary Gorman enclosing an e-mail from Laverne McGuinness of the HSE. The offer nine months ago was €125,000, a 65% discount on the current price. There has been nothing since. That offer is not realistic. We are playing hardball with people's lives and there is a UK precedent. The National Institute for Health and Care Excellence, NICE, is not known for being particularly generous in approving new drug therapies. Over 200 patients in the UK are receiving this. I cannot name the country because I must protect the identity of the person who spoke to me. That is understandable but it is an EU country similar to our own.

This matter has nothing to do with universal health insurance but is about willpower and the desire to get to the bottom of something and get it sorted. In 2010, ten patients were in the clinician-led high-tech drug programme in St. James's Hospital, which is led by Dr. Paul Brown, and it was identified as the national centre to deal with this. In the agreement, which I have read, it was specified that it should not be administered under the community drug pharmacy scheme. There is a long history in the country of providing access to high-tech drug therapies, particularly those that are new and emerging pioneering drugs where they can significantly improve quality of life and allow people to live a normal life.

The Taoiseach said in his response that no one can put a price on life. The Taoiseach has done so. I have spoken to Mary Gorman this morning and she is in deep distress due to her medical condition. Time is running out. Last week I spoke to John Duggan, a young married man. Does that 15 year old girl and her family have to uproot themselves from County Donegal to go to the United Kingdom where they will get it? Five days after leaving the country the

woman referred to received access to it under the public system.

The Taoiseach: I want to see Mary Gorman, John Duggan and the others involved being treated with this drug. The position is that Alexion Pharmaceuticals is charging €400,000 per annum for it. The engagement is aimed at seeing whether that price can be reduced. The Deputy previously made a point about the e-mail. We have invested €10 million to enable a number of people to be put on a programme where one can plot the progress and benefits of treatment with the drug for this category. I am disappointed that Alexion Pharmaceuticals has not reached a decision that would allow for the treatment of these patients more quickly and at a more reasonable cost. We will continue to engage and, if the Deputy gives me the telephone number of the good lady involved, I will call her myself.

Deputy Sean Fleming: Why do we not sort it out now in this Chamber? The Taoiseach is abdicating responsibility.

Deputy Ray Butler: The party opposite had 14 years in which to sort out a lot of things.

An Ceann Comhairle: The matter can be dealt with outside the Chamber.

Deputy Gerry Adams: I return to the Taoiseach's handling of the events leading to the establishment of the commission of investigation into certain matters relevant to the Cavan-Monaghan division of An Garda Síochána, matters of extreme gravity. I want to focus on the Taoiseach's relationship with the former Minister for Justice and Equality, Deputy Alan Shatter, and his correspondence with him. It is a matter of public record that Deputy Alan Shatter was embroiled in a series of controversies brought to the attention of the Taoiseach and others by the Garda whistleblowers John Wilson and Maurice McCabe. Many of the claims made by these two courageous public servants have since been vindicated. However, the response of the Government and the then Garda Commissioner was to stonewall until the Garda confidential recipient resigned, followed by the Garda Commissioner and the then Minister, Deputy Alan Shatter. During this entire period the Taoiseach remained totally loyal to Deputy Alan Shatter who resigned not as an act of contrition but to save Fine Gael and the Labour Party.

Last week I asked the Taoiseach whether Deputy Alan Shatter, or anyone acting on his behalf, had been in touch with him, the Ceann Comhairle or anyone else in the Oireachtas about the Guerin report. He failed to answer my questions. When I pressed the issue, he eventually gave limited information to the Dáil, but even this small amount had to be dragged out of him. He did not divulge to the Dáil the content or extent of the correspondence with Deputy Alan Shatter, as he was obliged to do, including the fact that Deputy Alan Shatter had written to him as far back as last September. Yesterday, again under questioning, the Taoiseach revealed to the Dáil the extent of the voluminous correspondence between his office and Deputy Alan Shatter. He also had to correct the record of the Dáil. Is it not clear that he engaged in a series of evasions and diversions to avoid giving a full, accurate and timely account to the Dáil of ongoing and extensive correspondence between him and Deputy Alan Shatter?

The Taoiseach: I reject the Deputy's story. The position is that very serious matters were brought to the attention of the public and the Government following the revelations by the whistleblowers. The Guerin report was commissioned, following which the Government decided to set up a commission of investigation. The correspondence to which the Deputy referred has been very clear and consistent. The material published by my Department yesterday indicated all of the correspondence from the former Minister for Justice and Equality and the replies.

These replies were clear and consistent in stating the matter was of sufficient serious public concern that the commission of investigation, in accepting the recommendations made by Mr. Guerin on its terms of reference, should be able to investigate how the matters brought to the attention of the public by the whistleblowers had been handled by the Department of Justice and Equality, the Garda and the former Minister. The Government agreed to these terms of reference and brought forward proposals for the establishment of the commission of investigation. I signed the order setting up the commission of investigation, to be conducted under Mr. Justice O'Higgins, after yesterday's Cabinet meeting. In answer to the Deputy's question, I have published all of the documentation, including the letters sent to the Department of the Taoiseach and the replies to the legal firm involved.

Deputy Gerry Adams: Did the Taoiseach at any time discuss these matters with Deputy Alan Shatter? I acknowledge that he eventually published the correspondence, but he did not come forward in a straight and clear way to tell the Dáil what he knew about the contacts between his office and Deputy Alan Shatter. We are entitled to this information. The correspondence raises further questions. A letter to Deputy Alan Shatter which was sent on behalf of the Taoiseach on 21 November included a copy of the draft order with the terms of reference for the commission of investigation. This was done before the draft order was presented to the Houses of the Oireachtas. Is this normal? Is it appropriate that a Fine Gael backbencher who played a central role in the issues under investigation should be given the draft terms of reference which, as it transpired, the Dáil was subsequently unable to debate? Another letter to Deputy Alan Shatter, dated 17 December, stated Mr. Justice Kevin O'Higgins would be the sole member of the commission of investigation. Once again, this information was provided for Deputy Alan Shatter before it was presented to the Dáil or made public. Is this normal practice? Does it not offer confirmation of the dismissive and disdainful approach the Taoiseach and his Government take to the Dáil?

The Taoiseach: On the contrary, it is clear what the Government had in mind. It decided to set up a commission of investigation and on the terms of reference for it. Subsequent to the Government making its decisions, it sent the terms of reference to the former Minister for Justice and Equality for his information only in order that he would be in no doubt that the Government was going to press ahead with establishing the commission of investigation with the terms of reference as decided and agreed to by the Government before they were sent to the Deputy for his information because he was involved in litigation.

Deputy Gerry Adams: The Taoiseach did not answer my questions.

Deputy Tom Fleming: I welcome the Taoiseach's intervention in the house repossession crisis. The number of court proceedings for house repossessions is rising at an alarming rate. In 2014 approximately 10,000 new applications for repossession were made to the courts. Between 1 and 10 January 2015, more than 1,400 court applications were made. According to all of the indications, there will an avalanche of similar cases in the coming period. It is speculated by reliable sources that up to 30,000 repossessions will be carried out between now and 2016. This is ironic, given that we are approaching the centenary of the 1916 Rising because the Proclamation of Independence stated all of the children of the nation would be treated as equals. This is certainly not in keeping with that aspiration. In court proceedings so far, an alarming 46% of cases have resulted in an order for the repossession or sale of a property. In the Munster counties alone, there were 676 court proceedings in being in January. In my own county, there were 84 cases while there were 115 in the Taoiseach's county, Mayo. These figures have been compiled from the registrars of courts and the legal diary. The figures for people who have been

in arrears for two years or more is consistently high. The latest statistic is that more than 37,500 people are in this category. The figures I am relating for our counties are mirrored across the board and consistently in proportion to population size. With a huge population in County Cork, there are 174 repossession proceedings in being.

An Ceann Comhairle: I ask the Deputy for a question.

Deputy Tom Fleming: To compound matters, borrowers in many cases lost their jobs in the recession and remain unemployed. It is unsustainable for these people to meet the huge arrears and to live in their homes. I ask the Taoiseach to act diligently in the work he has been doing since last week and will continue over the next number of months. I ask him personally to give this matter his full time and attention.

The Taoiseach: I thank Deputy Tom Fleming for his comments. This is a matter of great concern to thousands of people all over the country. Over 110,000 problem mortgages have been restructured over the last period. The changes the Government has made in this context have been the most radical in many years in regard to bankruptcy, the establishment of the insolvency service, and the creation of the targets set by the Central Banks for banks to deal with the issue. There is a solution to the vast majority of these problems. Many people have not engaged at all with the lender in the first instance, but an issue cannot be sorted out if that does not happen.

There is a requirement on the banks to do their job and there is a requirement on the Central Bank in terms of the targets it has set. Work is being done by the Minister for Justice and Equality and the engagement of personal insolvency practitioners has been under way for quite some time. Since the law was changed to reduce the bankruptcy period from 12 years to three, there has been a dramatic shift by the banks in wanting to arrive at solutions for people with particular problems with their mortgages. It is not enough and we must do more. It is not right that so many people should have the stress and mental anguish of being afraid to get involved in sorting out the problem and just leaving it lie there. It is not for me to say that all of these can be sorted immediately, but there is a solution to the vast majority of them. The suite of options that has been put in place by Government has resulted in 110,000 mortgages being restructured.

Headway is being made as underlined by the Central Bank figures. The numbers show that mortgages that are in arrears for more than 90 days have fallen by 15,500 when compared with the start of 2004. In August 2013, there were 2,500 split mortgages put in place by the six main banks, whereas the figure is now 19,500. That shows how it is progressing. During the same period, the six main banks found permanent restructuring solutions for family homes, with an increase from 41,000 to just over 90,000. Nobody wants to see a family lose its home. The options and solutions that are there must be worked on by the different elements including the Department of Justice and Equality, the insolvency service, the banks and the other parties.

I am not happy with the progress being made on the very difficult cases. I stress that in some of these cases, people have not engaged with the lender at all. That is not going to resolve matters either. We have been working with the banks. The Tánaiste and I met with a number of insolvency practitioners last week and I expect to talk to the banks and work with the Central Bank on the targets that have been set. While the Insolvency Service of Ireland has not dealt with a great number of cases in its first year of operation, the number of applications for assistance is now rising dramatically because of the word of those who have gone through the system and had a permanent solution put in place for their mortgages.

Deputy Tom Fleming: The number of debt deals being processed through the new insolvency agency has been dismal up to now to say the least. In the first half of 2014, fewer than 30 cases were being processed. I hope there will be a positive outcome from the Taoiseach's engagement last week on the new agency. All the evidence is that the banks do not want to deal with the majority of people in debt distress. They are cherry-picking those who have short-term arrears of one year while those who have been in arrears for two years or more are being ignored. The banks are making no effort to engage with these people. That is why we have a figure of 37,500. It is outlandish how it has been allowed to slide to that level. The regulator and the Department of Finance have absolutely no powers in respect of the banks. It is really a case of the tail wagging the dog. This will have to end and our State bodies and the Minister for Finance will have to row in and assist the Taoiseach in his efforts. The banks will have to face up to the catastrophe they played a major role in creating. They are now reneging on their obligations and failing to carry out their responsibilities. In many cases, the banks are dragging their heels and treating people in a very unfair manner.

I ask the Taoiseach to provide assistance to MABS and New Beginnings, which are carrying out Trojan work on the ground. They are short of staff and resources but they have been playing a very effective role. They could do more over the next 12 months if they received the proper assistance. There are a number of volunteers out there who are specialising in this area also. I can give the Taoiseach a number of names. Perhaps they could also be given some assistance.

The Taoiseach: I agree with Deputy Tom Fleming that MABS has done great work over the years and evolved to a point where it has taken on some very difficult cases for clients dealing with the banks. No case will be sorted out if there is no co-operation or agreement to engage in the first instance. Help is available for people who do not read the letters or who dump them because they are afraid to read them. There is a solution to the vast majority of these problems, whether it be through MABS or the Insolvency Service of Ireland, the banks, the Department of Justice and Equality and the other agencies and organisations referred to by Deputy Tom Fleming. When the issue is put on the table, it can then be decided which of the solutions or options is best. There are various elements to that, including split mortgages and parking elements of the mortgage itself. There are a variety of things that can be done, but nothing will happen if people are not prepared to engage. The assistance put in place by the Government is available to them and we hope they will avail of it. The last resort is for somebody to lose his or her house, and we do not want it to happen. Repossession is not inevitable for a person who has received a legal letter. The Central Bank has set down a code of conduct for mortgage holders and when a mortgage holder or borrower engages in the process, the code of conduct must be observed and this provides protection for the borrower. Last week, along with the Tánaiste and other Members, I met some of the personal insolvency practitioners to see first hand the progress being made. I want the increasing numbers of applications to the Insolvency Agency to be followed through so that the Department of Justice and Equality, Central Bank, the banks and MABS do their jobs and work with the borrowers. Without engagement, it will not work.

An Ceann Comhairle: Could we have the microphone switched on?

Deputy Micheál Martin: We have been silenced.

Order of Business

The Taoiseach: It is proposed to take No. 8, Consumer Protection (Regulation of Credit Servicing Firms) Bill 2015 - Second Stage (resumed); and No. 45, Garda Síochána (Amendment) (No. 3) Bill 2014 - Order for Report, Report and Final Stages, to be taken not later than 5.30 p.m. today and the order shall resume thereafter. It is proposed, notwithstanding anything in Standing Orders, that in the event a division is in progress at the time fixed for taking Private Members' business, the Dáil shall sit later than 9 p.m.; and Private Members' business, which shall be No. 182 - motion re European debt (resumed), shall, if not previously concluded, be brought to a conclusion after 90 minutes. Tomorrow's business after Oral Questions shall be No. 8, Consumer Protection (Regulation of Credit Servicing Firms) Bill 2015 - Second Stage (resumed); and No. 46, Customs Bill 2014 - Second Stage (resumed).

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

Deputy Micheál Martin: Standing Order 107I was removed from today's schedule and, according to a late note to our office, it is proposed to bring it in tomorrow. The Standing Order is consequent on the passing of the Central Bank (Amendment) Bill 2014, which was passed last week and which states:

Any member of either House of the Oireachtas to whom confidential information is provided under subsection (5) and who fails to comply with the provisions of professional secrecy referred to in subsection (6) in respect of that information may be subject to the sanction of the House of which the person is a Member in accordance with rules and Standing Orders made by that House.

The Standing Order was circulated two weeks ago and is severe. I have had some preliminary legal advice that it looks very restrictive on the members of the committee in terms of the sanctions they may incur if they are judged to have breached the Act in terms of receiving confidential information from the Central Bank and breaching their duty of professional secrecy. Given that the inquiry is meant to open up everything in the Central Bank documentation on corporations and individuals, it seems an extraordinary restriction. Would the Taoiseach defer bringing the Standing Order before us so there can be discussions between the Members and the parties on the impact of the Standing Order we are being asked to approve? Perhaps some protection is needed for the Members of the House in terms of how this will work in practice in the committee.

The programme for Government contains a very clear commitment in terms of legislation that the fair deal system of financing nursing home care will be reviewed with a view to developing a secure and equitable system of financing community and long-term care which supports older people to stay in their own homes. In January 2014, 512 people had been waiting for four weeks for funding under the fair deal scheme. In October 2014, nine months later, 2,114 people had been awaiting funding for 15 weeks. Both the numbers and the waiting time quadrupled in 2014. Is it any wonder we have a crisis in accident and emergency departments with delayed discharge when the Government has deliberately cut funding to the scheme? Deputy Billy Kelleher tabled a very good parliamentary question and got the monthly figures. Where is the commitment to the legislation and when can we expect the reform of the fair deal scheme so elderly people will not be waiting 15 weeks, which could potentially amount to €15,000 of expenditure for families? Given that I have been asking the question for quite some time, I really want an answer as to when we will have the legislation and the fair deal review the Government promised in its programme for Government.

The data sharing and governance Bill is very important. Deputy Shatter was in the unique position of getting access to the terms of reference of a commission of investigation a full month before any Member of the House. It was lodged quietly on 19 December in the hope that everybody was heading off for Christmas. The whole story is intriguing. In future, I ask that when commissions of investigation are established there be a prior consultation mechanism between the Government and Opposition Members, particularly the spokespersons with responsibility for the particular areas being inquired into. The data sharing and governance Bill may be the mechanism to facilitate sharing such basic information with other Members of the House. When does the Taoiseach expect it to be published?

The Taoiseach: The data sharing and governance Bill is listed for this year and I have already answered a question by Deputy Adams on the consistency of the Government in having made a decision to send the terms of reference of a commission of investigation to a Deputy who was in litigation, for his information and not for any comment. The purpose of this was to leave nobody in doubt but that the Government intended to proceed, as it always said it would, to have the commission of investigation with the terms of reference as set out by Mr. Sean Guerin. I will have to come back to the Deputy on the fair deal. The Standing Order was removed from the schedule because the President has not yet signed the Central Bank (Amendment) Bill 2014. The President must sign the Bill before the Standing Order is moved.

Deputy Micheál Martin: I am asking the Taoiseach not to move it.

Deputy Finian McGrath: Blame Michael D. Higgins.

The Taoiseach: The Bill provides a gateway through which the Central Bank may provide confidential information to the Joint Committee of Inquiry into the Banking Crisis. There are professional secrecy obligations in EU and national law regarding such confidential documents. The draft Standing Order, which has been agreed by the Committee on Procedure and Privileges, creates a process for dealing with breaches of those professional secrecy obligations by Members and provides for penalties where Members do not comply with the requirements of the law. The Minister of State at the Department of Finance, Deputy Harris, took the Bill through and it was agreed by the Fianna Fáil Whip.

Deputy Micheál Martin: He was told it was a *fait accompli*.

The Taoiseach: The banking inquiry sought new Standing Orders alongside the Bill. Standing Orders do not come from the Government. The Joint Committee of Inquiry into the Banking Crisis has sought the legislation on the confidential matter with which it is to deal. We cannot move the Standing Order until the Bill has been signed.

Deputy Micheál Martin: If a Member mentioned, for example, Anglo Irish Bank as being in Central Bank documentation, could it be in breach of the privacy legislation? We need far more transparency about what is allowable and what is not because the public has not got a clue about it. The Act and the Standing Order could constitute a very restrictive mechanism on members of the inquiry, about which the Government knew well before the establishment of the inquiry. It points to the inadequacy of the model the Government has chosen.

The Taoiseach: There are obligations regarding secrecy in EU and national law. This was a specific request by the Joint Committee of Inquiry into the Banking Crisis. The Standing Order motion was not moved today because the Bill has not been signed by the President.

Deputy Barry Cowen: One cannot mention a bank in the banking inquiry.

Deputy Micheál Martin: It will be penalised if it mentions a bank.

Deputy Barry Cowen: It is farcical to have a banking inquiry where people cannot name a bank. The name of the inquiry should be changed.

Deputy Willie O’Dea: It should be deleted.

Deputy Gerry Adams: Will the Taoiseach tell the Dáil when the Government agreed the terms of reference for the commission of investigation as recommended by the Guerin report?

Deputy Mary Lou McDonald: What date?

The Taoiseach: It was 19 November.

Deputy Gerry Adams: The 19 November.

The Taoiseach: I will check that for the Deputy because I cannot recall. I think it was 19 November.

Deputy Gerry Adams: Will the Taoiseach send me that confirmation?

The Taoiseach: Of course, I always do.

Deputy Gerry Adams: I want to ask about the Immigration Residence and Protection Bill 2010, the Public Health (Alcohol) Bill 2013 and the health reform Bill, which I will deal with first. There were 518 patients on trolleys in hospitals across the State yesterday, including in Our Lady of Lourdes Hospital, which had 30. Today there are 40 on trolleys there and the overall figure is 511. This is the seventh highest number since the Irish Nurses and Midwives Organisation, INMO, started keeping records. When will the health reform Bill be published? Will the Bill include provisions to deliver the recommendations of the Health Information and Quality Authority, HIQA, which I have raised before and which has not been implemented.

The Immigration Residence and Protection Bill 2010 sets out the legislative framework for the management of inward migration to this State. I raised this with the Taoiseach last week. There are 4,000 asylum seekers. We are both agreed that our people, who have been forced to emigrate, should be treated properly yet I have seen at first hand the hardship of asylum seekers. Can the Taoiseach confirm the progress of this Bill? Has the Government met with groups such as the Irish Refugee Council and Nasc which have made numerous criticisms of the Bill?

Yesterday the Minister for Health published the heads of the Public Health (Alcohol) Bill 2013 but he did not publish a date for it to be brought forward. The interest and advocacy groups and people who are concerned about the hazardous consumption of alcohol and the culture of binge drinking have given it a cautious welcome. The Government had a view on the sports organisations, and the Minister for Health claimed yesterday that there was support for a ban on alcohol sponsorship of sporting events but it appears this will not be in the Bill. Can the Taoiseach confirm or clarify whether it will be in the Bill?

The Taoiseach: The Deputy’s first question was about the date of approval of the draft terms of reference in respect of Mr. Guerin’s report. That was 19 November, which will save me writing to the Deputy.

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The health reform Bill will be introduced later this year. The Public Health (Alcohol) Bill was approved by Government yesterday and that deals with putting in place a statutory footing for the code of conduct that is already in place. The question of sports sponsorship being associated with the marketing and advertising will be dealt with in a way that does not allow for the deliberate targeting of children and will also deal with the structural separation within outlets where drink is available taking into account that price and availability are the two principal causes of access to drink which can lead to over-indulgence and health problems.

The Immigration Residence and Protection Bill 2010, Committee Stage, was restored to the Order Paper by the Government. That Bill is intended to replace immigration law dating back to 1935, notably the Aliens Act, as it was called, which was intended to provide a single code of law on entry into, and presence in, the State of people from other countries. The Bill is intended to meet the objectives of the programme for Government, to introduce comprehensive reforms of the immigration residency and asylum systems, which will include a statutory appeals system and set out rights and obligations in a transparent way. The Bill comprises ten different parts with a total of 168 sections, over 50 of which deal with the protection issues under part 8. There has been a lot of activity around this. In the intervening period the issues of asylum and direct provision have gained momentum and the Minister for Justice and Equality has been mandated to fast-track a separate international protection Bill to meet several particular and immediate concerns while work will continue on the broader immigration Bill. I can update Deputy Adams as necessary.

Deputy Peter Fitzpatrick: The long-awaited Health Information Bill 2014 will offer significant and revolutionary advances for the use of and protection afforded to personal health information in Ireland. The objective of the Bill is to create an integrated system whereby personal health information is available across many care settings and transferable between clinicians and hospitals, public and private. When can we expect publication of this Bill?

Deputy Micheál Martin: The Taoiseach has no information on that.

The Taoiseach: Later this year.

Deputy Micheál Martin: The terms “later this year” has been used for the past ten years in respect of this.

Deputy Willie O’Dea: I remind the Taoiseach about the section in the programme for Government on homelessness. What, if any, progress has been made on the specific proposals laid out? The Taoiseach is aware that numerous people, whole families in some cases, are crammed into hotel rooms, hostels and bed and breakfast accommodation from one end of this country to the other at horrendous cost to the State. These families are suffering incalculable misery. The proposals in the section of the programme for Government on homelessness would have alleviated those conditions. Four years down the line, what will the Government do about that situation and when?

The Taoiseach: The Government is acting on the situation.

Deputy Willie O’Dea: How many are in hotel rooms, hostels and bed and breakfast accommodation?

The Taoiseach: This issue has been raised every year for so many years between September and Christmas because of all the inactivity over the years. It is now being dealt with-----

Deputy Willie O’Dea: There are more people in emergency accommodation than ever before in the history of the State.

Deputy Finian McGrath: We all have them.

The Taoiseach: -----in the sense that for the first time in so many years there were more beds available than people who needed them, that is, those people who wanted to come off the streets and looked for a bed-----

Deputy Micheál Martin: The Taoiseach should tell that to the young women in hotel rooms.

The Taoiseach: -----in Dublin, Limerick, Cork, Galway and Waterford.

Deputy Willie O’Dea: That is not true. We see them in Limerick.

The Taoiseach: It is true. I went out on inspection with the Lord Mayor of Dublin and all of the agencies and the Government responded. The Minister and Minister of State for the Environment, Community and Local Government, Deputies Kelly and Coffey, have given frequent updates on the progress being made. There have been many debates. I can give the Deputy all the details if he wants. I may send him a note updating him on what actually is happening. What the Deputy says is not true. This matter is being attended to.

Deputy Willie O’Dea: I will take the Taoiseach on a tour of my constituency where he will see the reality on the ground.

Deputy Sean Fleming: The Taoiseach must be aware that many businesses, especially small and medium-sized firms, are in trading difficulties, as are many in the retail and catering sectors. Many are waiting for a revaluation of their commercial rates but there is a systemic inability in the Valuation Office to do that in a timely manner. When will the Valuation (Amendment) (No. 2) Bill 2012 come before the Dáil to address this?

I understand the Government has announced its intention to amalgamate the Valuation Office, the Property Registration Authority and the Ordnance Survey in one new State organisation. Will the delay in putting this new agency together cause further delays for businesses that need their commercial rates revalued to a lower and more realistic level than the current rate? Will they be left waiting longer? When will we see both items of legislation, the Valuation (Amendment) (No. 2) Bill and the amalgamation of those agencies?

The Taoiseach: The heads of the Tailte Éireann Bill for the amalgamation of those units were cleared on 20 January and it will now go to committee for pre-legislative discussion and analysis.

The Valuation (Amendment) (No. 2) Bill 2012 is expected in the Dáil in a couple of weeks. It is going through the Seanad. The Deputy will have ample opportunity to comment on it then.

Deputy Finian McGrath: Are the Taoiseach, the Government and the Minister for Health aware of the huge crisis over the past few days in our health service? Yesterday there were 500 people on trolleys in the accident and emergency departments. The ambulance service is in chaos and cannot answer calls because it does not have enough facilities. Last week when one of my constituents sought an ambulance to take her very ill grandson to hospital she was told there were none available and she had to take him there herself. This is the reality.

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Deputy Paul Kehoe: This is not Leaders' Questions.

Deputy Finian McGrath: I ask the Taoiseach to bring that information to the attention of the Minister for Health and to tell him to take his head out of the sand and deal with the real issues in our health service.

The Taoiseach: I am so aware and will communicate the Deputy's views to the Minister for Health.

Deputy Robert Troy: On the health (transport support) Bill, the Taoiseach will be aware that the mobility allowance scheme has been under a cloud of smoke for the past 18 months, during which time the Government promised to bring forward legislation to deal with this issue in a comprehensive manner. When will we be able to give certainty in relation to this allowance to the people who rely on it?

On the wind energy regulations to deal with wind farms, the Government promised almost 12 months ago to introduce guidelines in this area. I have raised this issue on a number of occasions and have been continuously told that the Department is working on the guidelines. When can the people of this country, particularly those in the affected areas in the midlands, expect publication by Government of the guidelines for the regulation of wind turbines?

The Taoiseach: I do not have a date for publication of the wind energy regulations. I will advise Deputy Troy of an accurate date in that regard at a later date.

On the health (transport support) Bill, this is included in the Department of Health's legislative programme for 2015. Deputy Troy will be aware that the monthly payment of €208.50 has continued to be made available by the Health Service Executive-----

Deputy Robert Troy: No new applications are permitted.

The Taoiseach: -----to the 4,700 people in receipt of the mobility allowance at the time the scheme was closed.

An Ceann Comhairle: As there are ten more Deputies who wish to contribute I ask Members to keep their questions short.

Deputy Bernard J. Durkan: On the apprenticeship Bill, given the urgent need for more qualified apprentices and the fact that some had their training interrupted by the downturn in the economy, when will that Bill come before the House?

When will the bail Bill to do with an issue which has been of considerable concern down through the years and continues to be of concern, particularly in the context of the number of instances of subsequent offences committed by people while on bail, be published?

The Taoiseach: The heads of the bail Bill are at long last expected before Government shortly. On the apprenticeship Bill, as I said the other day the Minister of State, Deputy English, is currently working on this with SOLAS and the new apprenticeship council and is expected to report to the Cabinet sub-committee on 27 February and to Government on 3 March.

Deputy Róisín Shortall: Now that the Department of Social Protection has completed its impact assessment of budget 2015, does the Taoiseach accept that this year's budget has benefited the bottom 20% the least extent and that it has significantly widened the gap between rich

and poor, and how does he feel about that?

An Ceann Comhairle: Sorry, that is not relevant to the Order of Business.

Deputy Róisín Shortall: We have a very serious problem in terms of the widespread street-dealing of prescription drugs, including benzodiazepines and, in particular, sleeping tablets. There is an urgent need for secondary legislation in this regard. It is now two and a half years since draft regulations to tackle this issue and amend the control of drugs legislation were drawn up in the Department of Health. Why is it that those draft regulations are still sitting in that Department? Will the Taoiseach give a commitment to ensure that the Minister for Health takes action in that regard to deal with this urgent problem?

The Taoiseach: I will advise Deputy Shortall at a later date on the situation in relation to prescription drugs. On the budget and its impact on people, 40,000 new jobs have been created during the past 12 months. That is the best road out of the difficulties in which many people find themselves.

Deputy Róisín Shortall: Does the Taoiseach accept the data about the widening of the gap? Those data are very clear.

An Ceann Comhairle: We are dealing now with promised legislation.

The Taoiseach: I am sure the Deputy will appreciate that there has been a ten year decrease in the number of people who are unemployed. Budget measures such as the housing assistance payment, the continuation of medical cards, the increase in child benefit and the introduction of family support are designed to help people who are experiencing problems.

Deputy Róisín Shortall: They are all taken into consideration. The data still shows that as a result of the budget the gap has been widened.

The Taoiseach: I will come back to the Deputy on the prescription drugs issue.

Deputy Denis Naughten: On the wind energy regulations, current planning decisions are being processed on the basis of outdated wind energy regulations. The perception is that the new regulations are being delayed to allow developers to get their applications in under the old regulations. Will the Taoiseach ensure the new regulations are expedited and implemented?

For the past six years this Government and its predecessor have promised the introduction of new laws by way of a criminal justice (sexual offences) Bill. The Minister for Justice and Equality recently published the Heads of a bill which will reform the law on sexual offences and close off some of the gaping loopholes in the monitoring of sex offenders living in communities. When I questioned the Minister for Justice and Equality on this issue in the House she told me that it will be the end of the year before that Bill is published. As such, it is unlikely it will be enacted in the term of office of this Government. This will put women and, in particular, children at risk. Would it be possible to expedite the Child Sexual Offenders (Information and Monitoring) Bill that has already passed Second Stage in this House so as to close off some of those gaping loopholes and facilitate the Garda Síochána in monitoring high risk sex offenders that are living in our communities? It is important that legislation is progressed through the Houses and enacted in the term of office of this Government.

The Taoiseach: I do not propose to comment on perception about the wind energy regulations. I recently spoke to the Minister for the Environment, Community and Local Govern-

ment about this issue and I understand from him that the regulations are expected in the not too distant future.

Deputy Robert Troy: I was told that last year.

The Taoiseach: On the criminal justice (sexual offences) Bill, I understand it will be published during this session but that it may not be enacted until later in the year. I will check progress in relation to that Bill and advise the Deputy accordingly.

Deputy Dan Neville: On 28 February last year the then Minister for Justice and Equality informed me that the Coroner's Bill had been restored to the Order Paper but that a review of it was taking place because of the impact of relevant legal and medical developments since its publication in 2007. Have there been any developments in relation to that Bill?

The Taoiseach: It was published in 2007 but has not progressed in any way since then. I will check on the status of the Bill for Deputy Neville.

Deputy James Bannon: There has been much discussion in the past week or ten days in regard to connectivity around Dublin city and the development of a new Luas line to Dublin Airport and so on. There is an urgent need to improve safety on our roads, particularly through the midlands. The completion of the N4 motorway through north-west Meath and Longford is of vital importance.

An Ceann Comhairle: What Bill is the Deputy inquiring about?

Deputy James Bannon: It is important this link is developed in the interests of rural development and safety.

An Ceann Comhairle: What Bill is the Deputy inquiring about?

Deputy James Bannon: When will the road transport and safety Bill come before the House?

The Taoiseach: It is due later in the year. I know that the Minister for Transport, Tourism and Sport is acutely aware of the difficulties being experienced in the midlands, with particular reference to County Longford.

Deputy Mick Wallace: We have heard a lot of late about Deputy Shatter's efforts to influence the terms of reference for the commission of investigation. Deputy Clare Daly and I tried to influence those terms of reference in regular fashion by way of tabling an amendment. What is the position in relation to that amendment at this stage?

The Taoiseach: The Government made its decision in respect of the terms of reference, which accurately reflect what Mr. Guerin recommended.

Deputy Mick Wallace: We were allowed to submit an amendment.

The Taoiseach: The Government has made a clear decision in the matter.

Deputy Michael McNamara: As a Taoiseach who told this House that he is not a Catholic Taoiseach but a Taoiseach who is Catholic I think he would nevertheless accept the virtue of forgiveness in society and the merits of giving people a new start.

1 o'clock

However, Ireland remains one of the few countries in the Council of Europe which does not have spent convictions legislation on its statute book. Report and Final Stages were to be taken on Holy Thursday in 2013, but the Bill was pulled at the last minute. When will we see it again and reach Report Stage of this important legislation?

The Taoiseach: Amendments are still being worked on and the Bill is awaiting Report Stage in this House. I will advise the Deputy of the progress being made on the amendments.

Deputy Peter Mathews: Last Friday, late in the afternoon, the Thirty-fifth Amendment of the Constitution (Age of Eligibility for Election to the Office of President) Bill 2015 arrived on our desks. Is the Taoiseach serious about this when there are 140,000 children living below the poverty line? Is he serious when there are 19,000 families on housing waiting lists, 40,000 deeply distressed mortgages and hospital waiting lists of over two years in the public health system? Is he serious about spending time to debate reducing the age of eligibility to stand for the presidency to 21 years of age?

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

Deputy Peter Mathews: The Taoiseach should read the newspapers. Is he out of touch?

Deputy Mary Mitchell O'Connor: When is it expected to have a Bill to give a framework to the national ports policy? Today Stena announced it was pulling its ferry services from Dún Laoghaire. In the national ports policy the Government approved and adopted a plan to designate Dún Laoghaire as a marine and leisure tourism harbour. Now, however, it is in no-man's land waiting for legislation, yet Stena has pulled out.

The Taoiseach: I understand this issue will be dealt with in a Topical Issue debate later today when the Minister will give further details to the Deputy.

Wildlife (Amendment) Bill 2015: First Stage

Deputy Clare Daly: I move:

That leave be granted to introduce a Bill entitled an Act to amend the Wildlife Act 1976 and the Wildlife (Amendment) Act 2010; and to provide for related matters.

I am aware that my colleague, Deputy Maureen O'Sullivan, will introduce a similar Bill in the next period. My Bill proposes to address unfinished business concerning the 2010 ban on stag hunting and to deal with the barbaric practice of hare coursing. Since the imposition of the ban on stag hunting in 2010, there have been persistent and repeated attempts by the Ward Union Hunt to surreptitiously get around it by exploiting a loophole in the 2010 Act. The Act provided for one dog to hunt deer to facilitate a situation where a farmer might have to remove a wild deer from his or her land. Unfortunately, this provision has been abused by the Ward Union Hunt. The Department of Agriculture, Food and the Marine has confirmed that it has received numerous complaints from the general public about breaches of the 2010 legislation by the Ward Union Hunt. It has also confirmed that it can happen that, while on a drag hunt, hounds can come across a deer living in the wild and chase it for a short time until called off by the huntsmen. The Ward Union Hunt is aware of the rule that dogs should be withdrawn im-

mediately in such instances. The problem, however, is that they are not.

It seems there is an incredible number of wild deer roaming around the area in which the Ward Union Hunt hunts regularly. We had the shocking situation last Friday where a frightened stag stampeded through the main streets of Ashbourne, County Meath, presenting a danger to itself and pedestrians. The Minister of State will be aware that road safety was one of the key reasons the 2010 legislation was passed. In December a stag was chased by the hunt in Summerhill, County Meath, with reports filed on the incident by National Parks and Wildlife Service officers and Department of Agriculture, Food and the Marine vets.

The Bill also seeks to deal with the issue of prohibiting the practice of hare coursing, an activity to which there is growing opposition. It is a matter of fact that numerous Deputies would vote to have it banned if a free vote was allowed on the matter. It is timely that we are moving the Bill today, given the cancellation of the third day of the national hare coursing championships in Clonmel, County Tipperary. Unfortunately, they will be reconvened next Sunday. I appeal to the Minister for Agriculture, Food and the Marine to intervene in this matter. The hares for the event will be kept for another week in Powerstown Park, Clonmel, in stressful and unnatural captivity. Next week they will be used as live bait, taken in boxes back to Clonmel, even more stressed and terrified. The Minister would do well to log on to the website of the Irish Council Against Blood Sports to examine some of the photographs taken by citizens of the coursing activity last weekend. They provide irrefutable evidence of massive cruelty, despite the muzzling of greyhounds, with hares pinned down, struck at high speed and tossed into the air by hyped-up dogs. It is not even a pleasant activity for the dogs. The guidance notes of the Irish Coursing Club state the dogs involved should be killed, rather than rehoused, when their time is up. They also allow for injured dogs to be raced at the behest of the stewards.

All in all, this is an incredibly unwelcome practice. The activity has already been banned in Britain, Northern Ireland, most of continental Europe and Australia. There is no need for this cruel treatment of animals. The European coursing championships were held recently, with thousands in attendance, and no hares were chased, as it was done on a mechanical and drag basis. It is important for animal rights and welfare and the protection of wildlife that the Bill be introduced.

An Ceann Comhairle: Is the Bill opposed?

Minister of State at the Department of the Taoiseach (Deputy Paul Kehoe): No, the Bill will not be opposed, but, personally, I will not be supporting it.

Deputy Clare Daly: I hope the Minister of State will have an opportunity to explain his opposition.

Deputy Mick Wallace: There is a lot of coursing in Wexford.

Question put and agreed to.

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

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

Question put and agreed to.

Topical Issue Debate

Ferry Services

Deputy Mary Mitchell O'Connor: Today is a sad day for Dún Laoghaire. Stena Line announced that it will not be renewing its Dún Laoghaire Harbour ferry contract, which expires on 14 April next. This marks the end of over 20 years of Stena Line ferry sailings to Dún Laoghaire. It is truly the end of an era for Dún Laoghaire. Passenger sailings from the harbour span almost two centuries. Like thousands of others in this country, I have memories of aunts, uncles, brothers, sisters and neighbours emigrating to England and from there on to the US.

Up until recent days, the Dún Laoghaire Harbour Company and Stena Line had engaged in active discussions on the delivery of a seasonal service. This morning, Stena Line has advised that it is unable to secure a suitable smaller vessel and has now decided not to resume operations on this route. It will consolidate its business interests in Dublin Port. That is all very well for Dublin Port, but what about Dún Laoghaire? The harbour was designated for marine leisure tourism by the Government in March 2014 and yet has seen nothing happen. There is no definitive legislative framework underpinning the harbour being taken under the administrative remit of the local government. When is this going to happen? When will we see this Bill published? It is now imperative. Dún Laoghaire Harbour has been left adrift today. Although it is one of the most beautiful harbours in Ireland, there are no plans for its future survival. There are jobs to be sustained, while a tourism and business industry has been left wanting. I recognise that in recent years there has been a declining demand for its ferry services, but we must work to ensure the continued success of the Dún Laoghaire Harbour Company. We need to find solutions and stop dithering. I urge the Minister to set up a task force immediately in response to today's announcement by Stena Line.

On the plus side, there are emerging commercial activities on the horizon such as the growing cruise ship business. Dún Laoghaire Harbour badly needs Government support. This year it will attract 100,000 cruise ship passengers and crew. The numbers have grown significantly since 2011 when there were no such passengers. In 2013 there were 19,951, while in 2015 we will have 100,000 registered passengers. This business has been developed through collaboration and the downright hard work of the board of the harbour company, the Dún Laoghaire Business Improvement District and Dún Laoghaire-Rathdown County Council, with little support from other Government agencies. A planning application for a new berth for the next generation of cruise ships has only recently been submitted to An Bord Pleanála and we await its decision. The growing cruise ship business will have significant economic spin-off value for Dún Laoghaire and Ireland. It will showcase the country to 100,000 tourists. Following the loss of Stena Line, it is crucial that the application for the new cruise ship berth be given strong consideration.

Minister for Transport, Tourism and Sport (Deputy Paschal Donohoe): I thank the Deputy for raising this matter after Stena Line announced a consolidation of its services from Holyhead to Dublin Port. I am more than aware that the news will come as a major disappointment to everyone in Dún Laoghaire Harbour and the wider Dún Laoghaire community. I

recognise the Deputy's comments and share her disappointment. I worked in Stena Line in Dún Laoghaire for two summers and have an understanding of how important the service is not only to Dún Laoghaire Harbour but also to the broader community, as the Deputy outlined.

Today the company stated it would be concentrating on expanding its existing ferry service at Dublin Port and confirmed that it was withdrawing its *HSS Stena Explorer* service from Dún Laoghaire Harbour. Stena Line has operated the *HSS Stena Explorer* to Dún Laoghaire since 1996 with a mix of passengers, car and coach traffic. The Dún Laoghaire service was successful for several years following its introduction and carried over 1.7 million passengers annually during its peak in 1998. However, post the withdrawal of duty free shopping, passenger and car volumes declined dramatically and by 2014 fewer than 150,000 ferry passengers travelled through Dún Laoghaire Harbour. This represents a decline of over 90% by volume and, combined with increasing fuel and operating costs, has made the route unsustainable. The company reduced the services of the *HSS Stena Explorer* from Dún Laoghaire on 13 September 2011, operating a seasonal-only service from Dún Laoghaire to Holyhead from April to September. The company has stated Ireland remains a strategically important region and that it has invested over £250 million in its Irish Sea business in the past five years. However, car and passenger volumes in Dublin Port overtook those in Dún Laoghaire as far back as 2008. Volumes through Dublin Port have since continued to grow, thus providing Stena Line with a stark choice in respect of its future route network in the region.

As a company set up under the Harbours Act 1996, Dún Laoghaire Harbour Company has a statutory mandate to take all proper measures for the management, control, operation and development of Dún Laoghaire Harbour and is required to conduct its business in a cost-effective and efficient manner. In recent years the company has been restructuring its business to keep it on a sustainable financial footing and enable the harbour to develop and operate on a commercial basis in the future.

The policy on Dún Laoghaire Harbour Company was published in the Government's national ports policy 2013. The position is that designated ports of regional significance, including Dún Laoghaire Harbour, will transfer to more appropriate local authority-led governance structures. In May 2014 the Government approved the general scheme of the harbours (amendment) Bill 2014. In October 2014 the Oireachtas joint committee published its consideration of the heads of the Bill which is with the Office of the Parliamentary Counsel for legal drafting. I expect to seek Government approval for publication of the Bill within this quarter and to move it into the Oireachtas before the summer. The Bill will provide the necessary framework to allow for the transfer of control of Dún Laoghaire Harbour Company to local authority-led structures. The Deputy asked me a specific question about timing. I anticipate and intend to ensure the Bill will be in the Oireachtas before the summer and that I will have Government approval of its full drafting in the coming weeks. My Department has been involved in ongoing meetings with all relevant ports, local authorities and others stakeholders. I have received correspondence from Dún Laoghaire Harbour Company on the matter today. I acknowledge that the Deputy has contacted me separately about it. I intend to meet the board in the coming weeks to engage on the matters the Deputy has raised.

Deputy Mary Mitchell O'Connor: I am pleased to hear the Minister acknowledge that the company has restructured its business, cut its costs and is seeking alternative income streams. I have referred to cruise liners. We would like to receive support in Dún Laoghaire to work with the council, the business improvement district scheme and the harbour board. I have mentioned that the cruise liners are important, but also of importance are the detailed proposals submitted

to the Government for an international diaspora centre. This world-class visitor attraction could be accommodated in the empty 80,000 sq. ft. ferry terminal building. Owing to the decision of Stena Line this morning, the building will be available immediately and the proposal makes commercial sense. I have heard other venues being proposed, but I call on the Minister to give serious consideration to the situation in Dún Laoghaire where in the past Irish people left in their droves to seek work on foreign shores. Let their sons, daughters, grandsons and granddaughters return to our shores and be given a céad míle fáilte in a world-class diaspora centre in Dún Laoghaire. These new ventures, the cruise liner business and the diaspora centre, coupled with the task force, would help in some way to mitigate the great disappointment felt in Dún Laoghaire today.

Deputy Paschal Donohoe: I recognise the changes Dún Laoghaire Harbour Company has made and acknowledge many of the difficulties the company has faced. It has not been easy work. The company has put considerable effort into dealing with its financial status. In view of this, while it was known that there was this possibility, for it to actually materialise is a great disappointment for everyone involved in the port and the wider community.

The Deputy asked how we could make progress to deal with the matter. I confirm that it is my intention to ensure the relevant legislation will be brought before the Oireachtas before the summer. I will work with the Whip to get as much time as possible to engage with everybody here on it.

Regarding Deputy Mitchell O'Connor's proposals for a task force, I would like to meet with the board first and will keep everybody informed of when I will do that. It appears that the proposed framework for integrating the harbour company into the local authority has even more relevance and urgency because of what we are now dealing with. I have heard the Deputy speak on a number of occasions about the challenges Dún Laoghaire faces and how integral the port is. The best way to respond to this is by the firm integration of the port with the local authority and everybody working in unison to respond to this challenge.

I am aware of the progress Dún Laoghaire and Dún Laoghaire port company have made in respect of the cruise ship business. I have met them twice since coming into office and they have pointed to the rapid growth in this area, as Deputy Mitchell O'Connor has indicated and which I recognise, but also their plans for the future and the stability they already have in bookings for this year and beyond.

The matter of the diaspora centre has been raised with me by many colleagues. I am considering how to move this project forward because many different groups across the country believe it should be located in various places. I am weighing up how that can be responded to, but as the Deputy referenced earlier, a cornerstone of our response to what is happening to the port is supporting people in finding diverse and wide-ranging sources of income. That is why I will meet the board, we will have a discussion about what has happened and we will see if mutually agreeable next steps can be made to respond to the challenge the Deputy has outlined to the House.

Aviation Issues

Deputy Joe Costello: I welcome the Minister. This is the first opportunity we have had to engage in dialogue on the floor of the House. I congratulate him on his appointment and have

no doubt that he will continue to do a very good job.

There is some confusion over the negotiation of the IAG proposal to purchase Aer Lingus. Both the Minister and the Minister for Finance have stated that they are limited in what they can tell us in this House, that there are issues of confidentiality and so on. However, it appears that under the Irish takeover rules such requirements do not apply to shareholders and we are a shareholder. We in this House, as representatives of the people, seem to be entitled to know what is going on, the content of the offers that are made - we saw some extra commitments made the other day - and the state of play of the offers. For example, is it not appropriate that both the Committee of Public Accounts, which is the guardian of the public purse, and the committee that represents the Minister's own Department represent a considerable degree of the shareholders, as well as this House itself? Those advising the Government - Credit Suisse, a banking group, IBI Corporate Finance, another finance group, McCann FitzGerald, a body of solicitors - are all very fine corporate entities in their own right, but who is representing the shareholder and advising the Government? This House would and should be the appropriate body under the terms of the Irish takeover rules. There is nothing to prevent it.

In that context, will the Minister consider making available all the information that has been made available to him to date to one or other of the committees to which I have referred and to regard them as advisors to him in terms of the shareholding the citizens of this country hold in Aer Lingus? Many issues need to be addressed here in terms of the protection of the public purse, the issue of jobs, connectivity, and so on. If there is no activity of this kind it would be difficult for us to deny we are buying a pig in a poke if there is a recommendation from the Aer Lingus board to accept the IAG offer. It would be seen by the people that there had not been adequate advice from the source that we all represent, namely the shareholders who own 25.1% of Aer Lingus.

Deputy Finian McGrath: I thank the Acting Chairman for the opportunity to raise this important Topical Issue matter on Aer Lingus and the future of the company. We all have a high regard for Aer Lingus because it is steeped both in Irish economic history and the psyche of every Irish citizen, nationally and internationally. It is an important part of our life and we should not make any apologies for making informed decisions on it. I would like to see a fair, balanced and informed decision on this issue.

I immediately thought of the sugar company we let go, which produced excellent sugar in this country. We also grew beet for the farmers around the country, servicing sugar factories in Tuam, Carlow and Thurles. Now we are discovering, having let them go, that there is a European market for these products.

On Aer Lingus itself it must be asked if the offers is a good or bad one. The company has a fleet of approximately 50 aircraft. On the basis of last year's prices, these would cost in the region of €4.7 billion. If one assumes a 50% write-down, that would still value them at €2.35 billion. There is the significant costs of training pilots and cabin crew while the value of the Heathrow slots, which some people are dismissing in recent days, has been set at approximately €400 million. The company has cash reserves amounting to approximately €400 million. There are also the companies and employees dependent on Aer Lingus as a major economic transport carrier. Moving on from these broader, national issues the issue of the regions must be considered. Many are concerned that they will be devastated if there is a negative impact on Aer Lingus.

Given all these factors, it may be said that the real IAG offer would be in the region of €940 million, not the €1.34 billion that is being touted recently in public. We need an informed, balanced decision. I know where I stand on Aer Lingus - I support the staff and the company - but we must also ensure we have strong economic arguments to back up our case.

Deputy Paschal Donohoe: I thank my constituency colleague, Deputy Costello, and Deputy McGrath for raising this important matter. I have responded to many questions on this, here on the floor of the Dáil, in the Seanad and in the transport committee, and I look forward to continuing to do so while this matter is under consideration. I will first respond to the core question Deputy Costello put to me regarding the commentary that has appeared today on my status and the constraints upon me and my colleagues in regard to Aer Lingus throughout this bid period. While I will respond now to the points the Deputies have made, a text has also been circulated to them with other material.

The position as it stands, which I have checked very recently, is that I have received the clearest legal advice on the need for my comments and the comments of Ministers and our representatives to be cognisant of the fact that we are in a takeover period. The legal advice has been very strong on this aspect. It has been very clear to me that the Irish takeover rules impose a specific set of obligations on Ministers and our representatives, as substantial shareholders in Aer Lingus. This includes obligations on me of confidentiality and to ensure that statements made in connection with the possible offer are accurate and not in any way misleading. This issue is particularly acute given the State's role in any proposed takeover bid for Aer Lingus. I confirm that the legal advice available to me makes clear that I am constrained in what I can say on the proposed offer because the Irish Takeover Panel has deemed that we are in an offer period.

On the role of the Oireachtas and its committees in respect of the proposed offer, I emphasise that the House has a role in any potential disposal by the Government of the Aer Lingus stake. The Aer Lingus Act 2004 requires that the principles of any disposal be laid before Dáil Éireann and approved before any sale of the Government's 25.1% shareholding may proceed. The legislation is clear that any sale requires Dáil approval. I have been transparent on this point throughout.

Deputy Finian McGrath spoke of the need to carry out a fair and balanced assessment of the offer. He stated that in his view, having considered the relevant issues, the sale of the State's stake in Aer Lingus should not proceed. He is entitled to that view. I have repeatedly emphasised that there is much more at stake than the price of a share. As important as the price is - none of us should dismiss the possibility of money being made available to taxpayers - many other factors must also be considered. I have emphasised, for example, the role of access, competition on routes and the impact of any disposal on general economic development. If an offer is made, I will evaluate all relevant information and make a recommendation to Cabinet. Any decision on the sale of State's shareholding would have to come before the Dáil.

Deputy Joe Costello: I thank the Minister for his response in which he indicated that any offer would have to come before the Dáil for its approval. This means the Dáil will not have any say in the negotiations leading up to a decision, which places a significant limitation on the role the House would play in such a decision. I ask the Minister to consider bringing the matter to the attention of the Committee of Public Accounts in order that it can examine the issue in its role as guardian of the public purse and the need to obtain value for money. The Joint Committee on Transport and Communications could act as the adviser to the shareholder. The

Minister is entitled to appoint advisers and the rules do not stipulate that shareholders could not be advised in such a capacity.

Does a serious issue of insider trading not arise in respect of the chief executive officer of IAG, Mr. Willie Walsh, given that he was in charge of Aer Lingus until recently and currently chairs the National Treasury Management Agency which has responsibility for NewERA, the holding company for State assets? Do Mr. Walsh's various roles not give rise to a serious conflict of interest? Should he not be told he cannot have a role in both areas? This is a serious issue which must be addressed.

In my view, IAG is seeking to secure Aer Lingus's brand, pre-clearance facility and Heathrow slots. The best way to protect the slots is to increase the State's shareholding from 25.1% to 30%. Will the Minister consider purchasing the additional 5% required to guarantee the slots in future? We should also bear in mind the bumper returns from Aer Lingus in January.

Deputy Finian McGrath: I thank the Minister for his response. I am glad Dáil approval is required for any sale under the legislation as Deputies need to have a say on the issue.

I ask the Minister to be cautious in respect of those who are advising him. He indicated he will make a decision and bring a recommendation to Cabinet. A previous Government appointed advisers from the financial services sector to provide advice on the banking crisis. We have all seen the cock-up they made. I am sounding a note of caution on this issue. Given the rapid change under way in the aviation industry, the Minister will need to be on top of his brief when making a recommendation to the Cabinet and Dáil.

Deputy Paschal Donohoe: On our choice of adviser, we are being advised on this issue by private sector companies, the names of which are on the public record. The interdepartmental group includes representatives of the various Departments affected by this issue, including the Departments of Finance, Public Expenditure and Reform, and is chaired by an official from my Department. I am confident that we have achieved the right mix of private and public sector representation on the group. The entities we have appointed in an advisory role are genuinely independent and able to offer expertise in this area. I have seen evidence of this in my personal engagement with the group.

Deputy Costello proposed that committees take a role in this matter. The Joint Committee on Transport and Communications has concluded several days of hearings on the proposed sale of Aer Lingus. I have been made aware of the points made by the various groups which appeared before the committee.

I am a former member of the Committee of Public Accounts, of which Deputy Costello is a current member. The role the committee plays in respect of any matter is very much a decision for its members based on the structure of their work plan. I recall, however, that the work of the Committee of Public Accounts must be related to the work of the Comptroller and Auditor General. This is the stricture within which the committee operates, as Deputy Costello will be aware. The Joint Committee on Transport and Communications is playing an active role in this matter.

As to the Deputy's suggestion that an Oireachtas committee act as an adviser to me on this issue, I am receiving extensive advice on this matter from many corners. Given the nature of aviation, professional advice and expertise is required in a number of areas. We have procured such advice.

On the role of Mr. Willie Walsh, the legislation on the National Treasury Management Agency is clear on the separation that must apply in respect of the work of any individual who chairs the body and other interests he or she may have. I am fully confident that NewERA, which is part of the advisory group being chaired by my Department, is performing its work in an impartial and professional manner that would meet any standards sought by the Deputy or anybody else.

Defence Forces Fatalities

Deputy Michael Creed: I thank the Office of the Ceann Comhairle for affording me an opportunity to raise this important issue. On 18 April 1980, Privates Thomas Barrett and Derek Smallhorne were killed while on peacekeeping duties with the Irish Army as part of a UNIFIL mission in south Lebanon. They were murdered near the village of At-Tiri and their colleague, Private John O'Mahony, was seriously injured. I raise this matter today lest we forget, and in so doing, I acknowledge this is a matter that has been raised previously by many colleagues across the various political parties in this House. Perhaps more important, I raise it because I believe we are now moving significantly towards an endgame in respect of the quest for justice for Privates Thomas Barrett and Derek Smallhorne.

The chief suspect in this double murder is a Mr. Mahmoud Bazzi, who fled south Lebanon in 1994 and lived illegally in the United States up to relatively recent days, when he was deported from the United States and detained in Beirut on his return to Lebanon. In raising this, I appreciate that Lebanon is a separate jurisdiction with its own rule of law and its own judicial system. However, I think it absolutely imperative at this juncture that the State does not relent in the campaign that successive Governments have waged in an effort to deliver justice for Privates Thomas Barrett and Derek Smallhorne.

I know that as recently as June last, when the Taoiseach was in south Lebanon, he raised this issue with the Lebanese authorities. Our diplomatic service in the United States was very active with the US authorities in bringing to their attention to this issue and in successfully concluding the deportation of Mr. Bazzi on the basis that he was illegally resident in the US. What is crucially important is that we do not relent in any way in terms of the effort we put into this. I would specifically urge the Minister of State, Deputy Paul Kehoe, and the Department of Defence to take a cross-departmental approach to this. I initially tabled this as an issue for the Department of Foreign Affairs and Trade but I accept there is a dual jurisdiction here, and it is an issue of national importance. All diplomatic channels must be used in a co-ordinated fashion. In particular, we need to be in contact with the Lebanese ambassador in London, HE Inaam Osseiran, to ensure we do not let up in any way in the quest for justice for these two Irish soldiers who were murdered.

That is the primary reason I raise the matter. Lest we be in any doubt that this is still a volatile region, only two weeks ago a private in the Spanish army, who was serving on a UNIFIL peacekeeping mission in south Lebanon, was murdered. I am concerned that there is a cross-over between the rule of law and politics in these regions. I see some speculation in newspaper coverage of this issue in recent days, given the deportation of Mr. Mahmoud Bazzi, that covert deals may be being done because of Israeli support for the South Lebanese Army militia, which attacked the Irish peacekeeping force nearly 35 years ago, when Privates Thomas Barrett and Derek Smallhorne were murdered. It is imperative that we keep up the pressure. As we enter

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the endgame on this issue, I ask that the Department of Defence, the Department of Foreign Affairs and Trade and every instrument of Government available through the diplomatic service in particular and our contacts at all political levels are used to ensure that these two families at last get justice for their loved ones.

Minister of State at the Department of Defence (Deputy Paul Kehoe): On behalf of the Minister for Defence, Deputy Simon Coveney, I thank Deputy Creed for raising the matter of measures being taken by the Government to secure justice for the families of the late Privates Thomas Barrett and Derek Smallhorne. The Minister has asked me to pass on his apologies that he is not here in person to respond to this very important Topical Issue. Unfortunately, he is committed to chairing the beef forum this afternoon.

As the House will be aware and as Deputy Creed has outlined, on 18 of April 1980, Privates Thomas Barrett and Derek Smallhorne were murdered, and one soldier, Private John O'Mahony, was seriously injured in an incident in Lebanon. The personnel, who were serving their country as peacekeepers with the United Nations Interim Force in Lebanon, UNIFIL, were providing a security detail to two officers serving with Observer Group Lebanon, OGL, on the day in question.

During the course of the mission, they entered the *de facto* forces enclave in accordance with arrangements made through the normal channels with the *de facto* forces in southern Lebanon. At the village of At Tiri, the convoy was stopped and all the personnel were taken prisoner by the *de facto* forces. The Defence Forces personnel were disarmed and separated from the rest of the group. Private O'Mahony was shot and seriously injured while Privates Barrett and Smallhorne were taken away and later murdered. The OGL personnel were subsequently released.

In an RTE "Prime Time" programme on 16 May 2000, it was reported that the alleged perpetrator of the crime, Mr. Mahmoud Bazzi, was residing in the US. While the country with primary jurisdiction in this case is Lebanon, the Department of Defence and the Department of Foreign Affairs and Trade engaged with the US authorities, as appropriate. Mr. Bazzi had claimed in a televised interview in Lebanon subsequent to the murders that he had killed the Irish peacekeepers in revenge for the killing of his brother in a previous violent incident. He has since stated that he was forced to make this admission. However, he has been positively identified as the perpetrator by the now retired Private John O'Mahony.

Successive Ministers, Department of Defence officials, military authorities and the Department of Foreign Affairs and Trade have followed through on this issue for almost 35 years, investigating all measures open to the Irish authorities to bring the alleged perpetrator of this crime to justice. In regard to a potential prosecution by Ireland, the Department of Defence, the Department of Foreign Affairs and Trade, the Attorney General's office and the Office of the Director of Public Prosecutions have all collaborated on this case. The process was detailed and complex and included a review of international legal provisions, including the potential application of the provisions of the Geneva Convention. Unfortunately, there are no provisions in Irish law which provide a basis for Ireland to pursue a prosecution against the alleged perpetrator. As Privates Smallhorne and Barrett were killed in the line of duty with UNIFIL, Lebanon is the country with primary jurisdiction in this case.

During a visit by the Taoiseach and me to Lebanon on 16 June 2014, the Taoiseach raised the murders of Privates Barrett and Smallhorne with the Lebanese authorities and UNIFIL personnel. The Taoiseach stated there was a clear need for closure and for the alleged perpetrator

to be brought to justice, and he sought the support of the Lebanese authorities in this regard.

On 15 July 2014, special agents with the US Immigration and Customs Enforcement agency arrested the alleged perpetrator, Mr. Mahmoud Bazzi, at his residence in Dearborn, Michigan, for administrative immigration violations. During a subsequent court hearing on 11 August 2014, Mr. Bazzi admitted in immigration court that he entered the US without proper documentation and thereafter lied to obtain lawful immigration status in the US. This paved the way for his removal from the US. On learning of Mr. Bazzi's impending deportation from the US, the Irish Government requested the support of the Lebanese Government in seeking justice for the murdered Irish UNIFIL peacekeepers, should such action be feasible. The Minister for Defence, during a visit to the Lebanon last December, met with the Lebanese authorities at the most senior levels of Government and highlighted the Irish Government's continued commitment and interest in progressing this case.

Mr. Bazzi was deported from the United States to his native Lebanon on 30 January 2015. On arrival in Beirut, Mr. Bazzi was arrested and detained by the Lebanese authorities, and he remains in custody. It is now a matter for the Lebanese authorities to investigate the case. The Irish ambassador in the region is continuing to monitor developments in the case.

This is a significant step in the pursuit of justice for Privates Thomas Barrett and Derek Smallhorne, who lost their lives while on United Nations peacekeeping duty in Lebanon almost 35 years ago. The arrest of the alleged perpetrator was an important day for the families and their continued commitment to securing justice for their loved ones is to be commended.

In conclusion, the Irish Government is aware that the Lebanese authorities have primary jurisdiction in terms of pursuing a prosecution against the alleged perpetrator. We stand ready to provide whatever assistance possible to the Lebanese authorities in progressing this issue. However, it is a matter for the Lebanese authorities to investigate the case and to determine any future action.

Deputy Michael Creed: I thank the Minister of State for his comprehensive statement and outline of the history of this issue. As I said in my opening remarks, we are entering the end game in respect of the quest for justice. Thirty-five years is a lifetime for the families involved to await justice. Therefore, it is imperative that we reassure those families and those campaigning for justice on their behalf that every measure is being taken towards justice and that the Irish authorities remain vigilant to all of the possible developments in respect of a successful prosecution and conviction in this case.

In that regard, I have a specific request. Will the Department of Defence or the Department of Foreign Affairs appoint a specific person to liaise with the individual families and the committee seeking justice? In light of the significant developments in recent days and weeks, it is important those families are brought up to speed in respect of all of the issues, some of which may not be in the public domain, so they are as informed as possible.

The Minister of State referred to the fact there is an Irish ambassador in the region. Lebanon has an embassy in London and Ireland is covered by that ambassador. I do not wish to be prescriptive in terms of what should happen at diplomatic level, but perhaps it would be appropriate that the Irish Embassy in London would make contact with the Lebanese ambassador to London, whose brief covers Ireland, HE Inaam Osseiran, to convey the continuing conviction of our Government that this matter must be brought to a successful conclusion.

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Will the Minister of State ensure the families are briefed, whether by somebody from his Department or the Department of Foreign Affairs, and that we remain vigilant in regard to the crossover between law and politics in this volatile region of the Middle East? We must ensure nothing untoward happens between the detention of Mr. Mahmoud Bazzi and a prosecution being brought. As mentioned earlier, there has been speculation in some quarters that it may be difficult to get a successful prosecution.

I thank the Minister of State for all that he, his colleagues and previous Administrations have done. This search for justice has been a long journey - 35 years - but I hope we are now facing the end game.

Deputy Paul Kehoe: I agree with the Deputy that we are approaching the end game on this. I also agree the wait has been a lifetime for both of the families involved. I assure the Deputy that there is ongoing contact with the families and the Minister, Deputy Coveney, spoke with them just last weekend. Officials from both the Department of Defence and Department of Foreign Affairs are keeping a close eye on the issue and keeping in contact with our ambassador in the region so as to keep up to date on the issue. We want closure and want justice for those involved, in particular the families. These people have been dealing with this issue for the past 35 years.

Whenever I have been in Lebanon - I have been there on numerous occasions over the past four years - I have raised this issue whenever I got the opportunity. I assure Deputy Creed it is a matter of priority for the Government, the Department of Defence and the Department of Foreign Affairs and Trade to ensure justice is obtained for the people involved. It is sad they have not got it to date. We are all aware of the commitment of the Irish Defence Forces and of the great work they do in Lebanon. They take their life in their hands when they go abroad on peacekeeping duties and I acknowledge that commitment here. We are doing what we can on this side and our officials are doing the same on the Lebanese side.

Private Rented Accommodation Costs

Deputy Thomas P. Broughan: Every weekend I meet families whose deadlines for eviction are in a few weeks or few months time. For some it was the end of January, now it is the end of February or the end of March, April, May and so on. Many of these families facing eviction have children some of whom are up to the late teens. Some mothers and fathers bring these children with them to my information clinics. It is sad and appalling to see the distress in the faces of these children as the family faces eviction, homelessness and grave uncertainty. Even simple tasks such as storing food or getting to school or work become a nightmare when a family is in accommodation for the homeless. In many of the cases I represent, landlords give the usual excuses of requiring a house or apartment back for a relative or for themselves. However, after the eviction, the properties are often immediately let out again for from €1,300 to €1,500 or €1,600 a month, way above Dublin City Council and Fingal County Council rent supplement rates. Increasingly, landlords simply say they want to maximise rents and that rent supplement rates are far too low.

The Minister of State is eight months in office and this is all still happening. The social housing strategy 2020 is still just aspirational talk, task forces and meetings. Rent supplement accommodation has long dried up, with rents in Dublin Bay North and other urban constituencies now soaring 30% above 2012 levels and almost back close to Celtic tiger levels. For ex-

ample, for quarter three of 2014, *daft.ie* put rent for a three bedroom house in Dublin 3 at €1,655 a month, in Dublin 5 at €1,418 a month, in Dublin 13 at €1,352 a month and in Dublin 17 at €1,275 a month. On the Minister of State's watch, we still have 20,000 families and citizens seeking accommodation in this city and some 89,000 seeking accommodation nationally. We have 359 homeless families and 780 children in hostel, guest house or hotel accommodation in Dublin on this day. The Minister and Minister of State are personally responsible for the suffering of these people.

It was always grossly unfair of the Minister for Social Protection, Deputy Burton, to use rent supplement limits as a crude and useless form of rent regulation. In response to parliamentary questions I put today regarding rent regulation, the Minister for the Environment, Community and Local Government, Deputy Kelly, said he is monitoring the rental market very closely. He also referred to the Private Rental Tenancies Board's "Do You Know" campaign through which tenants who are anxious that rent increases in excess of market rents are being charged should contact the PRTB. What will they gain by that? This is a feeble and useless response on the part of the Ministers.

Last week, Senator Aileen Hayden held a very informative briefing on what she called the "third generation" model of rent regulation and on how rent regulation works in Europe. There, rent regulation offers security of tenure to tenant and landlord and increases, or decreases, are fair and usually linked to the consumer price index. I learned from that briefing that the report of the Constitution review group of 1996, the report of the commission on the private rented residential sector of 2000, the All-Party Oireachtas Committee on the Constitution ninth report of 2004 and the DKM Economic Consultants report, Rent Stability in the Private Rented Sector 2014, which the Minister of State has on his desk, all agree that the form of rent control sanctioned by the Rent Restrictions Acts 1946-1967 was unconstitutional but that fair and proportionate rent control is not unconstitutional. I understand the Residential Tenancies Act 2004 is to be amended and I believe we clearly need some form of rent regulation included in that Act. I have no problem in regard to amending the Constitution so that the rights of property are amended to ensure the kind of savage rents being imposed on vulnerable families in Dublin and other cities are unacceptable and not allowed to happen.

In countries such as Germany, France, Belgium, Spain, the Netherlands, Denmark - most of our EU partners - rents are linked to the cost of living and all these countries have reasonably healthy rental markets. It is clear that the greedy madness which enveloped Dublin rental markets in the mid-noughties, which is again threatening our society, would not be tolerated by any of our EU partners. I urge the Minister of State and the Minister to sit down together and to bring forward serious proposals in regard to the regulation of rent in this country.

Minister of State at the Department of the Environment, Community and Local Government (Deputy Paudie Coffey): The main cause of rising rents is a lack of supply in the market. The Deputy mentioned the social housing strategy 2020, which was published last November. This is not just a strategy.

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It sets out clear, measurable actions and targets to increase the supply of social housing, reform delivery arrangements and meet the housing needs of all households on the housing list. In addition, the implementation of the range of actions under the Government's Construction 2020 Strategy will support increased supply in the wider housing market. We will be expecting

local authorities throughout the country to come forward with proposals in the coming weeks to seriously ramp up the provision of social housing.

The private rented sector is an important element of the housing market, with the proportion of households in the sector almost doubling in the period from 2006 to 2011. I am very conscious of the difficulties caused by rising rents. In the third quarter of 2014, rents were 5.6% higher nationally than in the same quarter of 2013, according to the most recent rent index from the Private Residential Tenancies Board. Rents for houses were 4.3% higher while apartment rents were 7.3% higher than in the same quarter of 2013. In Dublin, which is seeing the highest rates of increase nationally, overall rents were higher by 9.5% although the rate of annual increase was down slightly.

The Government is monitoring the rental market closely and is considering all options in order to achieve greater rent certainty, which is in the interests of tenants. The options put forward in the report, *Rent Stability in the Private Rented Sector*, commissioned by the PRTB and published in autumn 2014, form part of these considerations. My overriding objective is to achieve stability and sustainability in the rental market for the benefit of tenants, landlords and society as a whole. In this regard, we need to be cognisant of the possible negative impacts of rent regulation, including the impact on supply and the potential for black market transactions.

The Residential Tenancies Act 2004 regulates the landlord-tenant relationship in the private rented sector and sets out the rights and obligations of landlords and tenants relating to security of tenure, termination of tenancies, rent and rent reviews. The ongoing development of a stable, well-regulated rented sector is a key goal for the Government. The legal framework set out in the 2004 Act represented the most significant legislative reform in the private rented sector in over a century. Prior to this there was little or no security of tenure for tenants and in most tenancies the landlord had a virtually absolute right to raise the rent at any time. That is not the case at present.

The 2004 Act clearly provides that rents may not be greater than the open-market rate and may only be reviewed upwards or downwards once a year, unless there has been a substantial change in the nature of the accommodation that warrants a review. The Act also provides that a tenant must be given 28 days' notice of new rent. These provisions have effect notwithstanding any provision to the contrary in a lease or tenancy agreement.

People under threat of eviction have rights under law with regard to their tenancies. The PRTB is undertaking a national campaign to ensure that tenants are aware of their rights and do not leave a house prematurely or at the whim of a landlord. We take this issue very seriously and I thank the Deputy for raising it in the Dáil today.

Deputy Thomas P. Broughan: Clearly the lack of housing supply is the key problem and the total output for 2014, which included the first six months of the Minister of State's tenure, was 11,000 units. There is talk of about 15,000 units for 2015 which is not even half good enough. The Minister of State has now at his disposal €300 million from the EIB and the Government, and he has established a working group with the nine major voluntary housing agencies and the local authorities.

However, we want no more talk. Let us have some action because nothing is happening. There have been endless meetings. In my area, Dublin Bay North, which represents about a quarter of Dublin city, we have seen nothing. There has been nothing so far in the north fringe.

There may be ten or 20 houses and 40 apartments coming forward in an area which has 5,000 families on the housing list. That is the nub of the problem.

Last week the Governor of the Central Bank, Professor Honohan, published the new mortgage rules. Did the Minister of State or his Department have any input into those rules because many observers feel that one of the net effects will be to price many young families out of buying their own homes in urban areas and thereby further increase the demand for rental property? Up to 40% of homes in the Dublin area are now rented.

On 25 January, the Dublin Region Homeless Executive stated that 359 families with a total of 780 dependent children were in emergency accommodation. The Minister, Deputy Kelly, always seems to be very interested in his legacy. His legacy at the moment is that during his period of Minister for the Environment, Community and Local Government one family in this city became homeless every day.

It seems clear from the constitutional advice - the advice of lawyers at the well-attended briefing organised by Senator Hayden - that there is no constitutional impediment to us introducing serious real rent regulation, as opposed to the timid efforts of Fianna Fáil in 2004, to give us a modern rented sector as exists in Germany and many of other European states. We want action now - no more talk.

Deputy Paudie Coffey: With due respect, this is the first social housing strategy in a generation. I commend the Government and in particular the Minister, Deputy Kelly, on the work they have done in ring-fencing significant funds. This is a significant commitment by Government to address the social housing deficit. The Deputy should at least make some acknowledgement of those efforts. To say on the floor of the House that nothing is being done is far from the truth; quite an amount is being done.

Deputy Thomas P. Broughan: The Minister of State should come out to my constituency.

Deputy Paudie Coffey: The strategy has been put in place. The funding has been provided.

Deputy Thomas P. Broughan: There are queues of homeless people.

Deputy Paudie Coffey: The Government has reiterated its commitment.

Deputy Thomas P. Broughan: We will visit the homeless families in the hotels and guest-houses.

Deputy Paudie Coffey: We are now engaged with local authorities, approved housing bodies and every other stakeholder that can contribute to offering solutions to the huge social housing deficit. We will deliver on that because the next phase of that implementation is about to be rolled out in coming weeks. The Deputy will see in his constituency as in other constituencies, the start of that delivery.

This year alone, the social housing strategy will provide more than 7,000 social housing units and a further 8,500 units will be secured under the HAP scheme. The total housing provision will result in an investment of almost €800 million across a range of housing programmes. So the Deputy should acknowledge that there is a lot of action.

As I mentioned earlier, a recent PRTB poll found that only 64% of tenants are aware of their rights under the Residential Tenancies Act 2004. Having regard to these findings the PRTB is

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developing a national communications strategy to ensure that tenants are aware of their rights and are not being removed from their homes, as the Deputy says, at the whim of a landlord. We will monitor the rental situation closely and will take action where we feel it appropriate.

Message from Select Committee

An Leas-Cheann Comhairle: The Select Committee on Justice, Defence and Equality has completed its consideration of the Redress for Women Resident in Certain Institutions Bill 2014 without amendment.

Revised Estimates for Public Services 2015: Message from Select Committee

An Leas-Cheann Comhairle: The Select Sub-Committee on Transport, Tourism and Sport has completed its consideration of Vote 31 for the year ending 31 December 2015.

Consumer Protection (Regulation of Credit Servicing Firms) Bill 2015: Second Stage (Resumed)

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

An Leas-Cheann Comhairle: I understand that Deputy Finian McGrath had concluded. I call Deputy Connaughton, who is sharing with Deputies John Paul Phelan and O’Dowd.

Deputy Paul J. Connaughton: I very much welcome the extension of the Central Bank’s code of conduct to lenders that are currently unregulated as it provides additional and much-needed security for home owners and owners of small and medium businesses whose loans are currently in arrears.

At the time of the sale of the Ulster Bank loan book by the IBRC, I was approached by many home owners who were concerned that their loans would end up with unregulated financial institutions and they would not enjoy the protection of the mortgage arrears resolution process, which is mandated by the Central Bank’s code of conduct on mortgage arrears. These people, as holders of residential mortgages which were in arrears, had very real fears that they would be treated differently by an outside agency and I believe that this Bill will ensure that individuals, families and small to medium enterprises will continue to enjoy the protection of the Central Bank’s code of conduct.

Deputies on all sides of the House have heard many harrowing stories of financial difficulties in the confidential setting of clinics in recent months and years. We regularly come face to face with the real people whose everyday financial struggles are only too evident and can see the long-term damage being done to families who find themselves in arrears with their mortgage. Their mounting debt appears to be insurmountable. In this regard the Government is committed to ensuring that people who find themselves in mortgage arrears enjoy the protection of the Central Bank’s code of conduct. In the past week, at clinics in east Galway, I have heard tales about the intransigence of the main banks in dealing with mortgage arrears, despite customers’ willingness to tackle debt burdens. I have arranged meetings with various banks in

an attempt to find a way to break the impasse, but too often bank customers are unaware of the protection they enjoy and in the dark in terms of their rights and entitlements.

Over 117,000 mortgages are in arrears, but for some families, their situation has improved in recent months. Jobs have been secured; additional income is starting to flow and, in some cases, the level of the arrears is beginning to reduce. Nevertheless, arrears continue to be a worry in over 117,000 homes. Of these, between 5,000 and 10,000 do not enjoy the protection of the code of conduct on mortgage arrears and the Bill seeks to extend the code to their loans. Some 5,000 or 10,000 families is a significant number and while the firms involved in these loans have stated their intention to comply with the code of conduct, that is not sufficient and needs to be underpinned by legislation. That is what necessitated today's decision.

The code of conduct is particularly important in communications between banks and borrowers in arrears. It regulates communications between the bank and the borrower to ensure there will not be excessive contact between the bank and the already stressed borrower. I acknowledge that the passage of the Bill may make it more difficult for banks to sell loan books in the future because of the increased regulatory burden, but with rights come duties and the increased burden of care towards the borrower - individuals, families and small or medium-sized businesses - is fair.

When one considers that unemployment rose from 5% in the first quarter of 2008 to over 15% in the first quarter of 2012, it is clear that huge numbers of workers who never envisaged themselves being out of work found themselves suddenly without jobs as a result of the economic downturn. Without a job, it is impossible to service a mortgage and, while half of the people concerned have since found work and it is hoped to get unemployment below 10% by the end of the year, two issues remain. The first is the overhang of debt from those years, while the second is the accrual of mounting interest. Added to this is the fact that mortgages were given out in the good times on the basis of high incomes that were forecast to rise and house prices are now just over half what they were at the height of the boom and we have the perfect storm for mortgage holders.

While the Bill provides welcome additional security in legislative terms for the 5,000 or 10,000 loan holders not covered by the Central Bank's code of conduct, our focus must remain firmly on the 117,000 individuals or families whose mortgages or business loans are in arrears. The ongoing creation of new and better paid jobs within the economy will provide the financial lever that many need to address their mortgage arrears; therefore, our focus must remain on fixing the flaws in the wider economy, reducing unemployment, reducing taxation for the low paid and creating a better environment in which to do business. However, while repairs are ongoing to the economic infrastructure, we must continue to care for those who were caught up in the perfect economic storm that hit Ireland in recent years. It is not enough to repair the banking structure or institute codes of conduct, we must focus on the casualties of the property boom and bust and help those families back to a sound economic footing through a variety of resolution options. They are not statistics, this is the everyday reality for over 85,000 families with mortgages in arrears for more than 90 days and 30,000 owners of buy-to-let properties. This legislation is one necessary step that has to be taken for this cohort of home owners, but, as the economy recovers, we must ensure they are not left behind and that their cases are resolved in a way that will allow their lives and those of their families to progress.

Deputy John Paul Phelan: I welcome the Consumer Protection (Regulation of Credit Servicing Firms) Bill 2015. Like Deputy Paul J. Connaughton, I was inundated with representa-

tions from constituents who had mortgages taken out with institutions no longer in existence, which mortgages were subsequently sold to another mortgage provider primarily existing outside the State. These constituents raised real concerns about the prospect that the new entrants were not covered by the existing code of conduct and the mortgage arrears resolution process that applied to institutions based in the State. I am glad that the Minister has taken the necessary action in the legislation to ensure this group of often very vulnerable individuals will receive the same protection for their mortgage loans as is available to individuals and families that have loans with institutions based in Ireland. Without this legislation, we have the potential for unscrupulous credit institutions to gain ownership of loan books without enforcing the existing rules, as they stand. That is why I am an enthusiastic supporter of the provision being extended in this legislation.

I also welcome the news, widely reported in the media this morning, that the Taoiseach's office is becoming directly involved in finding solutions to the mortgage arrears issue more swiftly. It was mentioned by the previous speaker that well in excess of 100,000 mortgages were in arrears and that the figure for mortgages in arrears for two years or more was approaching 37,000. We are now in year eight of the economic crisis that has gripped country and there can be no more important matter for any individual or family than keeping a roof over their heads. I do not claim to be exceptional among Deputies, whether on the Government or Opposition side, in receiving many representations from people who find themselves in such mortgage difficulties. These are harrowing accounts of families being put to the pin of their collar in trying to keep a roof over their heads. Extending the existing provisions to new businesses entering the mortgage market in Ireland and buying existing mortgage and loan books is welcome. That is why I am a particular supporter of this legislation.

Many in the Opposition, although perhaps not the two Members in the Chamber at present, believe in ramping up Government expenditure, while continuing with high rates of income tax and perhaps higher rates in the future. The role of government should be to give people their money and let them spend it as they wish. I commend the efforts and pronouncements of the Taoiseach in the past few days in his recent RTE radio interview, which were in marked contrast to those of the Leader of the Opposition. When he did the same interview a few weeks earlier, he went on record as saying he did not believe income tax rates should be reduced but that expenditure should be increased in an improving economy. Has he not learned anything from his time in government in bringing the country to the position it has been in for years and from which it is now thankfully starting to emerge?

Deputy Fergus O'Dowd: Táim i bhfábhair an Bhille seo. Tá sé práinneach agus tá sé in am dó. Maidir le daoine le mórgáistí atá rialaithe, or regulated mar a déarfá i mBéarla, tá sé an-tábhachtach, dá ndíoltar na leabhra iasachta, go mbeadh na rialacha céanna ag baint leis na mórgáistí i ndiaidh an díolacháin is mar a bhí ann roimhe. Is bunchloch í d'aon tír dhaonfhlathach go leanfadh aon chearta a bhain le mórgáiste ar aghaidh agus go mbeadh brú ar an gcumann nua géilleadh leis na cearta céanna agus nach mbeadh an seans ann na cearta sin a chaitheamh siar agus a rá nach bhfuil aon bhaint acu leis an gcumann nua.

Bhí próiseas sofheicthe ag baint leis an mBille seo. Bhí sé sin le feiscint sa tslí ina rinne an Rialtas agus an Roinn an scéal a scaipeadh. Do nocht 15 eagraíocht a gcuid tuairimí ar an mBille seo agus is féidir na tuairimí sin a léamh ar an Idirlíon, ina measc tuairimí an financial services regulator agus an consumer association. Is maith liomsa na cinn sin ach go háirithe. Measaim go bhfuil an Rialtas tar éis an chomhairle sin go léir a thógáil ar bord.

I fully support this legislation. It is timely, essential and clearly urgent. Of the 760,000 mortgages on primary dwellings in this State, 15.5% or 117,000 are in arrears. In regard to mortgages on buy-to-let properties, 26.8%, or 38,463 are in arrears. That is a serious situation for the families concerned, particularly those who have mortgaged their homes. Every day people in severe financial distress come to our clinics seeking assistance. I commend MABS and local credit unions on working with these families to do whatever they can to help them get out of the distressing and stressful situation in which they find themselves. It was nobody's fault that people lost their jobs in the bust but many families do not know where to turn. This legislation will ensure that the rights attaching to mortgages managed by regulated institutions will accompany the mortgage books if they are sold onwards. That is constructive and positive.

Perhaps we need to do more for businesses. This legislation will apply to small and medium enterprises as well as to primary dwellings. The objective is to facilitate access to credit for sustainable and productive business propositions. The consumer code is essential in this regard. By supporting businesses and giving them security they will not have to worry about their loans being sold on or being unable to trade due to financial pressures.

While I accept that the primary purpose of this Bill is to provide protections for mortgages, we should also consider ways of dealing with loan sharks who are regulated by the Central Bank. As regulated entities, the maximum interest they can charge is 188%. One company charges an interest rate of 187.2%. It is time the Government tackled this problem. We should investigate these companies minutely because they are sucking blood from people who are in parlous financial situations, many of whom are living from day to day and need the loan to tide them over until they receive their unemployment assistance. These companies offer door step and pay day loans. Even though they may be regulated, it is unacceptable that people without alternative access to credit, employment or financial status, and who may not even own their own homes or cars, are forced to take out such loans. Notwithstanding the welcome fact that our unemployment rate has dropped to 10.5% from a high of 15%, unemployment is still far too high and too many people are still in extremely difficult financial circumstances. I suggest that further legislation be considered to put these loan sharks out of business.

MABS is the opposite of the loan sharks. It does fantastic work. As Deputies will be aware, if we contact MABS about somebody who is in an extreme situation, it will prioritise that individual's case and get in touch with the loan sharks or other lenders. I must also mention the Society of St. Vincent de Paul, which is extremely supportive of decent, honourable people who through no fault of their own have fallen on hard times or into the hands of loan sharks. There has been a huge change over the past several years in terms of looking after people who are in financial distress. I welcome this legislation and urge the Minister of State, Deputy English, to consider reducing the rate of interest these blood suckers can charge. It is an appalling way to extract money from vulnerable people and we should not be allowing them to charge these unacceptable interest rates.

Deputy Sean Fleming: I welcome the opportunity to speak on this Bill, which aims to regulate agents. The principal financial institution which engages a credit servicing firm to act as agent will not be covered by the legislation. We were discussing the rental market earlier. Tenants who rent from a landlord enjoy certain protections. This Bill is akin to saying that if a landlord appoints a letting agent to manage the property, the landlord is off the hook in terms of obligations to the tenant. That is the principle this Bill will apply in respect of private homes. It will regulate the person who knocks on the householder's front door but the institution who sent the agent will not be regulated. This is bad legislation. There are a few scraps of goodness

in the Bill but I cannot say much else for it. If it is passed, it will cause greater problems that have arisen heretofore. This morning we debated legislation on insolvency because the earlier legislation on insolvency has not worked. This morning's legislation was introduced to put a patch on legislation that does not work. While we were debating that legislation, the Taoiseach was meeting the Central Bank and the Insolvency Service to discuss the need for new systems to deal with insolvency. By his actions and his comments on Morning Ireland, he is implying that the insolvency legislation is not working. The same will happen with this Bill. It is farcical that the Taoiseach could claim that legislation we had not even finished debating is not working. The decent response would be to withdraw the legislation in order to get it right before reintroducing it.

The people who work in this business think logically rather than emotionally. They are in it to make a profit. When the Bill is passed, banks will sell their loan books to another institution. They will call it a special purpose vehicle or make up some other fancy title. This new institution will engage an agent to manage the loans. Banks will be able to avoid regulation by selling off their loans and ensuring the organisation or financial institution established to purchase the loans engages an agent.

The legislation provides the banks who do not want to deal with difficult customers with an incentive to sell off their mortgages. That is the logical outcome. We are putting an exemption in place for banks that says if they sell the loan and the buyer engages an agent, the new owner is not covered. Why would the pillar banks in Ireland - AIB and Bank of Ireland - want to continue in the Irish mortgage market where they are rightly heavily regulated if all they have to do is take a write-down, sell off the loan books in whatever packages suit them and get their money? An unregulated owner who will not be covered by this legislation will then be free to send in his agent to do what he likes. Ireland has a long history of landlords from outside the country sending in their agents to carry out repossessions. That is what will happen. Banks will look at this logically and consider that given the legislation they would be foolish not to go down this road.

The Governor of the Central Bank announced a few days ago new rules on people taking out mortgages. I did not hear him telling the public, as he has a duty to do, that new borrowers should beware that if they get a mortgage from one of the main institutions in Ireland it may be sold off at the end of the year to an entity that will not be regulated where it gets someone to come and do the dirty work as an agent acting on its behalf. The banks exist to make a profit and they will do it as easily as possible. They will go down this road. The legislation is also bad for small businesses. There are many small businesses which are viable but for the large property debts on foot of investments they made. These operators will want to realise that, even if it involves putting a small company out of business and causing job losses.

The legislation will cause more problems than it solves. First in the firing line will be those people who are well into their mortgages and not now in negative equity. If the value of their loans are way less than the value of their houses, these unregulated entities will cash in their chips straight away. They will not be as quick to go into houses where there is huge negative equity as they know they will not recover half their loan book if they sell. This is designed to attack the people who are well into their mortgages and have paid down a good bit of their debt without being in negative equity. That is where the cherry-picking will take place to get money back quickly. In those cases, it will be possible to get the full loan amount. It should be remembered that the people the legislation will facilitate will have bought loan books at a significant discount to start with. They do not even need to recover the full outstanding amount of

the original loan to make a substantial profit as the loan was heavily discounted in the sale price.

The code of conduct on mortgage arrears is not working satisfactorily and some of these organisations do not want to know about rent to buy schemes. Other Members and I have encountered cases where people in serious mortgage arrears were told by one of the voluntary housing agencies that it would buy their house at a market rate written down from the original price and rent it back to the people living there. These companies do not want to do that in the cases I have dealt with because they want vacant possession. They do not want women and children in a house if they feel they can get more by vacant possession. Thankfully, Ireland is a great little country on the ground and there are many auctioneers who will not sell repossessed family homes. They will not take them, which is the right approach as we do not want to encourage the foreign vulture funds to come here and force people out of their houses unnecessarily and where there are other options they choose not to explore. That is a further flaw in the legislation.

Why is the Government doing this? It has backed away from tackling the financial institutions. One might say that the Bill contains some level of cover, which is better than none, but by giving cover to these agents, the Government is encouraging people not to get caught under the new legislation. They will take the simple way around it. Last year, we had 10,000 new repossession cases and that will increase the more we have of these kinds of activities. Before we conclude Second Stage, I ask the Minister to clarify if the legislation will apply to those customers whose loans have already been sold off. I am not sure of the answer and would like the matter clarified either way. We want to ensure that those people are covered by the Bill.

FLAC has made a submission on the legislation and said it is not clear whether legislation it provides that newly regulated credit servicing firms must apply the relevant Central Bank codes immediately. It says there may also be some doubt as to whether the definition of “credit servicing” is robust enough to ensure that all decisions made under the code of conduct on mortgage arrears are servicing matters. There is a difference between dealing with mortgage arrears and servicing an account on behalf of someone else. The definition of “credit servicing” in the Bill covers notifying people, which is sending them letters, but it also refers to managing and administering any charges imposed on the relevant borrower. Who is the invisible person who will impose new charges on the relevant borrower? They are not to be seen and may not even be in this hemisphere. This is a charter for banks to outsource their difficult loans to foreign companies who do not require to be regulated. The Government has done a disservice in this regard which will come back to haunt it.

Deputy Dara Calleary: The Bill is a missed opportunity. There was huge potential here had a proper concern been shown which has been missed. I listened to some colleagues welcome the fact that the Taoiseach will get involved in this area and talk to people. The Minister of State, Deputy Damien English, will be familiar with the fact that this time two years ago during the by-election in Meath East, the Taoiseach was very interested in talking to people about mortgage arrears. He even took a person telephone number and told him or her to telephone him. However, we did not see a great deal of action from that.

Here we are with a Bill that offered so much in terms of protection, but if we are to read the analyses being prepared on the Irish mortgage market by financial concerns and expert groups, including New Beginnings and the Irish Mortgage Holders Association, it appears that 2015 will see an avalanche of repossession applications on the part of banks. One has to ask oneself if the legislation will provide any protection against that avalanche. It will not. The legislation as presented is a PR person’s dream. Irish banks will sell their loans to third parties who are not

regulated under the legislation and wash their hands of the repossession activity that follows. If the Government is committed to making this as robust as possible, it will hopefully use Committee Stage to strengthen the Bill to prevent that happening.

There is a commitment in the legislation on SMEs. A number of banks that were formerly active in the market are actively deleveraging their interest in loans and selling them on to venture funds, which are also known as “vulture funds”. The loans are being sold on in blocks. A person’s loan, relationship with the bank and the money he or she may owe as a business person or individual to a bank is put together into a block of loans, given a fancy title, a few of which I notice are geographically related, and then sold on to entities we know nothing about. I have engaged with one of the banks in particular on two cases over the past few weeks for companies employing approximately 50 people in the service industry. Property loans were taken on by those companies and the economy is where it is at, but the day-to-day business and employment is still viable. The future of these businesses is still viable and if the bank were interested in the customer and the 50 people working in those companies, it would engage with them to come up with a solution that could be managed. That would involve a write-down of what in some cases is a disgusting rate of penalty interest and a commitment to servicing the principal of the loan. That is the offer that was made but because the bank involved is regulated by a Government outside this jurisdiction and that Government is putting pressure on the bank’s parent company to sort its book out, there is no engagement and no willingness to engage. There is certainly no concern for the people who work in the enterprises in question and no respect for those who have created the employment. There is a wish to sell the asset as quickly as possible and move on. The legislation will do nothing to offer protection to the loan holders or those working in these relationships.

My two cases are indicative of many across the country. The bank to which I refer is about to launch an avalanche by selling off its commercial loan book, particularly the distressed commercial loans. Although it will sell distressed loans to a vulture fund that will call them in and close businesses, in seven or eight months time it will state it tried to support the businesses and that they did not close on its watch. Nothing in the Bill offers any protection against this.

The Minister of State, Deputy Damien English, knows from his previous role as Chairman of the Oireachtas Joint Committee for Jobs, Enterprise and Innovation that one of the most significant issues facing SMEs is legacy debt on investments made in the so-called good times. Many businesses with very solid business models which have managed to trade on a day-to-day basis successfully, in spite of the challenges of the past three years, have come through and are still providing employment and making a day-to-day profit. However, businesses that invested in enhancements or expansion during the so-called boom are being brought to their knees by banks, including the pillar banks and unregulated banks. Will the legislation do anything for them, even offer a nod in their direction by acknowledging we have a problem, or give any indication that the Government understands the debt challenges facing SMEs? No, it will not.

The legislation reflects an ongoing approach of sticking one’s head in the sand and hoping the problem will go away. It will not; it is getting worse. I regret to have to predict that by the end of the year many more businesses will have gone to the wall because there is no support to protect viable day-to-day businesses and make some arrangement to deal with the legacy debt to be paid off in the long term or parked until businesses can grow and we can grow employment or, more importantly, protect those who are employed by these businesses.

Deputy Fergus O’Dowd made a very important point about how loan companies advertised.

The other day I saw an advertisement for a pay-day loan that showed, in the smallest print possible, an interest rate of 400%. Such companies are preying on people who find themselves in very difficult circumstances. We need to do much more to tackle them. We need to do much more to resource MABS which is doing phenomenal work to deal with the consequences of the economic crash throughout the country in providing staff and an ability to offer its services. MABS will be needed because of the weaknesses of the legislation as presented. Let us hope that on Committee Stage the Government will take on board FLAC's recommendations and the concerns expressed about the inadequacies of the legislation.

We must stand up and say we will not allow venture funds or vulture funds to take over Irish loan and mortgage books and repossess homes. Tenants in buy-to-let properties which the landlords are forced to sell and who need to rent another house or apartment at a time when rents are going through the roof are joining social housing lists which are already under enormous pressure. We have a code, to which the Tánaiste referred some weeks ago. Will the legislation do anything to assist these tenants and borrowers? The answer is "No". There is nothing in it, despite the awareness of the problem facing the buy-to-let sector and the need to protect tenants who are paying their rents and doing everything expected of them to keep their homes but whose landlords are not. When a landlord loses his or her house, the tenant often loses the roof over his or her head. The legislation could give protection if there was a commitment to do so. This is very important.

Although we have all dealt with cases in which the Central Bank code of conduct on mortgage arrears is being abused, no action has been taken to sanction any bank. We need to take the powers seriously and begin to sanction banks which abuse people's rights. We need to tell any bank that is considering divesting itself of its interests in Ireland that it cannot use legislation to protect its brand, while divesting itself of its interests in Ireland. The legislation offers this opportunity.

Deputy Bernard J. Durkan: Like other speakers, I am glad to have the opportunity to speak about this very important Bill. I was one of the people who had severe reservations about the insolvency legislation introduced a couple of years ago and I was proved right. Since 2008, like everybody else in the House, I have made numerous interventions with lending institutions on behalf of constituents and had a variety of experiences. In some cases, lending institutions were conscious of the need to show compassion, accommodate and try to assist borrowers in their changed circumstances due to the downturn in the economy, unemployment and other factors that detrimentally affected their ability to repay. We were shown by some compassion by some institutions which I do not propose to name. We were also met by indifference and a reluctance on the part of some lending institutions to enter into any revision or arrangement.

Debt resolution has occupied the minds of many in recent years. Debt resolution means different things to different people. To some institutions, it means that borrowers should pay what they owe or get out. To others, including most Members of this House, it means accommodating the borrower, given the new circumstances that prevail, and recognising, in particular, the needs of family home owners and their anxiety to hold onto their homes. We lacked recognised guidelines or statutory arrangements which would be incorporated into any arrangement a borrower might enter into, other than at the discretion of individual lending institutions. Some lending institutions have dragged their feet, procrastinated and waited for negative equity to gradually recede and return them to a position in which they could get their money and force the borrowers out of their homes. This callous attitude should never be accepted or tolerated. Not long ago, the lending institutions offered loans in the full knowledge that the borrowers

might not be able to live up to their commitments. Lending and borrowing involve risk for both sides. There are no guarantees because we can never guarantee what will happen in the future.

I ask the Minister to bear in mind the necessity to ensure the restructuring of loans can take place and will be accommodated and supported where it can be done within reason. In some cases, it may not be done. The same lending institutions loaned the money in the first place, knowing what it entailed and they did not seem to wonder how the money would be paid back. I find it very difficult to understand how the same institutions can state they are very sorry but things have changed, that they have regularised their positions and cleaned up their loan accounts. I reject that. We need to impress upon such lending institutions the need to show a bit of consideration and compassion for the borrowers, given the change in circumstances.

Some lending institutions have adopted rather undesirable tactics in intimidating the borrower into conceding, walking away or robbing another bank to pay them off. They make repeated phone calls, all day, every hour on the hour, in the middle of the night, at 6 a.m. It is an absolute disgrace and should not be tolerated. It has driven many families in this country to the brink. It is not acceptable. Some lenders have been very helpful, tolerant, accommodating and have encouraged the customer to be at ease, saying they would try to help the customer out. I have admitted that from the beginning. Others have not and on one or two occasions have said to the customer and his or her spouse, "In case you have any problems or have not been in a situation like this before, we have paper hankies and glasses of water here, if you are overcome." It took them a while to realise that stress goes in both directions and they soon found out that it is a two-way process. I reject that kind of attitude, particularly coming in the aftermath of the Celtic tiger when they indicated to all and sundry that they would give them as much money as they wanted, saying there was no need to worry about paying it back that it would come back automatically. We know now what was automatic. It is absolutely necessary to set down rigid guidelines, which I do not think are contained in this legislation, to ensure that lenders in the first instance, or the secondary lenders that we are providing for now, abide by some kind of rules and regulations other than a whim of the lending institution to recover its debts as quickly as possible.

Like everybody else in this House, I have dealt with several unregulated third parties and am conscious that they bought the loan books at a fraction of their value and that the original, primary lenders took a hit. I cannot understand why it would not have been possible for them to accommodate the borrower over a longer period. This is a question of debt resolution. Many institutions have been reluctant to enter into any kind of loan or debt restructuring and they need to focus on that urgently, particularly the unregulated third parties which have purchased loan books. They think they do not have any obligation but what is the morality of a case in which somebody buys a distressed loan of €100,000 or €150,000 and realises that by forcing the sale of the house it will yield €110,000 or €115,000, which is a regular occurrence? I cannot accept the morality of that because it would have been just as easy to enter into an arrangement to restructure the loan over time but that does not meet the requirements or the objectives of the third party loan book purchasers. I ask that particular attention be paid to this aspect of lending and borrowing. In my experience it is possible to restructure most loans because if it was not why was the loan made in the first place? Eight, nine or ten years down the road why is it not possible to restructure what remains in those loans now? There is no reason. The loans were made in certain circumstances.

We need to keep in mind the basis on which some of the loans were issued in the first instance. As far as I can see no attention was paid to the value of the property. There might have

been attention to the ability of the borrower to repay but that is not enough to solve the problem. Where no regard is had to the value of the property if anything happens to the borrower, through illness or whatever, his or her ability to pay goes down. If a value for money assessment of the property had been made in the first place the same sum of money would not and could not have been lent. The local authorities traditionally did that until around 1989. Sadly, that has all changed. It is now possible, as I know from cases I have dealt with, that somebody was awarded a loan without any engineering or structural guarantee or report on the structure of the house and its value. Eight or nine years ago people paid up to €400,000 for a house that was probably worth €80,000 or €90,000. That is appalling. There have been numerous cases of this. To calculate the value of a house one calculates the building cost of a house of the same size, which gives an idea of what the price of the house should be, then add in the price of the site. For example, I saw a house advertised in the media recently, an artisan dwelling in the centre of this city, with two bedrooms, for €800,000. After all the bad experiences we have had, value for money must be brought into the equation at some stage. Guidelines must be introduced urgently. I have never referred a file to any third party, insolvency practitioners or anybody else and sadly I have had to do all the work alone. I have not lost too much ground yet and do not intend to. It now requires a legislative intervention that will give some guidelines within which those agencies, the primary or secondary lender, can operate and that can be made workable for the borrower.

Lending institutions say they have a restructuring product which, if it is examined carefully, the borrower will find it absolutely impossible to accede to. The institution will say that is the only product it has, and it does not do anything else but it had no problem initially in offering the loan to the person concerned in different circumstances when it was reasonable to assume those circumstances could not and would not prevail. I cannot understand how they managed to do it. There is an urgent necessity to introduce guidelines which will ensure that restructuring takes place and that it is done in such a way as to make it possible and feasible from the point of view of the borrower because the borrower bought and borrowed in good faith and it should not all be left to the borrower to determine whether the loan has a sound basis.

Other speakers have mentioned the lending institutions that no longer trade here and have moved off. There are two categories, one of which was particularly aggressive before the downturn. To be fair, it has given some indication of compassion and an intention to work with the borrower to resolve the problem and not push all the responsibility onto the borrower. There are a couple of others that have no such intentions.

4 o'clock

Their only response has been to pull the plug and run, having handed over the property to somebody else to extort in terms of any equity that remains therein. It is appallingly callous in the times in which we live that we should be subjected to this type of attitude. That some of these agencies aggressively encroached on the market and having destroyed it walked away is totally unacceptable. I ask that the Minister and the Central Bank bear this in mind when dealing with these issues.

Deputy O'Dowd and others referred to the rates of interest being charged by those now involved in lending to high risk borrowers, which is another issue that needs to be looked at very carefully. There is no reason in the world any agency should be allowed to charge 300%, 400%, or even 180%, interest on loans. In such cases all a financial institution is doing is milking the system for all it is worth and milking the unfortunate borrower, who because he or she

is between a rock and a hard place in terms of there being nowhere else for them to go, happens to be in the position of having to borrow from them. I ask that this too be borne in mind. I can assure the Minister of State, Deputy Sherlock, that all Members of the House will have examples of this which they can convey to him. Our job is to regulate, as we are doing in this particular case. This legislation has been long promised and is absolutely necessary. In all the cases with which we have dealt in this House over the past number of years there have been extremes on both sides, including over-borrowing by people, leading to their getting out of their depth financially.

Another trend has emerged in recent times. We have all dealt with cases involving two spouses who entered into borrowing arrangements with lending institutions that were in excess of what they could discharge, following which one of the spouses subsequently left the family home and disappeared into thin air leaving the other spouse, usually a woman with a couple of children, to defend the family home against the financial institution. In such situations, the financial institution does not care about the absconded borrower because he or she is out of the house. Its objective is the person who remains in the house with the children and how it will go about taking the house from them. There are umpteen examples of such cases. I again ask that the Minister of State bear in mind these cases and to try to ensure that in such circumstances the family home is protected in every way possible.

My final point relates to insurance agencies, some of which, having traded here and milked the system for what they could, evaporated into thin air over night or left this jurisdiction while others did everything they could to ensure they did not have to pay out on a mortgage protection policy and so on, resulting in appalling hardship for people the length and breadth of this country. There is a need for careful consideration of this group of people also because, again, what is affected is the family home. The family home is under attack by virtue of circumstances over which the person who remains in the family home has no control. What is required is an effort on behalf of the lending agency to come to their rescue in some way rather than a callous off-hand attitude to the effect that the agency has to live too. I will not comment on that other than to say that while that is true it is important to remain as even handed as possible in these cases. Some of the lending agencies that are slow now to accommodate the borrowers who are in trouble were themselves in trouble a few years ago. Had the Irish taxpayers showed the same contempt for them as they are now proposing to show some borrowers, a number of them would not be around today.

Deputy Seán Crowe: Like other speakers, I welcome this debate on this long overdue Bill. In my view, the Government has enabled and even empowered vulture funds. The sale of loan books to unregulated entities was the policy of this Government. The only reason this Bill is being introduced is because the citizens affected campaigned and lobbied on this issue.

The sale of IBRC was a brutal, calculated sale of citizens' loans to unregulated vultures to temporarily sort out a Government headache. I am sure the Minister of State will agree that this is an ongoing issue in that the sale of loans books to unregulated entities continues. While Sinn Féin hopes this Bill will do what it proposes concerns about it have been already raised. There are potential gaps in this legislation that need to be closely scrutinised. Simply put, it appears the Government has taken the path of least resistance and opted to regulate the middle man. In terms of ensuring the rights of mortgage holders it is unclear whether this approach will be satisfactory. The rights of mortgage holders with performing loans or in arrears must be central in this Bill. I am concerned that this focus may or has already shifted in terms of this legislation.

When a mortgage is sold the householder should be given the full details in regard to whom the loan has been sold and should also be provided with a list of his or her rights. This basic demand from campaigners and those who have lobbied on this issue is normal in business or other fields. Traditionally, when a person took out a mortgage he or she travelled the term of that mortgage with the lender. People of my generation, who often had to think long and hard about whether to take out a mortgage, had other options. Young people today do not have many options because the option of social housing no longer exists and the option of rented accommodation is limited and provides no security of tenure. Unlike in other progressive countries across Europe there is no security here in terms of rental costs.

People are being forced down the route of home ownership and mortgages. It is regularly said that Irish people have a fixation on property ownership. It is because there are few options available to them that people are choosing to go the home ownership route. For many people, it probably was not in their best interests to go the route of buying a house but they felt they had no other option but to do so. While there have been many glib statements as to the reason they did so, the main reason was security of tenure. Many people had hoped when opting to buy a home that their wages would improve into the future and allow them to repay their mortgages. As we know for many, unfortunately, this did not happen.

This Bill regulates credit servicing. However, the definition of what is not a credit servicing agency needs to be tightened up. The wording in this section is at best unclear and at worst indecipherable. That lack of clarity could have real effects which mean home owners are still left exposed. Even the core aims of ensuring home owners have access to the Financial Services Ombudsman and the code of conduct on mortgage arrears, CCMA, is potentially not met in the legislation as drafted.

Thousands of families have been waiting - some would say praying - for this legislation. Some have been campaigning for it for a long time. Others are only waking up to the fact their mortgage is owned by a vulture fund as new letters with new demands and unusual letterheads start dropping in their letter boxes. Similarly with e-mails, people tend to ignore them as scams. Sinn Féin stands ready to engage fully on Committee and Report Stages and in the Seanad to get this legislation right and eliminate any gaps in it. Families thrown to the vultures want and need to get their rights back. My party will table amendments to bring clarity to and strengthen the effect of regulation of this area.

There is also the related issue of mortgage distress. The number of households now two years or more in arrears on their mortgages has risen to 37,500. It is estimated 118,000 households are in mortgage arrears and 110,000 mortgage accounts were restructured by the end of September 2014. That provides us with a snapshot of the difficulties experienced by many.

Life loans are loans for the over-65s where no interest or capital is repaid on home loans until the borrower passes away. At that point, the borrower's executor sorts out any surplus with the lender for distribution as per the will. While many banks and lending institutions have dropped these financial products, I recently had an example of a woman who had taken out one of these loans several years ago. She had started work at 14 years of age, ending up working in the Civil Service. She was single and very proud. In her late 70s, she took out a loan because she had been advised by the Garda to get more secure windows and an alarm system in her house after it had been broken into on two separate occasions. She was convinced by the bank to take out a loan for more than €20,000 which is now the maximum for such loans. With the loan, she paid for the new windows, the new alarm, gave some to her family and the rest she

put into a deposit account, thinking that the interest on that would assist with the repayments. A long time afterwards, the repayments began to increase, however, while the value of her house, essentially her legacy which she wanted to pass on to her nephews and nieces, was disappearing, going from €400,000 to €250,000 because of the recession. She realised the way her loan was going not much would be left when she passed away.

The woman in question tried to negotiate with the bank on the terms of the loan but the individual she had originally dealt with was on maternity leave and there were different personnel in place. The situation, even after a year, is still waiting to be resolved. It is an example of where the system can go wrong. The top bankers are due to appear before the banking inquiry in due course and no doubt the area of debt write-down will be raised with them. This activity was morally wrong. We have sold people a pup. Well-known personalities are still selling these types of products on the airwaves.

I know of another individual who took out such a life loan but his wife is now in a nursing home and he is covered by the fair deal scheme. Again, the value of their home is shrinking because of the interest to pay on this life loan, meaning there will be very little left in the end. While this might not be the subject of this legislation, if we are concerned about the impact of these financial products on consumers, it is worth examining this area. I hope some of the smart alecks in the banks will take notice of this. The banks sold these life loans very slickly, promising people could go on holidays and so forth without any worry. In fact, judging from the two cases I have encountered, these loans are worrying people into an early grave rather than them having a few bob as they get older.

Acting Chairman (Deputy Bernard J. Durkan): I call on Deputy Alan Farrell who is sharing time with Deputies Peter Fitzpatrick and James Bannon. Is that agreed? Agreed.

Deputy Alan Farrell: In September 2014, there were almost 118,000 mortgages in arrears with approximately 5,000 to 10,000 being held by institutions not regulated by the Central Bank or covered by the CCMA. This alone shows why the implementation of the Consumer Protection (Regulation of Credit Servicing Firms) Bill 2015 is necessary. I was not particularly pleased when this Bill was set out that we were allowing the sale of loan books to unregulated financial institutions which could rule over borrowers and mortgage holders who were repaying their loans correctly. I accept, however, this legislation is a priority and the Government will enact it as promptly as possible.

Enacting this legislation will ensure consumers retain the same protections under the Central Bank codes when their loans are sold by regulated financial service providers to firms which are currently unregulated. This will include, for example, the protection afforded to borrowers under the CCMA. It will also ensure in cases where loan books have been sold to unregulated firms that consumers have access to the Financial Services Ombudsman. While some of those who have purchased loan books have agreed to voluntarily apply the Central Bank codes, they are under no obligation to do so.

As regards section 1 and definitions, I am pleased to see that the insertion of the definition of credit servicing firms will ensure that those managing credit agreements for relevant borrowers will be regulated, while there is also allowance for exclusion from this provision. Institutions that do not outsource credit servicing, where instead the owner of the credit is already a regulated financial service provider, will not be required to be regulated under the provisions of the Bill. That is an important factor because if we were to include those firms we would most likely

end up over-burdening the industry with overly bureaucratic approaches to regulation. I would hate for us to go from a complete lack of regulation to far too much regulation. The balance has to be found and that is why I am pleased to see the provisions of this Bill.

The inclusion of transitional provisions for retail credit and credit servicing firms is important as it simply is not feasible to expect regulatory approval to be granted to credit service providers immediately after the enactment of this legislation. If transitional provision were not included it would simply be counter-productive in terms of ensuring that applications for regulatory approval are examined properly. The Bill will allow for existing retail credit and credit servicing firms to be authorised to carry out their business until such a point as the Central Bank has either granted or refused authorisation, provided that the firms have applied for authorisation from the Central Bank under section 30 no later than three months after the legislation comes into effect.

I wish to talk briefly about the code of conduct on mortgage arrears, CCMA, and the aspects of this legislation that effect the framework to which lenders must adhere. I have had a couple of instances over the past year or two where my own constituents have been in contact because they have an unregulated financial institution managing their debt. In both instances that I can recall they were mortgages. In both instances, as I outlined from the outset of my contribution, they were in fact complying with the loan agreements they had signed but additional pressure was being put on them in order to ensure that the loan was repaid faster than had originally been agreed or - most distressingly - pressure was being applied simply to sell the property and liquidate the loan book. When someone is servicing a debt and might be struggling in other areas of life, given the circumstances we all find ourselves in in this recession from which we are now emerging, the one thing they would not expect to lose if they are managing to pay the mortgage is the house. It is particularly distressing when young families are involved, of which there are many in my constituency, which is one of the youngest in the country.

In the instance to which I am referring, the constituents are in negative equity, so by selling the asset they were going to be lumbering themselves with completely unsustainable debt and no asset to place next to it. As the mortgage in question was sold to a third party, my constituent found himself outside of the CCMA and outside of the Central Bank's code. Up until recently I was not able to tell him what we were going to do about it and that is why I am pleased to see this legislation being treated as a priority.

I do not propose to use up the last minutes of my time. While I have mentioned, quite critically, that it is about time this matter was addressed by the Department, there are a number of other concerns, not just in respect of the CCMA but also regarding the treatment of debtors and the undue time - I know this does not necessarily fall under this particular Bill - for which repossession orders can hang over people. It can take years - I came across one the other day that was seven years outstanding and the individual had been struggling to meet payment agreements. The whole area of mortgage arrears should be looked at. At this stage of the recession and our emergence from it, when individuals are starting to restore their working lives, having been unemployed, or where a number of factors have led them to be unable to service the debt they have had, they are still facing uncertainty within their own four walls. They should be allowed to try to achieve what is best for their family by paying down their debt and ensuring their children are brought up in a decent loving environment. There are uncertainties over the length of time for which these foreclosure orders are in place. These issues should be looked at in tandem with Bills like this one.

Deputy Peter Fitzpatrick: I welcome the opportunity to speak on the Consumer Protection (Regulation of Credit Servicing Firms) Bill 2015. This is an extremely important piece of regulation which I fully support and I commend the Minister on bringing it to the House. It is quite clear that consumers need protection when they are taking out credit, whether it be personal loans, car loans or mortgages. It is also quite clear that consumers should be entitled to the same protection even if their loans are sold on to a third party. It is simply not fair that these protections can be avoided due to the fact that the firm buying the loan books is not regulated. It is my belief that consumers should always maintain the protections they had when taking out their loans even if that same loan is eventually sold on. The proposed legislation seeks to fully address this issue. I have constituents in County Louth who have raised many issues with me with regard to their loans and mortgages being sold on to third parties and this legislation will be welcome news to them. It will bring clarity and certainty on how their loans, and in particular loans that were sold on to third parties, will be regulated and governed.

As we know the purpose of this legislation is to protect consumers who have loans with regulated financial service providers who subsequently sell them on to unregulated firms. The Bill will once and for all address the concerns surrounding the continued protection of the Central Bank's codes and also give borrowers access to the protection of the Financial Services Ombudsman if their loans are sold to unregulated entities. I am also pleased to note that the Bill will regulate the activity of credit servicing and require that firms engaged in credit servicing will be authorised by the Central Bank and will therefore afford the same protection to borrowers if their loans are sold on. These borrowers will now have and maintain the same protection they had on their original credit agreement even if their loans are sold on to a third party.

I also note and welcome that the Bill will allow borrowers to make complaints to the Financial Services Ombudsman. The Bill ensures that the relevant Central Bank codes will also apply to credit unions who sell on their loan books. I deal with many local businesses in County Louth and in particular in my home town of Dundalk and surrounding areas like the Cooley region, Ardee and Dunleer. Amongst the many worries and concerns that these businesses and SMEs have are those regarding their borrowings. Many have found themselves in a position where they have borrowed too much and are under pressure to service their loans. I am particularly pleased that the Bill will also help these businesses and SMEs and that they will be afforded the same protection under the code of conduct for business lending to small and medium enterprises, which protects them regarding arrears handling and complaint resolution among other things. This will be particularly welcomed by the business community, which is now seeing at first hand green shoots starting to appear in the Irish economy after many years of difficult trading conditions.

I thank the Minister for bringing the Bill to the House. I have no doubt it will bring much-needed relief and comfort to many people who have had their loans sold on to unregulated firms.

Deputy James Bannon: The consultation paper on the regulation of loan portfolio buyers was issued by the Department of Finance in July 2014. The focus of the proposed draft legislation at the time would have required the holders of credit provided to individuals to be authorised under the existing retail credit regime. However, I am pleased to note that under this Bill the focus has shifted greatly. The emphasis is now placed on the regulation of the providers of the credit rather than the holders. This is an important move and one I welcome.

This much-anticipated legislation serves to tackle certain concerns around the loss of regulatory protections for borrowers following the sale of loans to unregulated entities. Before the

Bill was published a major concern shared by many Members was the fact that the protections under the Central Bank's code of conduct on mortgage arrears could be lost if the underlying loan book and security was sold by the regulated entity to an unregulated entity. It is true that an unregulated purchaser of loans and security can voluntarily apply the codes. However, as we all know, voluntary compliance is not enforceable. As a result, the Government made a commitment in March 2014 to ensure the same protections would be made available for all consumers whose loans have been sold on. Essentially, we are regulating the practice and ensuring that borrowers retain all their regulatory protections under the relevant codes when a loan is sold by a regulated entity to an unregulated entity.

Under this legislation the customer is protected in four ways. First, the code of conduct on mortgage arrears sets out the framework that lenders must use when dealing with borrowers in mortgage arrears or pre-arrears. More important, perhaps, it requires lenders to engage positively with the objective of helping borrowers to meet their obligations. Second, protection exists for small and medium-sized enterprise customers of regulated financial institutions. These protections revolve around the issue of arrears handling and complaint resolution. Third, the consumer protection code provides protections. These include limits on communications, personal visits and other contacts, error handling, resolution processes and so forth. Finally, we will ensure that protection is provided for credit union customers whose loans are sold to unregulated entities.

I am pleased to note that customers of regulated financial institutions will have access to the Financial Services Ombudsman as well. The role of the Financial Services Ombudsman is to investigate, mediate and adjudicate complaints about the conduct of regulated financial service providers. I warmly welcome all of these points since they offer far greater protection and security to consumers across the board.

Deputy Richard Boyd Barrett: Welcome to the bizarre, surreal and labyrinthine world of financial capitalism in the early 21st century. That is about all I can say when I consider this Bill and what it is trying to deal with. It is difficult to know where to start. Of course, this is part of the problem faced by ordinary human beings trying to do simple things like put a roof over their heads. How simple these things were once upon a time. Now when a person tries to put a roof over his head, he is faced with problems that are summed up with the following statement from one of the helpful guides on Bills given to Deputies by the Oireachtas Library and Research Service - I love this stuff:

In short, the institutions that typically purchase loan books in order to service them are structured in such a way that the legal entity which employs people to service said loan books is a separate entity than the one that owns the loan book. This means that the owner of the loan book would be regulated but the entity that interacts with the customer would not be.

It is like something from a science fiction novel. In fact, it would not be a bad first paragraph in a science fiction novel, because we are not dealing with human beings, the bank manager down the road or any substantial being. We are dealing with an entity that is also a special purpose vehicle.

I am unsure whether the Minister has ever read Iain Banks. He is a fantastic Scottish science fiction novelist who used science fiction and space opera to create analogies for the madness of modern capitalism. The big spaceships that dominate the universe in his books are also called

SPVs. This is exactly where we are at. SPVs are floating around the global financial markets looking for opportunities to make money. No one knows who is driving these vehicles: they are simply entities. These entities are swooping down on the mortgage books of the poor unsuspecting human being who lives in an estate somewhere in Dublin or Cork and who is simply trying to put a roof over his head with considerable difficulty. He has been battered by the consequences of the financial madness and corporate gambling of the past ten or 20 years. Then, down from outer space comes the SPV, driven by the entity, which is not regulated by anything and which no one knows about or understands but which will soon have control of the person's mortgage. It is totally bizarre.

We may ask how we got to here, whether we have learned any lessons about the mess that we are in, the causes of that mess or how we got to this pass. However, we only have to read some of the reportage to know that we have learned absolutely nothing whatsoever and we are about to do it again. *The Irish Times* from 19 January has a headline: "Record year for investment in Irish commercial property". The article begins:

Investment in Irish commercial property reached a record high in 2014, with some €4.5 billion invested. This represents a 25 per cent increase on the previous peak of €3.6 billion reached in 2006.

My God, we are now surpassing the level of gambling in the property market in Ireland in 2006, two years before an absolutely catastrophic crash that beggared the nation and for which our children and grandchildren will be paying the cost. It produced unsustainable debt that has been loaded onto their backs as well as the crushing austerity, injustice, unfairness and inequality that goes with it. It could almost be funny if we looked at it as science fiction, but when we get down to the human reality underneath it is not funny at all; it is tragic and terrible. It produces anxiety, worry, terror, uncertainty, homelessness, the loss of homes and evictions.

That is how it translates at the level of human reality. The Government will state the Bill attempts to extend a little regulation to the entity and the SPV floating somewhere in the financial markets, the spaceship that is hoovering up mortgage books and loans, and that at least it is trying to extend some regulation to this madness. The problem is that we allowed this to happen in the first place after what happened in 2006, 2007 and 2008. The Minister and the Government have facilitated the hand-over of loan books and the mortgages of real human beings to these entities. They have allowed it to happen. Then, after the fact, they say, "Oh my God, we had better do something to regulate it because the Central Bank regulations do not cover it." They are trying to extend the code of conduct on mortgage arrears to these entities and SPVs, or their "credit servicing firms". I am sorry, but I forgot about those because the matter is even more complicated than I explained. The irony is that we cannot regulate the SPVs because they are not banks; therefore, we have to regulate the service companies they employ to manage and administer mortgages. It becomes even more labyrinthine as we go along. We do not know with whom we are dealing. We are not dealing with the SPV or the entity driving it; rather, we are dealing with a shuttle that has been sent from the main spaceship to planet Earth to pick up the mortgages and loans. It is totally bizarre and mad.

The Government has facilitated this by allowing the sale of loan books when, of course, many of the mortgage holders asked whether they could buy back their own mortgages. No, we could not have that. We could not have something simple such as people being able to buy their own mortgages in order that there would be some relationship with real human beings and the things they need, namely, a secure roof over their heads and some knowledge of who owned

the loan, but no, that would be far too simple. Instead, we must sell to the subcontractor of the entity in the spaceship. Why? There is logic behind it from the Government's point of view, namely, selling off all of these things as quick as it can to get some cash back in order that it will be able to say it has recovered some of the cost of the shocking, outrageous and unfair bailout of the banks and other financial institutions and in order that it can put out a statement, like many it has put out before, stating, "We have covered the cost of the bank bailout. NAMA is going to pay for itself. It is all fine - really. We have done a wonderful job". The truth is, however, that the country is being sold from under our feet. The mortgage books and property assets are being sold to the spaceships, the SPVs, the vulture funds, to the alien entities that do not give a damn about human beings here, the economy or whether people have a roof over their heads and who are just in it for money. It is amazing.

As a socialist, I am actually becoming nostalgic for the old-fashioned bank because we now have these entities that are not even the old-fashioned banks to which one could go. I have been banking with Ulster Bank for years. I am a socialist and want to nationalise all of the banks, but now I have real nostalgia for the old days when one could go to the Ulster Bank branch in Blackrock and actually talk to a human being and there was some accountability, which we do not now have. We are going to talk to the subcontractor of the vulture fund in the special purpose vehicle. One will call the bank in Blackrock and get through to a call centre in Scotland which will reroute it.

Deputy Peter Mathews: Limerick.

Deputy Richard Boyd Barrett: Scotland. It will then be rerouted back to Blackrock which will send a text message.

Deputy Peter Mathews: It is beyond madness.

Deputy Richard Boyd Barrett: It is beyond belief. This Bill is going to make no difference; it is absolute decoration. As an aside, according to the schedule, I was due to speak at 3.30 p.m. on the personal insolvency legislation, but Government speakers did not turn up. It comes back at a micro level to what is happening in Greece. The debate about Syriza and the Government is about why these big financial entities - the bondholders, the SPVs, their subcontractors or whatever one wants to call them, or the creditors - will call the shots on people's personal indebtedness.

Acting Chairman (Deputy Bernard J. Durkan): The Deputy mentioned that Government speakers did not turn up. In fact, it was Opposition speakers who did not turn up, as I well know, because I was waiting to speak. That is just a correction.

Deputy Richard Boyd Barrett: That is not what our office told us. I have a schedule which I can show the Acting Chairman and which indicates that I was down to speak at 3.30 p.m. About six or seven speakers did not turn up. I was told that they were on the Government side, which was very unfortunate since we were dealing with the very important issue of personal insolvency.

On this issue the same central points can be made. The Government has continued in the same way in terms of personal indebtedness, how the banks operate and now in the case of these entities, how, in the last analysis, these guys will call the shots. They will decide whether they are going to turf someone out. That is the bottom line and the Government has allowed this to happen and believes it is just inevitable. When is it going to get what is starting to happen in

the rest of Europe? The pendulum is swinging against this approach to the problem. It is not because of a charismatic individual by the name of Alex Tsipras in Greece; rather, it is because the people of Greece have had enough. There were 26 general strikes and eventually, after everybody else had let them down, they found an organisation that stated it would stick with them on the madness being inflicted on them. Now it is spreading to Spain and there are even echoes of it in this country in the water movement, which is not just a campaign about water, as the Taoiseach rightly spotted, but about everything. It is about the housing crisis, being battered, having no money, the threat of eviction from one's home, the diktat of the bondholders, the SPVs and the entities in the financial markets. It is a case of saying, "Sorry, could you remember the human beings? Could you remember us and the simple things we need - a secure roof over our heads, a decent wage packet at the end of the week so that we are not the working poor and that, when we go to the hospital, we will not be on a trolley for a week, or on a waiting list for an operation for two years?"

Acting Chairman (Deputy Bernard J. Durkan): The Deputy was entertaining for a while, but he has begun to wander from the Bill. I ask him to steer back onto the course he was on at the beginning.

Deputy Denis Naughten: Contrary.

Deputy Richard Boyd Barrett: We would not have to worry about such things as the sale of people's mortgages and other loans to entities and special purpose vehicles, otherwise known as vulture funds, if we were not flogging the family silver and, literally, selling off the city. We are flogging the country. Billions of euro worth of loans and property is being flogged to the very same people who helped to pump up the property market in the first place. It is beyond belief. The levels of gambling have now surpassed those in 2006. At what point will we say we have to stop the madness? It must stop because all over Europe, including in this country, people are demanding that we stop it. This is another accident waiting to happen.

In terms of the Bill, the effects of all of this are felt by the poor unfortunate individuals who do not know who owns the loan on their mortgage or who they are dealing with. In any event, current borrowers are the beneficiaries of a code of conduct on mortgage arrears that does not make a blind bit of difference to those to whom it applies because the creditors have a veto. They will ultimately decide whether to do a deal with the borrower. If it does not suit them or they cannot make money out of a deal, it will be tough luck for the borrower who will be evicted. Who picks up the bill in such circumstances? The answer can be found in the spiralling numbers of people on the waiting lists for social housing.

Flogging off loan books and assets held by the National Asset Management Agency, NAMA, is a false economy. It may allow the Minister to announce that NAMA will make a profit or that the banks have repaid the moneys provided by the State. However, the number of families on the social housing list has increased by 10,000 and many of them are threatened with homelessness. The price will have to be paid through the rent allowance system or the new leasing arrangement known as the housing assistance payment. Who will get the €750 million that taxpayers will be required to fork out in housing assistance payments? It will be paid to special purpose vehicles, which is beyond madness as I believe the Minister, in his heart of hearts, knows.

Europe is waking up as the winds of change sweep across the Continent. What was the famous line from the Bob Dylan song?

Deputy Michael Noonan: Is the Deputy referring to the song “A Hard Rain’s A-gonna Fall”?

Deputy Richard Boyd Barrett: It is a line from the song “The Times They Are a Changin’” to the effect that those on the old road should get off the new one if they cannot lend a hand. People have to change because the current approach has not worked. This legislation is not even a sticking plaster. It is purely decorative and meaningless and covers up the continuing insane gambling in the financial markets. The property market has been cut loose from reality and any type of consideration for the human beings who are affected by movements of money and financial and profit considerations.

In addition to Iain Banks, it is worth reading the third voyage of Gulliver in Jonathan Swift’s *Gulliver’s Travels* as it describes a similar phenomenon.

Deputy Michael Noonan: While I accept that the Deputy is most entertaining, there is nothing about Gulliver’s travels in the Bill.

Deputy Richard Boyd Barrett: There are entities floating above the country which are controlled by crazy people who are making decisions that affect the human beings down below.

Deputy Michael Noonan: If the Deputy wishes to sell the film rights to his script, I have Stephen Spielberg’s number.

Deputy Seán Kyne: The Government is often criticised for a failure to reform. I welcome the use in recent years of the pre-legislative scrutiny process which allows for legislation to be discussed, debated and examined. The procedure enhances legislation, as is clear from the Bill before us. Its only downside is that it extends the legislative process.

The Department initiated consultation on this Bill last summer. It received 19 submissions from various organisations, including civil society groups, and officials subsequently met some of them to clarify issues they had raised. The changes implemented as a result of the consultation demonstrate the importance of the pre-legislative scrutiny process. Officials also met British officials who had worked on similar issues a short time previously. They also discussed the proposed legislation with members of the Joint Committee on Finance, Public Expenditure and Reform.

The Bill provides that Central Bank codes of conduct will continue to apply and borrowers will continue to have access to the Financial Services Ombudsman after their loans are sold to unregulated entities. They will have the same protection under the Central Bank code of conduct on mortgage arrears as they had before their loans were sold. As officials pointed out at the joint committee, the simple objective of the Bill is to ensure that, where loans are sold by a regulated entity to an unregulated entity, the regulatory protection that applied prior to the sale will continue to apply.

The Bill also regulates credit servicing and ensures borrowers can complain to the Financial Services Ombudsman. All loans to consumers and small and medium enterprises are covered by the provisions. The Central Bank consumer protection code limits the number of communications a bank may have with consumers and the number of personal visits it may make. It also deals with compliance in the case of outsourced activity. I am aware of an individual who took out significant loans with a bank, partly because he was pressurised by the bank to do so. I do not propose to go into detail, other than to state that the level of contact by the bank and

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the comments made by its staff to the individual in question have caused him serious stress. The pressure exerted by banks on some individuals with substantial loans is a cause of grave concern as it is having a serious impact on people's state of mind and health.

Small and medium size enterprises will also enjoy protection under the business lending code regarding arrears and complaints resolution. Furthermore, in the event that credit union loan books are sold, borrowers will be afforded the same protection as other borrowers. This is a welcome provision.

The Government has listened and the Minister has acted on foot of concerns that have been raised. I received an e-mail some time ago from a person pointing out that he and many thousands of other borrowers with IBRC have loans that are repayable on demand because this was a condition of the loan. This means that a bank acquiring these loans can force a borrower to sell the property at whatever price the bank decides, thus making the borrower either bankrupt or forcing him or her to suffer a loss on an investment. The individual in question stated that as loans purchased by foreign banks or venture capitalists were not governed by the Central Bank of Ireland, the new creditor would be able to do as it wished with them. I am sure Deputies have been contacted by many other people who were in similar circumstances and will welcome this legislation.

As a member of the Joint Committee on Jobs, Enterprise and Innovation, I welcome the initiatives in respect of small and medium size enterprises. We often hear about the importance of access to finance. Equally important, however, are the terms and conditions that apply to such finance. Where leeway is shown to businesses, it can sometimes mean the difference between saving jobs and job losses. Local bank managers play an important role as they know their clientele and are familiar with the particular circumstances of customers. Outside bodies will not show any regard for such issues as they will not know a customer's business or employees and will view him or her as nothing more than a number. Regulation is, therefore, important.

The Financial Services Ombudsman, FSO, has stated that consumers dealing with unregulated entities "experience considerable frustration and a sense of unfairness when the regulatory protection of access to the FSO is denied to them by virtue of the regulatory status of the financial services provider." I welcome the measure allowing such consumers to avail of the services provided by the Financial Services Ombudsman. I welcome this badly needed Bill and the consultation that took place in its preparation.

Deputy Kieran O'Donnell: I welcome the Bill, which arose from discussions in the Joint Committee on Finance, Public Expenditure and Reform on IBRC loans being sold to unregulated entities. Borrowers are entitled to continue to enjoy the level of protection afforded to them when they took out a loan, regardless of which entity is holding their loan.

5 o'clock

People throughout the country, including small mortgage holders and SMEs, are entitled to that level of protection.

I hope we do not have a situation where credit unions are required to sell their loan books outside the credit union movement and that some process can be found to ensure they stay within the family of credit unions. There is a great affinity with the way the credit union movement has operated throughout the country, so I hope this could be looked at and taken on board.

Another issue that arises is that this is supposed to be a protective measure for people who have mortgages as well as those with personal, household and SME loans. I hope there is not the indirect by-product that it becomes a licence for various holders of loans to sell on those loans to unregulated entities. While such bodies will be regulated, this is something that needs to be looked at to ensure that while we live in a market economy, there is some element of control which ensures the loan books are sold to entities that are of good standing and have a history of dealing with consumers in a proper way.

On a broader issue, countries around the world are now borrowing money on a much longer-term basis. Ireland successfully launched a 30-year Government bond yesterday. In keeping with that mood and frame of mind, we need to consider the banks themselves extending mortgages for a longer period. For example, if a person on a 20-year mortgage is under enormous pressure, we need to look at lengthening the period over which the mortgage can be paid. While this is happening it should become more commonplace. I still hold that, in Ireland, the family home is sacrosanct and most people would like to remain in it. Nonetheless, we have seen an increase in repossessions by financial institutions. While some people get an initial sense of relief that the burden has been lifted from them, in many cases these people then get into the rental market, which proves to be very costly and means there is no future for many in terms of being able to own a property.

In summary and in conjunction with what is being proposed here, we need to ensure mortgages are rescheduled over a much longer period to ensure people can remain in the family home. We need to ensure credit union loans are kept within the credit union movement itself rather than being sold outside those organisations. We need to ensure this legislation, which is a protection measure, is not abused by institutions selling their loan books to bodies that may not have a particularly good reputation in terms of how they deal with people's loans over a period.

The Bill is very much to be welcomed. It will provide security for people who take out a loan and ensure the normal protections that are in place when a loan is taken out with a regulated entity will apply. The bodies that were unregulated heretofore will now be regulated, although it is very important that resources are put in place to ensure they can be properly regulated. I commend the Bill to the House.

Deputy Seán Conlan: I welcome the introduction of the Bill. It is very important that the issue that surrounded the sale of the loan book was dealt with swiftly. The Minister previously indicated that prior to the sale of a loan book he would do everything possible to ensure a voluntary code was put in place for anybody purchasing one. That was very welcome at the time.

It is very important that this issue now comes under the remit of the Central Bank and its codes. Many people have been under a lot of pressure in recent years because of the economic downturn and find it hard to pay their mortgages. Small and medium size businesses have been under severe cash-flow pressure, which has resulted in major difficulties in the past six or seven years. Thankfully, through the economic measures being pursued by the Government, economic activity is increasing and the difficulties are decreasing, as is evident nationally.

The Bill provides that borrowers will retain their existing consumer protections after the loan is sold, which is very welcome and takes away much of the uncertainty and doubt that was created due to the sale of loan books. This will in no small way go towards helping people feel confident that they enjoy those protections. On its own it will perhaps not make a huge difference to people's lives but at least it gives them an assurance that there will be serious pressure

on the banks, more than would have been the case.

While I do not have much to add to what has been said by previous speakers, this is a small but welcome measure. Any measure like this that can be introduced to alleviate the pressure on both individuals and small businesses, and ensure they enjoy the protection of the Central Bank, is welcome. I wish the Minister well in introducing future measures like this which will drive forward economic growth in this country and alleviate the uncertainty that remains among households and businesses in terms of the payment of mortgages and loans.

Deputy Denis Naughten: I welcome the opportunity to speak on the Bill. I wish to raise an issue that is not covered in it and address what I believe is a deficiency in financial and mortgage legislation in this country. As we know, on average, one person was killed on an Irish farm every fortnight last year. Every second day, one person was killed on Irish roads in 2014. For each one of those individuals, there are also other individuals who, in the prime of their lives, have had their mental capacity diminished, some literally overnight, because they have been involved in a road traffic accident, a farm accident or for some other reason. This, of course, has a devastating personal impact or an impact on their immediate family. However, it can also lead to huge financial hardship for families.

As the Minister knows, banks make the issuing of a mortgage conditional on the applicants - usually a couple - taking out house insurance and life insurance. This is not because the bank is concerned about the long-term financial stability of that couple but purely to protect its own investment should anything happen. For example, if one of the couple were to die suddenly, the bank's security and asset is intact and the mortgage is cleared. In some countries it is routine that, as part of the mortgage application, the applicant must also verify they have made a will and have made provision for enduring power of attorney. Taking out a mortgage is a huge financial step, probably the biggest financial commitment a person is going to make. I believe it should be a requirement that people make a will at the issuing of all mortgages and that they make provision for enduring power of attorney in order to safeguard themselves and their families in the long term.

In countries such as Canada, it is compulsory that this specific provision has been put in place when drawing down a mortgage. The reason for that is very simple, namely, the potential for a devastating financial impact on individual families. In many cases it causes extreme financial hardship for those left behind. All of us here have personal experience of cases where serious financial hardship has been caused to young families because an individual has died suddenly intestate. A case I remember from a number of years ago involved a constituent - a widow with five young children. The couple had taken out a small mortgage and bought a home that required work. The husband was a handyman and intended to do much of the work himself, but he dropped dead from a massive heart attack at the age of 45. The small mortgage was cleared on his death, but because the man died intestate his estate was left in financial limbo.

The widow was left in a situation where the mortgage with the bank was sorted out, but she could not raise a loan to complete the work on the house. There was no ceiling in the sitting room or kitchen and a partly completed extension to the side of the house brought the wind running through the house from one side to the other. This woman had five young children, but she could not draw down a mortgage because she did not have title to the property because her husband had died intestate. This widow was left in a serious financial crisis. She was stuck with an unfinished property which was worthless to her and had to try to find accommodation for herself and her children.

I urge the Minister to ensure that as part of this legislation a new condition be placed on the transfer of any loan book to ensure that all couples verify that they have made a will and made provision for enduring power of attorney. Approximately one family every day in this country finds itself in these particular circumstances, where a person dies suddenly or is left mentally incapacitated and cannot properly function. While it is a difficult situation when a person dies, at least the mortgage is cleared on the family home. However, if a person is mentally incapacitated, the mortgage is not cleared and the other partner cannot dispose of assets or property. This causes significant financial hardship for many people.

I urge the Minister to make provision for this in this legislation. I urge him to introduce a condition requiring that for all new mortgages issued from now on, couples must make a will. I urge him to require that they make provision for any children out of the relationship and that they make provision for enduring power of attorney. Unnecessary financial hardship is being caused due to the current position. Enduring power of attorney is a simple provision and it should be put in place. It has been put in place in countries like Canada and many other parts of the world. Not only would these provisions protect families from severe financial hardship, they would also save the State from having to provide for them. In many cases currently, these families have to fall back on the supports and resources provided by the State because they cannot access their assets due to the estate being left intestate. I hope the Minister will consider this in the context of this legislation.

Minister for Finance (Deputy Michael Noonan): I thank Deputies for their contribution to this debate. As I outlined this morning, this is a priority issue for the Government. The purpose of the legislation is to protect consumers whose loans are sold by regulated financial service providers to unregulated firms and I welcome the broad support given by Members to this overall objective. We are all agreed our aim is to protect the consumer.

As was indicated earlier, while many purchasers of loan books have already agreed to voluntarily apply the Central Bank codes when managing loan books, voluntary compliance is not enforceable. As a result, the Government committed to bringing forward this legislation to protect consumers. The legislation provides that borrowers retain protections after their loan is sold. It addresses concerns surrounding the continued applicability of the Central Bank's codes and access for borrowers to the Financial Services Ombudsman. For example, borrowers will retain the protections provided by the Central Bank codes, such as the code of conduct on mortgage arrears, known as the CCMA.

The points raised by the Deputies have been noted during the course of the debate and will be carefully considered. We will also have more time on Committee Stage to explore the issues that have been raised. It is opportune to flag that, as usual, the Government is likely to have some amendments of its own on Committee Stage.

As many Deputies raised the issue of who should be regulated, I would like to explain further the evolution of thinking on the Bill. As a number of Members pointed out, the initial thinking was that the best approach would be to regulate the new owners of credit. However, over the course of preparing the legislation, the views on this evolved. The Department of Finance ran a public consultation last July and August, seeking views on this proposed legislation. This was followed by further clarification meetings and examination of options, including intensive work with the Central Bank and Office of the Attorney General to progress the legislation. The public consultation process highlighted an issue with this approach, as it was possible to envisage cases where owners would effectively be a passive special purpose vehicle, SPV,

and would outsource servicing of the loans to a firm that would not be regulated.

In this context, Deputies also referred earlier to complexities around foreign-based owners. This was one of the factors we considered and we saw there was potential for a lacuna to arise if a foreign based unregulated owner was to use a local credit servicing firm which was not regulated. It therefore became clear from the consultation process that if we were to effectively protect consumers, it was better to regulate the process of credit servicing, as that is the customer facing activity. However, if an owner does not outsource credit servicing and instead undertakes the activity themselves, they will be required to be regulated. In other words, some regulated entity will be responsible for all credit agreements.

Deputy McGrath raised the issue of a loan book being sold more than once. I am satisfied that the legislation will be effective, no matter how many times a loan book is sold. This is because the customer facing entity, the credit servicer, will have to be regulated. If a new owner decides to continue with the existing servicer, then the borrower may not even be aware of the change but, in any event, will still be able to make a complaint about the servicer. The new owner could decide to go with a different regulated credit servicer, in which case the borrower can make a complaint about the new servicer. If new owners decide to service the book themselves, then they will need to be regulated and a complaint can be made about them to the Financial Services Ombudsman.

Deputy Fleming raised the question of whether the legislation is retrospective. The position is that it will apply to all loans, once the legislation is passed, regardless of when the loan was taken out, including loans that were bought out in the past. This applies not just for loan books and loans in loan books that are acquired from the passing of the legislation onward, but to loans that were bought out in the past.

Deputy Naughten raised an interesting point in the context of tragedies arising from sudden deaths in circumstances where people die intestate. I will reflect on this point. I cannot be exact on the figures, but from memory I believe there are approximately 1.8 million houses and homes in the country, but that only approximately 750,000 of them have mortgages on them. Therefore, if we made a provision on the mortgage side, I doubt it would reach the full target the Deputy has in mind.

Deputy Denis Naughten: Over time it would.

Deputy Michael Noonan: On the other hand, the Family Home Protection Acts, sponsored by the Department of Justice and Equality, make provision for the distribution of property if a person dies while making a will or without a will and for certain rights for husbands and wives. I will reflect on the issue, but perhaps the Deputy will raise the issue separately with the Minister for Justice and Equality as the base legislation in that Department might provide a more suitable vehicle than mortgage related legislation for what he has in mind. His comment is fair and a very good idea.

I thank Deputies for their constructive engagement on this very important Bill and I look forward to working together on Committee Stage. Our aim is simple, to protect consumers by ensuring those whose loans are sold by regulated financial service providers to unregulated firms retain the protections that they had under Central Bank codes and retain access to the Financial Services Ombudsman.

Question put and agreed to.

Consumer Protection (Regulation of Credit Servicing Firms) Bill 2015: Referral to Select Committee

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

That the Bill be referred to the Select Sub-Committee on Finance pursuant to Standing Order 82A(3)(a) and (6)(a) and 126(1).

Question put and agreed to.

Garda Síochána (Amendment) (No. 3) Bill 2014: Order for Report Stage

Minister of State at the Department of Foreign Affairs and Trade (Deputy Sean Sherlock): I move: “That Report Stage be taken now.”

Question put and agreed to.

Garda Síochána (Amendment) (No. 3) Bill 2014: Report Stage

Deputy Pádraig Mac Lochlainn: I move amendment No. 1:

In page 3, between lines 14 and 15, to insert the following:

“Amendment of section 65(1) of Principal Act

2. Section 65(1) of the Principal Act is amended by the substitution of the following subsection for subsection (1):

“(1) The Ombudsman Commission is to consist of 1 member, who is to be appointed by the President on-

(a) the nomination of the Government, and

(b) the passage of resolutions by Dáil Éireann and Seanad Éireann recommending their appointment.”.”

This amendment relates to the ambition of me and the Oireachtas Joint Committee on Justice, Defence and Equality to move from having a three-person Garda Síochána Ombudsman Commission with a chairperson to having a single Garda Ombudsman, as is the case in the North of Ireland, for example.

Members of the Oireachtas Joint Committee on Justice, Defence and Equality travelled to the North of Ireland and to Scotland to review their policing board models, Ombudsman models and criminal justice inspectorate models as part of our work leading to recommendations to the Minister for Justice and Equality. We found that the models in Scotland and the North had a single person responsible for police complaints and oversight, and the buck stopped with him or her. When it came to making a decision they made it - of course they relied on expertise. I

see no reason for the Government not to support the amendment.

Minister of State at the Department of Foreign Affairs and Trade (Deputy Sean Sherlock): I am standing in for the Minister for Justice and Equality.

The effect of the amendment would be to replace the current three-member GSOC with a single person. The Minister appreciates this is one of a set of changes to the Garda Síochána Act 2005 that has been recommended by the Oireachtas Joint Committee on Justice, Defence and Equality. It was the view of the joint committee that having a single-person commission would provide for greater accountability and strengthen its overall position.

The Minister has considered the amendment carefully and, as was indicated on Committee Stage, there is, of course, more involved than merely a change to the number of commissioners. In particular the Minister is conscious of certain advantages from having a three-person body and she believes these must also be taken into account. In that context the underlying rationale for the three-person model was that it would facilitate bringing expertise and experience across a range of different sectors to the work of the commission.

In addition it was also considered to be a practical advantage that at least one commissioner would always be available to guide and direct operations. At operational level, GSOC considers this to be a significant advantage in a working environment as that faced by the commission. Indeed, some of its most serious and sensitive cases have occurred at weekends and during holiday periods.

Moreover, a three-person commission with its legally required gender balance and its range of experience and expertise conveys a strong public assurance that fairness and sensitivity are at the core of GSOC's approach at the highest level. It also helps that potential differences between an individual commissioner and key interlocutors do not impinge on the smooth and effective running of the organisation.

The Minister also accepts that up to recently the interaction between the Garda Síochána Ombudsman Commission and the Garda Síochána has not been functioning, if one likes, as effectively as it should. However, this is an area in which substantial work is being undertaken by both organisations. Furthermore - this is the purpose of the Bill we are debating today - additional powers are in the process of being conferred on GSOC.

In the circumstances the Minister would be reluctant to alter the current GSOC structures unless it could be shown that a significant advantage would accrue from doing so. Having considered the overall position, including that specific arrangements have been made for the commission, through a nominated member to account to Oireachtas committees, the Minister does not favour moving to a one-person commission.

However, conscious of the position of the joint committee on the matter, the Minister believes this is an aspect that needs to be kept under review. The Deputy will appreciate the consideration that has been given to his amendment. In the circumstances the Minister hopes that he can withdraw the amendment.

Deputy Pádraig Mac Lochlainn: I certainly will not withdraw the amendment; I might even consider calling a vote given how strongly I feel about it.

We should think about the rationale the Minister of State has just provided. There are om-

budsmen in different sectors. Ms Emily O'Reilly was very successful as Ombudsman and is now the European Ombudsman, based on the success of that model and her strong performance in the role. It was also a tribute to the Irish people and the success of our Ombudsman model and how well that worked.

The Minister of State made a point about what happens at weekends. There are senior staff who can deal with these matters, but in general the buck needs to stop with one Ombudsman. Let us consider other sectors. We have the Financial Services Ombudsman, the Ombudsman for the Defence Forces, and an Coimisinéir Teanga. It is one person every time and the buck stops with that person. I have not heard any argument justifying the need for three people to make a decision that should be made essentially by one person. The model internationally with police ombudsmen, sectoral ombudsmen or public service ombudsmen is for one person with senior advisers making the call.

The chairman of GSOC has recently resigned to take up a new position in Britain in order to be closer to his family and so on, and good luck to him. That vacancy gives us an opportunity to address the difficulties with the current structure.

I feel very strongly on this. The Government has not offered any justification for this not happening.

Deputy Niall Collins: Notwithstanding the Minister of State's comment in reply to Deputy Mac Lochlainn, which sets out the position in retaining the *status quo*, given that there is a vacancy for a commissioner from the three-person commission, what process does the Government intend to pursue to fill that vacancy?

Deputy Mick Wallace: I support Deputy Mac Lochlainn's amendment. I do not suggest that anyone should get fired, but I feel there should be a head and the others should be called assistants. When Emily Logan operated as Children's Ombudsman and Emily O'Reilly as Ombudsman, they were seen as figureheads in their areas. It gave them a certain extra strength that they were more or less the boss.

The Minister of State rightly mentioned that there has not been a wonderful relationship between the Garda authority and the commissioners in GSOC. Having three commissioners rather than one head to deal with resulted in a lot of cat and mouse being played. As it turns out the senior ranks of the Garda did not seem to be answerable to any of the three of them. We were never really sure, of the three of them, whether they were calling the shots evenly or whether one was in charge. As an outsider, I suspected that Mr. Simon O'Brien was the leading figure but perhaps I was wrong. I am concerned by the fact that his departure seems pretty sudden. He has been involved in cases that have not yet been resolved and we are concerned about it.

Given the way the reported bugging of GSOC offices was handled and the link to the Boylan affair, it is worrying. Deputy Clare Daly and I had a number of conversations with the GSOC commissioners and we were taken aback at their position when news broke in *The Sunday Times* article. All did not sit well. While Mr. Justice Cooke carried out a paper review of what went on, he did not carry out an investigation. Despite the former Minister's promise to publish the Rits report to see the difference between it and the Verrimus report, it is disappointing that the Government has not seen fit to publish it to allay suspicions that everything was not as we were told.

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Returning to the arrangement of three commissioners, as opposed to one, it seems that the main reason three were selected was because GSOC replaced the Garda complaints board. A number of commissioners and senior figures were involved in the latter rather than one person. Three were appointed so as not to upset the apple cart at the time. I am backing Deputy Pádraig Mac Lochlainn on this point.

Deputy Clare Daly: We are discussing the functionality of GSOC, which is a critically important issue. It is not just us or members of the public saying so, the United Nations Human Rights Committee also expressed concern at the functioning of GSOC and made the point that Ireland should proceed with strengthening the organisation. I view this amendment as a step in that direction.

Some excellent initiatives were taken under the auspices of the three current commissioners, although one has just left. The actions of these people have succeeded in bringing into the public domain the intransigent nature of the relationship with senior members of the Garda Síochána. It was forced into publishing its report on the Boylan affair and its annual reports highlight in no uncertain terms how senior members of the Garda Síochána were blocking the efforts of GSOC to do its job.

GSOC is a dysfunctional organisation and many of the people who work in it believe it was set up to fail. The way it was set up, one could not come to any other conclusion. The Minister's proposal does not address that. It will still be dysfunctional and toothless after this Bill is passed. A move to a single commissioner would be a step in the right direction.

I am disappointed the Minister for Justice and Equality is not present in the Chamber. I am disappointed at her lack of interest in police reform. I was disappointed when I sought answers to parliamentary questions since Christmas in light of the resignation of the chairman, Mr. Simon O'Brien. I asked the Minister on two separate occasions whether she could reassure me that the reason for the retirement of the outgoing chairman, who was personally overseeing a number of sensitive cases involving Garda whistleblowers with serious allegations against senior management and cases that have major implications for senior members of the Garda Síochána, had nothing to do with these cases and that she had discussed the matter with him. The Minister has not answered these questions, which are relevant to this debate.

On a number of occasions, Deputies Mick Wallace and Pádraig Mac Lochlainn and I met the GSOC commissioners. We were the only committee members present the first time the commissioners appeared in Leinster House two years ago. The briefing to the Joint Committee on Public Service Oversight and Petitions was shocking in terms of the difficulties GSOC has had. GSOC is on record as saying the relationship improved subsequently but later we will deal with the fact that this is not the case. This is a good measure and I do not see any reason why the Minister would oppose it. I echo the point made by Deputy Mick Wallace that we are not dealing with the people in these positions losing their jobs. It involves a reconfiguration. If the Garda Commissioner has two deputy commissioners, I do not see why the GSOC Commissioner cannot have two deputies. If no one is the boss, it is difficult to get clarity.

Deputy Sean Sherlock: With regard to the specific question from Deputy Niall Collins, we acknowledge that the vacancy has arisen for the chairperson of GSOC on foot of Mr. O'Brien's resignation. The appointment of members of the Ombudsman Commission is governed by section 65 of the Garda Síochána Act 2005. This stipulates that the commission consists of three members, all of whom are to be appointed by the President on the nomination of the Govern-

ment following the passage of resolutions by both Houses of the Oireachtas recommending the appointments. The 2005 Act requires that the Government be satisfied that the persons nominated have the appropriate experience, qualifications, training and expertise for appointment, having regard to the functions of the commission. The Minister has indicated that the Government, in accordance with the 2005 Act, will consider the question of a nomination of chairperson of GSOC.

Deputy Niall Collins: Will it be advertised?

Deputy Sean Sherlock: I will revert to the Deputy.

Mr. O'Brien stated that his resignation was essentially for family reasons. With regard to the timing and advertisement, it is a matter for a Government decision so we will revert to Deputy Niall Collins on that point.

I note the points made by the Members opposite concerning one or three commissioners. The Government has set out its position on Deputy Pádraig Mac Lochlainn's amendment and is not prepared to change its position in light of the further submission made by the Deputy. The Minister stated that it is something she will keep under review in dealing with the amendment before us.

Deputy Mick Wallace: I want to express my disappointment. I admire the Minister of State but it is disappointing the Minister for Justice and Equality is not in the Chamber. I came in twice, on different days, while the Bill was being debated and the Minister was not present. I have made point during Leaders' Questions that the manner in which the Government is dealing with challenges at the legislative level since last summer leaves a lot to be desired. It is a case of kicking the can down the road and not tackling things and doing things as they should be done. This was a wonderful opportunity to put things right but, sadly, it is starting to look like the Government does not want to change much before the next election. I recognise that this is not the fault of the Minister of State, Deputy Sean Sherlock, but it is disappointing that the Government is not taking proactive positions in a range of areas too numerous to mention.

A number of question marks hang over the Bill. If an independent policing authority is to be introduced some time this year, we will end up scrapping much of what is contained in this Bill. I do not understand why the Government decided against preparing one big Bill to deal with the independent Garda authority at the same time. That would have made much more sense.

Amendment put:

<i>The Dáil divided: Tá, 44; Níl, 80.</i>	
<i>Tá</i>	<i>Níl</i>
<i>Adams, Gerry.</i>	<i>Bannon, James.</i>
<i>Boyd Barrett, Richard.</i>	<i>Barry, Tom.</i>
<i>Broughan, Thomas P.</i>	<i>Breen, Pat.</i>
<i>Calleary, Dara.</i>	<i>Bruton, Richard.</i>
<i>Collins, Joan.</i>	<i>Burton, Joan.</i>
<i>Collins, Niall.</i>	<i>Buttimer, Jerry.</i>
<i>Colreavy, Michael.</i>	<i>Byrne, Catherine.</i>
<i>Coppinger, Ruth.</i>	<i>Byrne, Eric.</i>

<i>Cowen, Barry.</i>	<i>Carey, Joe.</i>
<i>Daly, Clare.</i>	<i>Coffey, Paudie.</i>
<i>Doherty, Pearse.</i>	<i>Conaghan, Michael.</i>
<i>Dooley, Timmy.</i>	<i>Conlan, Seán.</i>
<i>Ferris, Martin.</i>	<i>Connaughton, Paul J.</i>
<i>Fitzmaurice, Michael.</i>	<i>Conway, Ciara.</i>
<i>Fleming, Sean.</i>	<i>Coonan, Noel.</i>
<i>Fleming, Tom.</i>	<i>Corcoran Kennedy, Marcella.</i>
<i>Halligan, John.</i>	<i>Costello, Joe.</i>
<i>Healy, Seamus.</i>	<i>Creed, Michael.</i>
<i>Keaveney, Colm.</i>	<i>Daly, Jim.</i>
<i>Kelleher, Billy.</i>	<i>Deasy, John.</i>
<i>Kirk, Seamus.</i>	<i>Deering, Pat.</i>
<i>Kitt, Michael P.</i>	<i>Donohoe, Paschal.</i>
<i>Mac Lochlainn, Pádraig.</i>	<i>Dowds, Robert.</i>
<i>McDonald, Mary Lou.</i>	<i>Doyle, Andrew.</i>
<i>McGrath, Finian.</i>	<i>Durkan, Bernard J.</i>
<i>McGrath, Mattie.</i>	<i>English, Damien.</i>
<i>McGrath, Michael.</i>	<i>Farrell, Alan.</i>
<i>McGuinness, John.</i>	<i>Feighan, Frank.</i>
<i>McLellan, Sandra.</i>	<i>Fitzgerald, Frances.</i>
<i>Mathews, Peter.</i>	<i>Fitzpatrick, Peter.</i>
<i>Murphy, Paul.</i>	<i>Flanagan, Charles.</i>
<i>Ó Caoláin, Caoimhghín.</i>	<i>Flanagan, Terence.</i>
<i>Ó Cuív, Éamon.</i>	<i>Gilmore, Eamon.</i>
<i>Ó Fearghail, Seán.</i>	<i>Griffin, Brendan.</i>
<i>Ó Snodaigh, Aengus.</i>	<i>Harrington, Noel.</i>
<i>O'Brien, Jonathan.</i>	<i>Heydon, Martin.</i>
<i>O'Dea, Willie.</i>	<i>Humphreys, Heather.</i>
<i>O'Sullivan, Maureen.</i>	<i>Humphreys, Kevin.</i>
<i>Pringle, Thomas.</i>	<i>Keating, Derek.</i>
<i>Ross, Shane.</i>	<i>Kehoe, Paul.</i>
<i>Shortall, Róisín.</i>	<i>Kelly, Alan.</i>
<i>Stanley, Brian.</i>	<i>Kenny, Enda.</i>
<i>Tóibín, Peadar.</i>	<i>Kenny, Seán.</i>
<i>Wallace, Mick.</i>	<i>Kyne, Seán.</i>
	<i>Lawlor, Anthony.</i>
	<i>Lynch, Ciarán.</i>
	<i>Lynch, Kathleen.</i>
	<i>Lyons, John.</i>
	<i>McCarthy, Michael.</i>
	<i>McEntee, Helen.</i>
	<i>McFadden, Gabrielle.</i>

	<i>McGinley, Dinny.</i>
	<i>McLoughlin, Tony.</i>
	<i>McNamara, Michael.</i>
	<i>Maloney, Eamonn.</i>
	<i>Mitchell, Olivia.</i>
	<i>Mitchell O'Connor, Mary.</i>
	<i>Mulherin, Michelle.</i>
	<i>Nash, Gerald.</i>
	<i>Naughten, Denis.</i>
	<i>Neville, Dan.</i>
	<i>Nolan, Derek.</i>
	<i>Noonan, Michael.</i>
	<i>O'Donnell, Kieran.</i>
	<i>O'Donovan, Patrick.</i>
	<i>O'Dowd, Fergus.</i>
	<i>O'Mahony, John.</i>
	<i>O'Reilly, Joe.</i>
	<i>Perry, John.</i>
	<i>Phelan, Ann.</i>
	<i>Phelan, John Paul.</i>
	<i>Rabbitte, Pat.</i>
	<i>Reilly, James.</i>
	<i>Ring, Michael.</i>
	<i>Shatter, Alan.</i>
	<i>Sherlock, Sean.</i>
	<i>Stagg, Emmet.</i>
	<i>Stanton, David.</i>
	<i>Tuffy, Joanna.</i>
	<i>White, Alex.</i>

Tellers: Tá, Deputies Pádraig Mac Lochlainn and Mick Wallace; Níl, Deputies Paul Kehoe and Emmet Stagg.

Amendment declared lost.

Deputy Niall Collins: I move amendment No. 2:

In page 3, between lines 14 and 15, to insert the following:

“2. Section 67(2) of the Principal Act is amended by the insertion of the following paragraph after paragraph (h):

“(i) to hold the Garda Commissioner responsible, in his capacity as the Commissioner of An Garda Síochána but not in his capacity as head of national security, for the operations of An Garda Síochána.””.

We discussed this matter on Committee Stage in the committee rooms. I restate the reason we submitted this proposal. To strengthen and uphold the independence of GSOC in carrying out the oversight function with which it is charged under the legislation, it is very important that the holder of the office of Garda Commissioner is held accountable to the same degree as every other member of An Garda Síochána. There is no point in having the head of an organisation who is not accountable to GSOC subject to the input of the Minister of the day. The essence of the amendment is to hold the Commissioner to the same degree of scrutiny as every rank and file member of An Garda Síochána.

Minister for Justice and Equality (Deputy Frances Fitzgerald): I thank the Minister of State, Deputy Sean Sherlock, for taking amendment No. 1. Acceptance of amendment No. 2 would mean the Garda Commissioner would become accountable to GSOC in respect of policing matters. This is the same recommendation that was made by the joint committee before I published the legislative proposals to establish a police authority. As the new legislation to establish a police authority will provide that such authority will supervise Garda policing, it is not proposed to accept the amendment.

While I can see the purpose of what Deputy Niall Collins suggests, I note that the core function of GSOC is to investigate complaints made against members of An Garda Síochána. As matters stand, GSOC cannot investigate a complaint made against the Garda Commissioner. Section 7 of the Bill changes that position by inserting a new section 102B into the Garda Síochána Act 2005 to bring the Commissioner under the remit of GSOC for the first time. I emphasise that this is for the first time. In addition, section 10 of the Bill amends section 106 of the 2005 Act to implement an important change that was also recommended by the joint committee. Section 106, as amended, will allow GSOC to examine for the first time on its own initiative any practice, policy or procedure of the Garda Síochána for the purposes of preventing any complaints arising in relation to those practices, policies or procedures.

6 o'clock

The changes provided for in sections 7 and 10 are important and will enhance GSOC's capacity to carry out its functions.

As mentioned on Committee Stage, the effect of the Deputy's amendment is to include among GSOC's functions a requirement to hold the Garda Commissioner responsible, in her capacity as the Commissioner of the Garda Síochána but not in her capacity as head of national security, for the operations of the Garda Síochána. One of the consequences of the amendment would be to make the Commissioner responsible to GSOC for general policing matters even though such matters fall outside GSOC's functional remit. Deputies will be aware that I have published the general scheme of a Bill for the establishment of the proposed independent police authority which, among other things, will be charged with providing oversight of the Garda Síochána regarding policing services. This is the approach that should be adopted and the establishment of the authority is a major element of the Government programme for reform in the criminal justice area.

The Committee's recommendation came before I had published the legislation and moved to establish the Garda authority. The scheme has been the subject of scrutiny on the part of the Oireachtas joint committee and the Bill is being prepared as a matter of priority. I look forward to publishing the legislation, to which the Government is committed, and ensuring we have an effective police authority which will give greater transparency and an opportunity for greater

community involvement. We have also said the hearings could be televised and it is expected that the policing authority would hold hearings around the country, not just in Dublin, on relevant policing issues in various parts of our community. The objective the Deputy seeks will be fulfilled by the police authority Bill and, given the very strong commitment I have given on it, I ask the Deputy to withdraw the amendment.

Deputy Mick Wallace: It is good to see the Minister here. She referred to a change to section 106 that would allow GSOC to examine policies, practices and procedures. Does it come under this section?

Deputy Frances Fitzgerald: Section 10 of the Bill amends section 106. I was just referencing it.

Deputy Mick Wallace: The Minister referred to the police authority. Based on the heads of the Bill, there is a strong fear that it will not be as strong as it could be and Government and ministerial influence will remain very powerful. The policing authority is almost seen as a body advising the Minister, and this role is listed as one of its functions, which is concerning. It leaves the Minister with the power to veto all policy and strategy plans, which kills any notion of the authority's independence. We have previously expressed reservations about the manner in which the chairman was appointed. There was not much transparency about the process. It would have been a good start for the policy authority if the appointment of the chairman had been perceived to be much more independent than it appeared to us.

The idea of an independent police authority is to provide more democratic accountability and it should be a way for the citizens to hold the Garda to account in a more direct and democratic way. More representation in the body would be vital. The idea that the Government would be able to pull the strings of the police authority and have a strong influence over how it operates goes against the principle of what an independent police authority should be. We need an independent buffer between the Minister for Justice and Equality and the Garda Commissioner in order to avoid the sort of problems that arose last year when the former Minister, Deputy Shatter, was so closely tied to the Garda Commissioner that he could not abandon or criticise the Commissioner, no matter what he found. An independent police authority that was not being pulled around by the Government would provide a buffer and strengthen our policing in a dramatic way. It would be very important.

An Ceann Comhairle: I gave the Deputy a bit of latitude there. We are talking about two different things.

Deputy Colm Keaveney: We must have a new Ceann Comhairle.

Deputy Mick Wallace: Thank you, Ceann Comhairle. I am delighted you are in good form this week.

An Ceann Comhairle: I am always in good form.

Deputy Niall Collins: While we accept that the new independent Garda authority will provide a degree of oversight, it is a work in progress and we have yet to see how it rolls out. Members of the public who feel the Garda Commissioner of the day has wronged them want to be able to make complaints through the normal complaints mechanism. The flip-side is that for GSOC to be truly independent, so that it can carry out its remit, everybody in the organisation should be subject to its oversight. On this basis, we will press the amendment.

Deputy Pádraig Mac Lochlainn: The Minister would be familiar with the Kieran Boylan affair. GSOC submitted a detailed report on the case and the significant lack of co-operation it received from the then Garda Commissioner on matters of the utmost seriousness. It submitted a 500-page report to the previous Minister and published a seven or eight page summary of its concerns. One of the key issues was the lack of co-operation from the Garda Commissioner. The episode demonstrated the need for clarity that, in order to be effective, the Garda Ombudsman needs full authority to fully investigate every member of the Garda Síochána, up to and including the Garda Commissioner. We must ensure the Bill allows the Garda Ombudsman to do this without the shadow of a doubt, leaving aside the security issues which we will deal with in a separate amendment.

Deputy Frances Fitzgerald: The Government is committed to establishing a new police authority and to its being an independent body and having a strong oversight and supervisory role over the Garda Síochána. By any standard, it is a radical change in the accountability of the Garda Síochána.

Deputy Wallace referred to a buffer. It is a new independent authority with strong powers to do its business in public as well as private in order that the public will see the Commissioner and other relevant members of the management of An Garda Síochána being invited to present the work they do and being subject to scrutiny by an independent body. The chairperson was appointed after I had asked the Public Appointments Service to advertise and several people put their names forward. The Government examined them and made a decision. Ms Josephine Feehily will be an excellent chairperson of the body, to which she brings the requisite skills of independence and analysis from her background in the public service to get the independent body off to a very good start.

There are constitutional issues in respect of the role of the Minister for Justice and Equality when it comes to policing. This role will have to be carefully crafted in the Bill which will have to meet constitutional standards. Allowing for this, the intention is to give the new independent policing authority the powers it will need to do its work effectively. There is no reason not to do this. We hope to have the Bill in the House by Easter. Work is ongoing on it.

The case mentioned by Deputy Pádraig Mac Lochlainn was referred to the Director of Public Prosecutions. As the Deputy knows, a decision was taken not to prosecute or take further action. That is all I can say on that point.

We have provided for strong new powers and brought the Garda Commissioner within the remit of the Garda Síochána Ombudsman Commission, GSOC, which we are allowing to examine, for the first time on its own initiative, practices, policies or procedures. I have met the commissioners on a couple of occasions, most recently in the past couple of weeks, and discussed the changes they want to see. In so far as practical, I will accommodate them to give them as many powers as they believe they need. During the course of the debate on the Garda Síochána (Amendment) Bill and the policing authority we can examine further changes if we think they are necessary.

Amendment put:

<i>The Dáil divided: Tá, 44; Níl, 82.</i>	
<i>Tá</i>	<i>Níl</i>
<i>Adams, Gerry.</i>	<i>Bannon, James.</i>

<i>Boyd Barrett, Richard.</i>	<i>Barry, Tom.</i>
<i>Broughan, Thomas P.</i>	<i>Breen, Pat.</i>
<i>Calleary, Dara.</i>	<i>Bruton, Richard.</i>
<i>Collins, Joan.</i>	<i>Burton, Joan.</i>
<i>Collins, Niall.</i>	<i>Buttimer, Jerry.</i>
<i>Colreavy, Michael.</i>	<i>Byrne, Catherine.</i>
<i>Coppinger, Ruth.</i>	<i>Byrne, Eric.</i>
<i>Cowen, Barry.</i>	<i>Carey, Joe.</i>
<i>Creighton, Lucinda.</i>	<i>Coffey, Paudie.</i>
<i>Crowe, Seán.</i>	<i>Collins, Áine.</i>
<i>Daly, Clare.</i>	<i>Conaghan, Michael.</i>
<i>Doherty, Pearse.</i>	<i>Conlan, Seán.</i>
<i>Dooley, Timmy.</i>	<i>Connaughton, Paul J.</i>
<i>Ellis, Dessie.</i>	<i>Conway, Ciara.</i>
<i>Ferris, Martin.</i>	<i>Coonan, Noel.</i>
<i>Fitzmaurice, Michael.</i>	<i>Corcoran Kennedy, Marcella.</i>
<i>Fleming, Sean.</i>	<i>Costello, Joe.</i>
<i>Fleming, Tom.</i>	<i>Coveney, Simon.</i>
<i>Healy, Seamus.</i>	<i>Creed, Michael.</i>
<i>Keaveney, Colm.</i>	<i>Daly, Jim.</i>
<i>Kelleher, Billy.</i>	<i>Deasy, John.</i>
<i>Kirk, Seamus.</i>	<i>Deering, Pat.</i>
<i>Kitt, Michael P.</i>	<i>Donohoe, Paschal.</i>
<i>Mac Lochlainn, Pádraig.</i>	<i>Dowds, Robert.</i>
<i>McConalogue, Charlie.</i>	<i>Doyle, Andrew.</i>
<i>McGrath, Finian.</i>	<i>Durkan, Bernard J.</i>
<i>McGrath, Mattie.</i>	<i>Farrell, Alan.</i>
<i>McGrath, Michael.</i>	<i>Feighan, Frank.</i>
<i>McGuinness, John.</i>	<i>Fitzgerald, Frances.</i>
<i>McLellan, Sandra.</i>	<i>Fitzpatrick, Peter.</i>
<i>Mathews, Peter.</i>	<i>Flanagan, Charles.</i>
<i>Murphy, Paul.</i>	<i>Gilmore, Eamon.</i>
<i>Ó Caoláin, Caoimhghín.</i>	<i>Griffin, Brendan.</i>
<i>Ó Cuív, Éamon.</i>	<i>Halligan, John.</i>
<i>Ó Fearghail, Seán.</i>	<i>Harrington, Noel.</i>
<i>Ó Snodaigh, Aengus.</i>	<i>Harris, Simon.</i>
<i>O'Brien, Jonathan.</i>	<i>Heydon, Martin.</i>
<i>Pringle, Thomas.</i>	<i>Humphreys, Heather.</i>
<i>Ross, Shane.</i>	<i>Humphreys, Kevin.</i>
<i>Shortall, Róisín.</i>	<i>Keating, Derek.</i>
<i>Stanley, Brian.</i>	<i>Kehoe, Paul.</i>
<i>Tóibín, Peadar.</i>	<i>Kelly, Alan.</i>
<i>Wallace, Mick.</i>	<i>Kenny, Seán.</i>

4 February 2015

	<i>Kyne, Seán.</i>
	<i>Lawlor, Anthony.</i>
	<i>Lynch, Kathleen.</i>
	<i>Lyons, John.</i>
	<i>McCarthy, Michael.</i>
	<i>McEntee, Helen.</i>
	<i>McFadden, Gabrielle.</i>
	<i>McGinley, Dinny.</i>
	<i>McLoughlin, Tony.</i>
	<i>McNamara, Michael.</i>
	<i>Maloney, Eamonn.</i>
	<i>Mitchell, Olivia.</i>
	<i>Mitchell O'Connor, Mary.</i>
	<i>Mulherin, Michelle.</i>
	<i>Murphy, Eoghan.</i>
	<i>Nash, Gerald.</i>
	<i>Naughten, Denis.</i>
	<i>Neville, Dan.</i>
	<i>Nolan, Derek.</i>
	<i>Noonan, Michael.</i>
	<i>O'Donnell, Kieran.</i>
	<i>O'Donovan, Patrick.</i>
	<i>O'Dowd, Fergus.</i>
	<i>O'Mahony, John.</i>
	<i>O'Reilly, Joe.</i>
	<i>O'Sullivan, Maureen.</i>
	<i>Perry, John.</i>
	<i>Phelan, Ann.</i>
	<i>Phelan, John Paul.</i>
	<i>Rabbitte, Pat.</i>
	<i>Reilly, James.</i>
	<i>Ring, Michael.</i>
	<i>Shatter, Alan.</i>
	<i>Sherlock, Sean.</i>
	<i>Stagg, Emmet.</i>
	<i>Stanton, David.</i>
	<i>Tuffy, Joanna.</i>
	<i>White, Alex.</i>

Tellers: Tá, Deputies Niall Collins and Pádraig Mac Lochlainn; Níl, Deputies Paul Kehoe and Emmet Stagg.

Amendment declared lost.

An Ceann Comhairle: Amendments Nos. 3, 4 and 7 are cognate and will be discussed together.

Deputy Pádraig Mac Lochlainn: I move amendment No. 3

In page 3, between lines 17 and 18, to insert the following:

“Amendment of section 73 of Principal Act

3. Section 73 of the Principal Act is amended by the insertion of the following subsection after subsection (3):

“(4) The Ombudsman Commission and the Garda Inspectorate may, for the purposes of an investigation, recruit a pool of independent investigators in place of designated officers.””.

The objective of this amendment is to ensure that there are independent investigators available to the Ombudsman. All too often the Ombudsman has allowed gardaí or former gardaí to carry out investigations. The wording of the amendment could perhaps be stronger.

We are trying to give the ombudsman, as well as the Garda Inspectorate, some flexibility in this regard. One issue that came up in the justice committee hearings was the public’s concern that too often matters raised with GSOC are referred back for investigation to the Garda or to former gardaí who are working in the offices of GSOC. Perception alone creates a problem in this context. The point we want to get to is having as many complaints as possible investigated by independent people with the requisite skills. We are willing to work with the Minister on the wording of this amendment if there is a problem with it.

Deputy Clare Daly: This amendment clearly attempts to get to the heart of who is allowed to carry out investigations against the backdrop of a scenario where GSOC is incredibly stretched and under-resourced. For example, I have a complaint with GSOC which is now two years old. It is hardly a rocket-science or complex case. It involves the criminal activity of gardaí leaking information to the media and some other incidents. It has been going on for two years, however. If it takes that long to investigate a case like that and tie up resources in that way, it gives an indication of the difficulty with which GSOC is working.

The Bill’s weakness is that it does not get to the heart of some of the difficulties that have emerged for the hundreds of citizens who have had the experience of going to GSOC. One of the most repeated complaints is precisely the fact that somebody goes to GSOC with a complaint about a garda and then other gardaí investigate that complaint. The Bill does not prohibit the involvement of serving gardaí in GSOC investigations or a referral by GSOC to the Garda to investigate a complaint. The Deputy’s amendment is trying to get around this.

I had a case this week of a peace activist in Galway who had put in a complaint to GSOC about an alleged assault carried out on him at a peace protest. GSOC investigators referred his complaint to a superintendent in Galway who himself had been at the receiving end of a similar allegation, namely that he had carried out an assault on peace activists previously. It was a ridiculous scenario with gardaí investigating an alleged crime for which they had also been investigated. Is it any wonder that citizens do not have confidence in GSOC?

When the citizen in question complained and kicked up - they had to kick up a fair bit - GSOC got another garda from the same station. At this point, the citizen said GSOC was not getting the message about gardaí investigating themselves. Unfortunately, the Bill as constituted still allows this to happen.

One key reason for this is the lack of resources for GSOC. It is understaffed while investigations take far too long because gardaí do not adhere to protocols or have been tardy in getting information to the commission. This is regrettable. It is good to have ex-gardaí and ex-police officers involved in GSOC because they know the score. However, there is a difficulty with that, particularly in a small country like Ireland where everybody knows everyone else. The Bill should contain a provision for a mandatory involvement of GSOC in investigations. No investigation should be left to the gardaí to investigate. If we need outside investigators to assist in this, then so be it. The other idea of the secondment of serving gardaí to GSOC to act in an investigative capacity raises similar concerns that need to be addressed.

I accept there could be difficulties with the nature of outside investigators and so on. Probably a better way would be to change the legislation to ensure no gardaí investigate complaints against themselves and that GSOC should be mandatorily involved in all investigations. I appreciate the intention of the Deputy's amendment.

Deputy Mick Wallace: Given the number of complaints received over the past two years, and their nature, there is a serious level of dissatisfaction among the public with how GSOC deals with complaints. We were actually at pains to defend GSOC. On the occasions we met the commission, we found the three commissioners to be genuine and doing their best in very difficult circumstances. The idea that one third of complaints were going back to the Garda to be investigated without any supervision from GSOC is not ideal, however. One third of investigations were going back to the Garda but were being monitored while the other third were being investigated by GSOC, albeit with the help of ex-gardaí.

The number of former gardaí the commission had on its books ranged from two to four. At one stage in the House, I asked the former Minister for Justice and Equality if there were any serving gardaí in GSOC. He denied it adamantly at the time but later admitted outside of the House that he was wrong and there were serving gardaí in GSOC.

It is understandable the public finds it hard to wear the idea of the Garda investigating complaints against itself. In the one third of cases given to the Garda but not monitored by GSOC, the Garda can come back claiming there is no case to answer without an explanation. We have met many people who got that answer but the Garda was not obliged to give a reason for such a decision or what it found in its investigation. Of course, independent investigators will all cost money. However, if we want an oversight body functioning in a healthy manner, we will have to invest more in it.

To the best of my knowledge, the informal resolution mechanism provided for in section 90 of the Garda Síochána Act 2005 has not been amended either. The Garda can still veto this process. Has this been addressed or changed? The informal cases tend to be the less serious but tend to end up in the pot of the one third of investigations carried out by the Garda that GSOC does not monitor. That is an unsatisfactory arrangement for members of the public.

Deputy Frances Fitzgerald: The intention of the Deputy's amendment is that GSOC and the Garda Inspectorate should have the capacity to recruit independent investigators. This

amendment in some ways is based on a misunderstanding. GSOC already can recruit independent investigators while the inspectorate does not investigate individual cases. I have had no request from the inspectorate to recruit independent officers, as its task centres on reports.

A different question, which several Deputies have raised, is the number of investigators, whether more could or should be recruited and whether the funding should be increased. Under the legislation, GSOC has the ability to recruit independently. Section 67(4) of the Act provides that GSOC is independent in the performance of its functions. It has recruited its own complement of independent and experienced investigators and the legislation sets down very clearly that the more serious cases have to be investigated by GSOC. That is the situation.

Under section 98 of the Act, designated officers have the same powers as members of the Garda Síochána. Once independent officers are recruited, they are very powerful in terms of the kind of investigations they can carry out under the law. They need expertise at a very high professional level given the seriousness of the cases and their complexity, from a forensic point of view or in terms of the seriousness of the offence. They need to be very highly qualified and GSOC has recruited people with a variety of skills to help it with its work. I remind the House that the three members of the commission are also vested with the powers of members of the Garda Síochána at or above the rank of inspector. That power is available to those who are recruited and to the commissioners.

In terms of the budget, with the support of the House at the time of the discussion around penalty points, we asked that GSOC would investigate that matter. It is carrying out an investigation and said it would need an extra €1 million. I allowed for that in the budget, so GSOC has the extra funds required to carry out the penalty points investigation, which was referred to the commission some time ago. People have been recruited for that investigation.

To go back to a point that Deputy Wallace made, there are two members of the Garda Síochána at superintendent level on secondment to GSOC. Section 74 of the Act provides that during a period of temporary service with GSOC, a member of the Garda Síochána is not subject to the direction or control of the Garda Commissioner. That is how it is framed under the legislation at present. Returning to the amendment and the request that the Garda Inspectorate should have independent designated officers, the inspectorate does not require investigators in the same way as GSOC. The Deputy is very familiar with this from committee discussions and the presentation on the work of the Garda Inspectorate. The way the Garda Inspectorate fulfils its role is by carrying out overall inspections of the operation and-or administration of the Garda Síochána. If it requires specialist expertise or extra administrative help, which it often does when carrying out these detailed investigations, it can hire the staff to do that. It is expected that people appointed by the inspectorate have experience in policing or other relevant matters. I think I have made it clear that what the Deputy is asking for in the amendment is already provided for. Perhaps the Deputy would reconsider the amendment.

I would like to take up a number of other points that have been made. Deputy Daly made a number of points about the timeframe. There were real problems with the timeframe between GSOC and the Garda Síochána. My information is that it has improved considerably and is operating much more satisfactorily than in the past. The delays were far too long in terms of getting information from the Garda back to GSOC. I have discussed this issue with both GSOC and the Garda Commissioner and have said there should be absolutely no discretion in this regard, except where there are particular difficulties. The information should be provided in a timely manner and I understand there is great improvement. I am sure GSOC would confirm

that. Both the Garda Síochána and GSOC have a job to do. The public should be able to have confidence that a complaints body can do its job and the Garda should facilitate the investigation of those complaints. I have often said there is always going to be tension in the relationship between the two bodies - there probably should be - but I expect both of them to do their job effectively so the complaints can be investigated as they need to be.

On the issue of supervision of cases, GSOC does have the ability to supervise cases even if they are being investigated by members of the Garda Síochána. To expect a situation where every single complaint would be investigated by GSOC is not in line with international practice. I hesitate to use the words, because someone who is complaining considers that complaint to be serious, but we might say that there are, perhaps, some complaints that might fall into a lesser category. It is international practice that the organisation would have appropriate methods to investigate such complaints.

The point that was made on informal resolution is important. There is no change at present but if we could get agreement on it from the various bodies that have an interest, it would make quite a difference and would be an important area on which to achieve progress. I have had discussion on that area with GSOC and the Garda Commissioner and have asked them to give it consideration. I understand a number of initiatives are possible, which might not go the full way towards informal resolution but could begin to make a difference to how quickly the cases are dealt with. A huge amount of time is being taken up at present with cases I believe could be handled more informally and more effectively. That would free up both Garda and GSOC resources. The Garda Representative Association would make the point that it has to protect its members' reputations in disciplinary procedures, but I hope there would be scope for improvement in the way it is being done at present. I agree that it would be a positive move.

The question of feedback to the public has also been raised. I can only agree that, as in any area, complainants expect to receive good-quality feedback. That is an area that can be improved. It is clear from the contributions made by Deputies that there are developmental points. There are areas where GSOC needs to develop its service. I have already spoken about how the Garda Síochána needs to work more effectively with GSOC. Equally, there is work for GSOC to do in developing the kind of service the Deputies have discussed tonight as regards feedback to complainants as well as the Garda.

Deputy Peter Mathews: The safeguard and capacity which Deputy Mac Lochlainn is articulating in this amendment can be translated into real life by reference to what Deputies Daly and Wallace have said. If there are complaints in any sphere of public interaction with the establishment, whether it is banks, insurance companies, the Garda or whatever, the establishment is the *status quo*. It is very hard to get a hearing in a timely way and the blockages are enormous. That is really what Deputies Wallace and Daly are saying. I know myself from years ago, on what was a simple and straightforward, fact-based situation that was brought to the Insurance Ombudsman, the armour-plated wall of unreasonableness - the refusal to acknowledge the facts - was deafening. The ombudsman at the time agreed, informally and off the record, that while the small print of the establishment protected the establishment, reality and the facts were completely at odds with what was fair. In that case, it was the insurance industry that funded the Insurance Ombudsman and gave it its resources, so there was an automatic bias, and it was the bias that was unfair.

I know for a fact that at the moment the Financial Services Ombudsman is like a blocked drain because of the amount of cases that are waiting to be dealt with. There is a build-up of

four, five and six-year delays. The smaller it gets, the bigger the delay. What do they say? Justice delayed is justice not done.

Rather than trying to get the words right in the legislative language that does not relate to reality, the word must go out that where there are complaints they are addressed within a specific timeframe. New blood should be brought in as a matter of course on every case, like a visiting doctor in the triage section of a hospital. It keeps everyone on their toes. We should simplify it and use ordinary language with fewer words and more action. I do not know whether I am making sense, but that is what is needed. We can talk on and on about it in the passive tense but it gets clouded when what we want is clarity.

There should be a to-do list from the Garda Síochána Ombudsman Commission to the effect that there will be so many people involved and they will deal with not less than so many cases. There should be a framework of executive action. We should arrange for the arrival of independent people from the United Kingdom, for example, who are used to investigating complaints and there should be one person per team. The Minister should spell it out rather than use this obtuse language. It is like trying to look through hammered glass to see what we are trying to achieve. The same applies everywhere in the business that this House tries to do. The Minister should keep it simple.

Deputy Pádraig Mac Lochlainn: As I acknowledged earlier, there are errors in the drafting of this amendment. Of course, the Garda Inspectorate is not relevant to this debate. I will not be pressing the amendments because they are not worded properly. However, the objective of the amendments is to ensure that the issues Deputy Wallace and Deputy Daly have outlined do not continue. People are having to wait crazy periods for an outcome. A large percentage of cases are being referred back to An Garda Síochána or are being dealt with by gardaí seconded to GSOC. We need to get to a stage where only minor matters can be addressed within the office, for example, a case in which a garda did not get back to a person or some other minor complaints that could be dealt with easily. This was the view of the justice committee. However, anything of substance should not be investigated by a serving, seconded or former member of An Garda Síochána. There must be complete independence.

There should be a pool of independent investigators or options available. Clearly GSOC has not developed this enough because we can see backlogs in cases, even those which should be straightforward. Some are taking far too long. What is the outcome? Public confidence in GSOC simply does not exist. If a constituent comes to any Member, he or she would advise that constituent of the option to make a complaint to GSOC. However, the perception is there is no point because either it would be investigated by the garda involved or it would take too long. Unfortunately, that has become the reality. That is why this Bill is so important. We need a fresh start. We need to demonstrate to the public that the commission has teeth and resources, that it can get things done sharply and that it is genuinely independent in its role.

I am not going to press the amendments because they are not worded properly or as they should have been. However, I call on the Minister to take on board the intention of the amendments and to work with us. I figure we will have to come back again sometime soon to put in place another Garda Síochána (amendment) Bill and to arrange for further powers to be given to the Garda ombudsman. There will be several votes in the House tonight if we cannot get agreement. This is part of an ongoing discussion with the Minister. She may not agree with us tonight but I hope that over time and as we prove that things are not working properly we can revisit them. I will not press it but I call on the Minister to take on board and listen clearly to

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my intention. Then perhaps we could address it through further amendments. If this does not happen tonight or tomorrow then perhaps it will happen in the near future.

Deputy Clare Daly: I wish to respond to some of the points in the discussion. Let us suppose someone goes to the Garda or GSOC with a complaint and that person has never had a previous interaction and the response is that the same Garda station decides to investigate the complaint. That is absolutely not on. Certainly we are not suggesting that the Garda could not be involved in these matters but the faulty issue is that in some cases the outsourcing of the complaint to the Garda without any GSOC oversight is unacceptable. There must be a role or some supervision in all cases.

The absence of an informal resolution process is regrettable because there are situations when, in normal circumstances, the person and gardaí in the station in question could get together and clear it up. That should be the way forward and it would be far better for everyone. The block is the fact that there is a crossover between possibly criminal or legal proceedings and disciplinary job-related problems for the gardaí involved. Reading between the lines of the Minister's comments it seems the Garda representative organisations are probably a block in this area. As far as I am concerned, they would provide a better service for their members if they were to engage in this process and seek an involvement. It is far better that the gardaí would meet citizens face-to-face to clear up any misunderstanding.

It is regrettable that the attitude of the Garda Representative Association and the Association of Garda Sergeants and Inspectors in the area of Garda reform is well out of sync with the interests of their members and citizens. It was shocking that when points were made in the House and Deputies tried to highlight some of these issues and get more accountability, the AGSI wrote a complaint and gave out to Deputy Wallace, for example, for highlighting some of the cases. The association was not so exercised when its members made complaints but were left high-and-dry after trying to improve the force.

Another aspect we need to address is the fact that GSOC has now replaced the confidential recipient. The commission is now the receiver of information from whistleblowing gardaí. How this area is dealt with should be investigated as well.

Deputy Mick Wallace: I thank the Minister for her reply. I am keen to pick up on some of the points. The Minister stated that under section 74 the commission is allowed to bring in senior members of the Garda. Let us make a comparison. Let us suppose I was working for a large company, for example, Google, and I took the view that I was unfairly dismissed and sought an investigation. I would not like it if two senior members of Google were on the investigation panel.

We dealt with this before when we were working on the Garda Síochána Bill. We have not tabled many amendments to this Bill. There are only five, whereas there were 74 in the Garda Síochána Bill. We would have had to print a book if we had gone back over all of it.

The Minister suggested that the normal international practice for minor cases is for the police to investigate themselves unsupervised. Sadly, I do not believe we have a normal situation. The Minister is aware of what has come back in all the various reports in recent years. It is a little scary. We do not have a normal set-up. That is why people do not like the idea of making a complaint if the complaint is likely to be investigated by gardaí without any oversight from GSOC and no feedback on why the matter has not been taken any further.

This relates back to my last point about the informal resolution mechanism. The Minister agrees that it would make sense in the context of a comparison of labour relations machinery, the Labour Court and so on. The idea of an informal resolution process makes sense all round. I do not see any rationality behind the idea of the Garda refusing to lift the veto in this regard. This is something the Government should be pushing.

The Minister made a point on feedback to the public and agrees we should get more feedback. However, we both know that we are not going to get that without more resources. We are not going to be able to provide a proper, strong oversight body on the cheap.

7 o'clock

Deputy Niall Collins: I have been listening to some of the other contributions on this. As the Minister will appreciate, to have an independent oversight agency, it is not good enough just to be independent. It must also be seen to be independent. The public perception must be that the organisation is truly independent and can act accordingly. To give an example, without mentioning any names, I was contacted recently by a girl in her late twenties, outside of Dublin, who was travelling to work on a night shift, along a motorway, and was stopped by the traffic corps. Her tax was out of date since November. The traffic corps pulled her in and went through the procedure, but seized the car from her, leaving her standing on the side of the motorway at nearly midnight for two hours before somebody eventually came to collect her. She came to see me to tell me about it, because, naturally, she was very upset. I explained to her that I could not do anything for her. I told her I assumed that the members of the traffic corps acted within the legislation that enables them and that if she had an issue, she could complain to the local chief superintendent or take the matter to GSOC. That was the level of the engagement I had with her. She went away very frustrated because, with all the public discourse we have been having about GSOC, her perception, rightly or wrongly, was that it was the guards investigating the guards. Unfortunately, that is what is in many people's minds at the moment. We must take every step possible to address that perception by strengthening the independence of GSOC with as many independent investigators as possible.

Deputy Frances Fitzgerald: I will get some information for the Deputies who have been making contributions on the current timeframes, because it is important that this information is in the public arena. They have improved considerably in recent times. To reiterate, GSOC does have the ability to decide on how the cases are handled, depending on the type of case it is, the seriousness and the level of supervision. I do not believe - I do not think anyone in this House would believe - that if a complaint is made about a guard from a particular local station it should be investigated in that station. That situation should not arise and it is up to GSOC and An Garda Síochána, when they are handling these cases, that this should not be the case. It is clearly a conflict of interest situation and I would expect it to be dealt with differently.

We are talking about an organisation of 13,000 people, plus civilians and the reservists. In any organisation of that size, and I say this to Deputy Mathews and others who have contributed on this, it is reasonable to expect that an informal resolution mechanism would be available. If somebody goes into a Garda station and feels they are being dealt with disrespectfully at the front desk, there ought to be a way to deal with that within An Garda Síochána. That is just an example. If there are other circumstances connected with that behaviour, clearly it might have to be dealt with elsewhere. I am just making the point that every organisation of that size would have mechanisms within it to deal with complaints internally or supervised from outside. Not every complaint in an organisation of maybe 14,000 or 15,000 members will be investigated by

an outside body. One can imagine the level of resources required. All the Deputies are talking about resources. We must be realistic about an appropriate structure that deals in the right way with the serious cases, that refers them to GSOC, which has the right investigators to deal with them, which it does, and that provides informal resolutions for cases at the other end of the spectrum. We have given extra resources to it this year to carry out the work and as the work of GSOC expands, resources will be an ongoing issue, which the Government will continue to address. There is no question about that. In the meantime, a number of changes can be made.

In terms of this amendment, and I appreciate that Deputy Mac Lochlainn is not pressing it, I take the point that is being made. GSOC does have the ability to recruit independently. Obviously, the number of people who are recruited is dependent on the resources it has and it is in a position to recruit at present for the penalty points.

An Leas-Cheann Comhairle: How stands the amendment?

Deputy Pádraig Mac Lochlainn: I am not pressing.

Amendment, by leave, withdrawn.

Amendment No. 4 not moved.

An Leas-Cheann Comhairle: Amendments Nos. 5 and 9 to 11, inclusive, are related and will be discussed together by agreement.

Deputy Pádraig Mac Lochlainn: I move amendment No. 5:

In page 3, between lines 20 and 21, to insert the following:

“Amendment of section 82(1) of Principal Act

4. Section 82(1) of the Principal Act is amended by the substitution of the following subsection for subsection (1):

“(1) In this Part, unless the context otherwise requires—

‘admissible complaint’ means a complaint determined by the Ombudsman Commission under section 87 to be admissible;

‘breach of discipline’ means conduct specified in Schedule 5;

‘complainant’ means—

(a) a person who makes a complaint,

(b) a person on whose behalf a complaint is made, and

(c) where a complaint is made on behalf of another by a person authorised to do so under section 83, the authorised person;

‘conduct’ includes any act or omission and a reference to the occurrence of any conduct includes the doing of an act or the making of an omission;

‘disciplinary proceeding’ means a proceeding conducted in accordance with the Disciplinary Regulations;

‘Garda Commissioner’ includes a Deputy Garda Commissioner or an Assistant Garda Commissioner acting in place of the Garda Commissioner under section 32;

‘Independent Adjudicator’ means a member of the judiciary chosen to adjudicate on disputes between the Ombudsman Commission and the Garda Inspectorate;

‘member of the Garda Síochána’ does not include the Garda Commissioner;

‘member of the public’ means a person other than a member of the Garda Síochána or the Garda Commissioner;

‘misbehaviour’ means conduct that constitutes an offence or a breach of discipline;

‘serious harm’ means injury that-

(a) creates a substantial risk of death,

(b) causes serious disfigurement, or

(c) causes substantial loss or impairment of mobility of the body as a whole or of the function of any particular bodily member or organ.””.

In terms of the definitions, the second paragraph from the bottom should read “‘Independent Adjudicator’ means a member of the judiciary chosen to adjudicate on disputes between the Ombudsman Commission, the Garda Inspectorate and An Garda Síochána.” It is obviously about disputes between those bodies.

Deputy Frances Fitzgerald: Yes.

Deputy Pádraig Mac Lochlainn: It is a drafting error. The other two amendments are much clearer on that point. The Minister will recall the events organised by the Human Rights and Equality Commission and the Law Society. Conor Brady was one of the speakers, a former Garda Commissioner - sorry, Garda Ombudsman Commissioner. He made the point that, where ever-----

Deputy Mick Wallace: They should make him one.

Deputy Pádraig Mac Lochlainn: He made the point that if information or documents requested by the Garda Ombudsman, or indeed other bodies, were withheld on security grounds, there should be an independent adjudication system, for example, as I have defined here, a High Court judge or person of that calibre. It is important because there will be grey areas. There will be matters of importance where the Garda Síochána may believe on security grounds that something should not be submitted, information should not be given or an investigation should not take place, but when the situation is examined, that is not the case. It is important that it is not just the Minister who makes that call. I like to think she would welcome that responsibility being taken off her. This goes back to the point Deputy Wallace made earlier, which I totally agree with, namely, that one of the big problems we had in recent times was that the former Minister, Deputy Alan Shatter, had a sort of umbilical relationship with a former Garda Commissioner, Martin Callinan, which was very unhealthy and led to a lack of independence from the Minister and a lack of due diligence around the issues that were coming to him one by one. That kind of relationship must end. If we allow a situation where these security matters are

deliberated only by the Minister, we go back to that type of scenario. If there is an independent adjudicator who has a role designated by the State - I am suggesting here that this would be a member of the Judiciary, a High Court or Supreme Court judge, whatever the Government would deem appropriate - that body decides what is sensitive for security reasons and cannot be given, and what is not. That is the purpose of these amendments. It is vital. I was trying to figure this out myself, but when Conor Brady said it - obviously he is a respected person, a former Garda Ombudsman Commissioner - I took it down and thought it was a solution to the conundrum we may have.

Deputy Mick Wallace: In the area of admissibility, the time factor, which will be the subject of subsequent amendments, is clearly a major issue. The slight change proposed in this area is not sufficient. In serious cases where criminal matters may be at stake, the period of admissibility should be extended to two years.

Members of the public do not have sufficient confidence to confront the Garda Síochána, even through the Garda Síochána Ombudsman Commission. It takes courage to make a complaint about a garda and many people do not know what gardaí may and may not do in their interactions with the public. Much greater clarity is needed in this area.

It is frightening to note the large number of people who, having shown the courage to take a case to GSOC, find that their case is not admissible for various reasons, of which the time factor is the principal one. People who experience a problem with the Garda often expect the issue to be resolved and believe they will get justice. When it transpires that no progress has been made in resolving their problem they subsequently decide to complain to someone in authority and they often find that their complaint is not admissible because of the time that has elapsed. The period within which a complaint must be made should be extended from six to 12 months. I am not sure one year is even sufficient given the difficulty people experience in getting organised and mustering the courage to take a stand. Increasing public confidence in the system will require the Minister to make it less difficult for members of the public to approach GSOC and make it easier to have a case ruled admissible.

Deputy Clare Daly: These amendments raise an extremely important issue in terms of the areas in which difficulties emerge in the interaction between the Garda Síochána Ombudsman Commission and the Garda Síochána. This was a key issue when the previous Garda Commissioner and Minister for Justice and Equality were in office. The perception at that time, which I believe reflected reality, was that in the case of a conflict between GSOC and senior Garda management, namely, the Commissioner, the Minister would side with the Garda Síochána to the detriment of the Garda Síochána Ombudsman Commission. This view was vindicated when, unfortunately, the organisations representing gardaí issued public statements, allegedly at the behest of the former Garda Commissioner, in which they expressed a lack of confidence in GSOC and urged their members not to co-operate with it. Such behaviour is completely unacceptable in a scenario in which one is dealing, in effect, with what used to be the Garda Complaints Board or any other mechanism aimed at creating public accountability in respect of the Garda.

Someone somewhere must step in and compel Garda co-operation, for example, in the handing over of documents. A cursory glance at GSOC's annual reports for the past two years, especially for 2013, shows there were inordinate delays in handing over documentation. No valid reasons were given for these delays and Garda stations issued ridiculous statements to GSOC questioning its decision to seek certain information or arguing that the commission was

not entitled to access certain information. This was clearly not the case as there was an obligation on the Garda to provide the information sought by GSOC. Given such blatant disregard for procedure, someone somewhere must intervene. A process of independent adjudication is important.

The boundaries in respect of admissibility must be extended, as provided for in amendment No. 5. We must also extend the scope of admissible complaints to encompass a greater number of people. The exclusion of retired gardaí from the scope of GSOC investigations is regrettable and I understand there are no plans to change the position in this regard. In a number of cases where the noose was tightening, so to speak, or the wolf was at the door, the gardaí who were the subject of the complaints were asked to step aside or told they would be better off retiring as retired gardaí can escape sanction. This is a serious problem.

When we speak of the interaction of GSOC and the Garda Síochána in the period in which complaints are being processed, we must also consider what is taking place outside the process. I will refer to a case that has been raised on numerous occasions in the House, namely, the tragic death of Shane O'Farrell. Shane's mother, Lucia O'Farrell, has been championing her son's case because the man who killed him in a driving incident had obtained car insurance by fraudulent means and had a large number of convictions which were not revealed to the court. GSOC is investigating 59 admissible complaints related to this case in the public interest under section 102. Despite this, one of the senior gardaí involved in handling the case was promoted. The family is asking how it is possible that, on the one hand, 59 admissible complaints of a criminal character are being investigated while, on the other, someone who was involved in the process has been promoted. This interface is a source of great stress for the citizens involved and must be addressed. Moreover, it does not do the Garda any good.

An independent adjudication mechanism is needed and it must have teeth, in particular, with regard to the handing over of documents. Sometimes when a complaint is made against a garda, he or she will get lawyered up, as it were, and a confrontational scenario ensues. A mechanism must be introduced to untangle this to the best extent possible. The amendments are well made and valid.

Deputy Frances Fitzgerald: The impact of the amendments would be to remove from the Minister for Justice and Equality the function under section 96 of the Garda Síochána Act of determining whether certain information or material could be made available to the Garda Síochána Ombudsman Commission where it has been claimed that matters of national security are involved. Having considered the amendments, I am of the view that, given that the security of the State is a priority function of government, the task of deciding whether information or material can be withheld on security grounds should remain with the Minister in his or her capacity as a member of the Government. Protecting the security of the State is an important obligation on the Government. As such, the proposal to transfer responsibility for decisions on matters that impact on the security of the State to an entity other than the Government is not the right direction in which to go.

It is incumbent on a Minister for Justice and Equality to ensure the relevant functions under section 96 are discharged properly and impartially. As Deputies will be aware, there are a number of areas where important security related matters are dealt with by the Minister, including authorising the interception of communications. These are serious and important functions. It is appropriate that decisions involving the security of the State should remain with a Minister.

I note Deputy Mac Lochlainn foresees in amendment No. 5 a specific role for a member of the Judiciary. Section 100 of the Garda Síochána Act provides for the appointment of a designated High Court judge to keep under review the operation of certain provisions of the Act, including section 96, which relate to the security of the State. I believe those arrangements are prudent; they are in place and they are working. A judge is designated to that position, prepares a report on an ongoing basis and can make a report to the Taoiseach if any concerns arise. I have no doubt a judge in such a position would do just that because that is their job. If there is anything they see in the work that is being done that they feel needs to be changed, or if they have concerns, they are given that obligation and that job to do.

Section 100 provides for judicial oversight of certain provisions of the Act that relate to the security of the State. To explain this the Members of the House, it requires the President of the High Court, after consulting with the Minister, to invite a judge of the court to agree. I should say in that regard that once the President of the High Court would nominate a judge, that would obviously be accepted by the Government and there would be no question expressing a preference for another judge. The President of the High Court would make the nomination and I have no doubt the practice is to accept it. As I said, it is to keep under review the areas I have mentioned but also to report to the Taoiseach from time to time concerning any matters relating to the operation of those sections or regulations that the judge considers should be reported.

That oversight is contained in section 100 of the Act. I do not believe it is appropriate to hand over to anyone else decision-making around security material in the context of this legislation. I ask Deputies to consider whether one would actually want to say that a Minister of the Government would not have this responsibility in regard to security matters.

Deputy Pádraig Mac Lochlainn: Whenever we met the ombudsman in the North as part of the Oireachtas justice committee's preparation for putting recommendations and proposals to the Minister, one of the things that became apparent is that the ombudsman in the North has the same powers as the police in terms of the Official Secrets Act and so on. In other words, it has unrestricted access. It smacks as being very arrogant that the only people who can protect the security of State are the Government of the day or the senior members of An Garda Síochána. Where we want to get to is to give the oversight body the capacity to do its job, unless there is some sensitive issue involved.

My concern is that not too many people in Ireland had confidence in the former Minister, Deputy Alan Shatter, in terms of his independence, when he left office. They saw that he was joined at the hip to the Garda. He has been found again and again, be it by the Comptroller and Auditor General or the Garda Inspectorate, not to have been on top of his job in terms of looking at failings within the Garda. Indeed, the review by the independent panel of the Department of Justice and Equality also found that the Department was failing in its responsibility to hold the Garda to account. The problem historically, be it with the Minister or the Department of Justice and Equality, is that they have been too close to An Garda Síochána and their independence in these matters - the Minister talked earlier about perception - is perceived as not being too strong.

I am sure there are examples in other jurisdictions. I cannot see the difficulty in allowing a very senior judge, perhaps up to Supreme Court level - an esteemed person, learned in the law - to adjudicate on these matters. This would assure the public that they have looked at the matter and they believe An Garda Síochána is entitled to withhold on security grounds. This would also serve to define clearly what are security grounds. We need to be clear what is national security because it could be an extremely loose term or be understood very loosely.

I believe the Minister is giving herself far too much power, with all due respect, considering the track record of what came before her and the history of the Department in recent times. She should not take my word for it, given the range of independent analysis. I believe it is a foolish decision. If the Minister persists in not accepting the amendment, I will call a vote.

Deputy Mick Wallace: The area of national security is a complex one for us and it is complicated by how we do things. It is not the norm that the one authority looks after policing and State security, which we have here. It might be argued that given the size of the country it should be so. However, while it will not happen overnight, the idea of a separate authority looking after policing and State security makes sense in the long term. Clearly, there has been a tendency for Governments to hide behind national security.

An extra challenge is that our police force is not susceptible to freedom of information. If we compare Ireland to the rest of Europe and most Western countries, we have some of the weakest access to information about how our police force works. To take our neighbours in England as an example, things are more transparent there. We have been looking at cases where investigations of gardaí went to the DPP but we do not know what happened since then because the office of the DPP acts as a secret society. The English equivalent prints on its website the result of its investigations into police officers, as we know because we checked this up today and found reports published on the Internet. We do not do things in a very transparent and accountable way here, which is part of our problem. If we had access to more information, and if the Garda was susceptible to freedom of information, many of our worries would not be as strong as they are.

From the time we started looking into the problems with policing in Ireland, the problem of this area being over-politicised has run through every vein. I made the point on Leaders' Questions last week that in Conor Brady's book, which deals with the period from the early 1950s to the present, the common theme running through it is that one of the reasons we still have problems with how we do policing is that we have refused to de-politicise it.

Deputy Frances Fitzgerald: I believe change is underway and there are many signs of change in regard to what the Deputy calls de-politicisation, whether in regard to the issue of the independent people who are now involved in the promotions issue, for example, the setting up of the Garda authority and the many other changes that are underway.

I would make the point that we are dealing here with how to strengthen GSOC but there is a particular lens that people have on the Garda Síochána. Clearly, legitimate criticism and discussion, and highlighting the areas that need to improve, are very important. However, I would make the point to Deputy Mac Lochlainn, who made a number of comments in regard to the security of the State, that it is not so long ago that the Garda was clearly in the front line in defending the peace and security on this island, and played a very strong role in that regard which we should not forget. Neither should we forget the role the Department of Justice and Equality played in regard to preserving the peace and security on this island when it was threatened by various forces over a long period.

It is very important that we bring that lens to bear as well and not cast the entire membership of An Garda Síochána as a body which does not give professional service. Clearly, there are many members of An Garda Síochána who give professional service. There are many members who work very closely in regard to protecting communities, detecting crime and securing the peace, which is ongoing work. Let us not forget that An Garda Síochána is working on the

problem of those subversives who still threaten peace in this country. It is also involved in the fight against international terrorism and cyber crime and is working on the issue of sophisticated criminal gangs and trying to solve murders and do all of its other work. It is important to keep that perspective in mind as we discuss these issues here.

I cannot accept the amendment, not because of an arrogant approach to this, but because I believe it is the obligation and responsibility of the Government to have responsibility for the security of the State.

An Leas-Cheann Comhairle: Is the Deputy pressing the amendment.

Deputy Pádraig Mac Lochlainn: Yes.

Amendment put:

<i>The Dáil divided: Tá, 39; Níl, 74.</i>	
<i>Tá</i>	<i>Níl</i>
<i>Adams, Gerry.</i>	<i>Barry, Tom.</i>
<i>Broughan, Thomas P.</i>	<i>Breen, Pat.</i>
<i>Calleary, Dara.</i>	<i>Bruton, Richard.</i>
<i>Collins, Joan.</i>	<i>Burton, Joan.</i>
<i>Collins, Niall.</i>	<i>Butler, Ray.</i>
<i>Colreavy, Michael.</i>	<i>Buttimer, Jerry.</i>
<i>Cowen, Barry.</i>	<i>Byrne, Catherine.</i>
<i>Crowe, Seán.</i>	<i>Byrne, Eric.</i>
<i>Daly, Clare.</i>	<i>Carey, Joe.</i>
<i>Doherty, Pearse.</i>	<i>Coffey, Paudie.</i>
<i>Ellis, Dessie.</i>	<i>Collins, Áine.</i>
<i>Ferris, Martin.</i>	<i>Conaghan, Michael.</i>
<i>Fitzmaurice, Michael.</i>	<i>Conlan, Seán.</i>
<i>Flanagan, Terence.</i>	<i>Connaughton, Paul J.</i>
<i>Fleming, Sean.</i>	<i>Conway, Ciara.</i>
<i>Fleming, Tom.</i>	<i>Coonan, Noel.</i>
<i>Halligan, John.</i>	<i>Corcoran Kennedy, Marcella.</i>
<i>Healy, Seamus.</i>	<i>Costello, Joe.</i>
<i>Kelleher, Billy.</i>	<i>Coveney, Simon.</i>
<i>Kirk, Seamus.</i>	<i>Creed, Michael.</i>
<i>Mac Lochlainn, Pádraig.</i>	<i>Daly, Jim.</i>
<i>McConalogue, Charlie.</i>	<i>Deasy, John.</i>
<i>McGrath, Finian.</i>	<i>Deering, Pat.</i>
<i>McGrath, Mattie.</i>	<i>Donohoe, Paschal.</i>
<i>McGrath, Michael.</i>	<i>Dowds, Robert.</i>
<i>McGuinness, John.</i>	<i>Doyle, Andrew.</i>
<i>McLellan, Sandra.</i>	<i>Durkan, Bernard J.</i>
<i>Mathews, Peter.</i>	<i>Farrell, Alan.</i>
<i>Murphy, Catherine.</i>	<i>Feighan, Frank.</i>

<i>Naughten, Denis.</i>	<i>Fitzgerald, Frances.</i>
<i>Ó Caoláin, Caoimhghín.</i>	<i>Fitzpatrick, Peter.</i>
<i>Ó Fearghail, Seán.</i>	<i>Gilmore, Eamon.</i>
<i>O'Brien, Jonathan.</i>	<i>Griffin, Brendan.</i>
<i>O'Sullivan, Maureen.</i>	<i>Harrington, Noel.</i>
<i>Pringle, Thomas.</i>	<i>Harris, Simon.</i>
<i>Ross, Shane.</i>	<i>Heydon, Martin.</i>
<i>Stanley, Brian.</i>	<i>Humphreys, Heather.</i>
<i>Tóibín, Peadar.</i>	<i>Keating, Derek.</i>
<i>Wallace, Mick.</i>	<i>Kenny, Seán.</i>
	<i>Kyne, Seán.</i>
	<i>Lawlor, Anthony.</i>
	<i>Lynch, Ciarán.</i>
	<i>Lynch, Kathleen.</i>
	<i>Lyons, John.</i>
	<i>McCarthy, Michael.</i>
	<i>McEntee, Helen.</i>
	<i>McFadden, Gabrielle.</i>
	<i>McGinley, Dinny.</i>
	<i>McLoughlin, Tony.</i>
	<i>McNamara, Michael.</i>
	<i>Maloney, Eamonn.</i>
	<i>Mitchell, Olivia.</i>
	<i>Mitchell O'Connor, Mary.</i>
	<i>Mulherin, Michelle.</i>
	<i>Neville, Dan.</i>
	<i>Nolan, Derek.</i>
	<i>Noonan, Michael.</i>
	<i>Ó Riordáin, Aodhán.</i>
	<i>O'Donnell, Kieran.</i>
	<i>O'Donovan, Patrick.</i>
	<i>O'Dowd, Fergus.</i>
	<i>O'Mahony, John.</i>
	<i>O'Reilly, Joe.</i>
	<i>O'Sullivan, Jan.</i>
	<i>Perry, John.</i>
	<i>Phelan, Ann.</i>
	<i>Phelan, John Paul.</i>
	<i>Rabbitte, Pat.</i>
	<i>Ring, Michael.</i>
	<i>Sherlock, Sean.</i>
	<i>Stagg, Emmet.</i>
	<i>Stanton, David.</i>

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	<i>Tuffy, Joanna.</i>
	<i>White, Alex.</i>

Tellers: Tá, Deputies Pádraig Mac Lochlainn and Mick Wallace; Níl, Deputies Joe Carey and Emmet Stagg.

Amendment declared lost.

Debate adjourned.

Estimates for Public Services 2015: Message from Select Committee

An Leas-Cheann Comhairle: The Select Committee on Justice, Defence and Equality has completed its consideration of Votes 20, 21, 22, 23, 24 and 25 for the year ending 31 December 2015.

European Debt: Motion (Resumed) [Private Members]

The following motion was moved by Deputy Catherine Murphy on Tuesday, 3 January 2015:

“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.”

Debate resumed on 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.”

(Minister for Finance)

Deputy Pearse Doherty: I am glad to be in a position to support the motion proposed by the Technical Group and co-signed by Sinn Féin Members. It is a sensible and timely motion that Ireland would support the call for a debt conference.

Somebody in my office brought to my attention the headline in one of our newspapers about the Minister, Deputy Noonan, saying he broadly supported the concept of a debt conference. My response at the time was, “Sure, what else could he say?” because it was completely in Ireland’s interest to support such a call. It would be in Ireland’s interest if such a conference happened and was fruitful. Therefore, a Minister for Finance doing anything other than welcoming and being supportive of such a call would have been quite bizarre. However, as events unfolded and we got closer to the election, we have seen the Minister, Deputy Noonan, starting to retract and backtrack on what he reportedly said at that meeting. The Taoiseach has come out very clearly and said the Government would not support the idea of a debt conference.

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I cannot get my head around that because this is not about setting ultimatums for our fellow Europeans or trying to have a showdown with them. It is about acknowledging that in many member states across Europe there is an issue with a large level of debt in member states and in some cases that level of debt being unsustainable. It is about the first course of action to deal with the problem. In any situation where a person has a serious problem the first way to deal with it is to acknowledge that there is a problem in itself. An addict addicted to a substance must acknowledge that he or she is addicted. In this case Europe is addicted to too much debt and to the austerity policies that heap more crippling debt upon debt.

A debt conference in itself is the signal that Europe is confirming that what has happened up to now is no longer the path we can go down into the future. We have to acknowledge that something needs to be done about the high level of indebtedness of some member states.

How can that issue be resolved? There are as many proposals for resolving the over-indebtedness of Europe as there are people in this Chamber. However, it is not about which proposal is better than the other, whether it is the Greek academics' proposal about buying up debt of member states above 50% of GDP and having a zero coupon interest rate applied to that over a period until the state's economy is large enough to buy back that debt, the other proposals over debt swaps, or proposals such as bonds that would be linked to GDP growth and so on. There are many proposals and we have our own that have been debated in this Chamber about retro-active recapitalisation and about the ECB holding on to the Anglo Irish Bank promissory note bonds - the debt that has been turned into Irish bonds.

All of the issues and alternative ideas could be debated in a debt conference. The fact that the Government does not want to talk about this is deeply alarming. There have been suggestions over the past number of days that the Government does not want to talk about it because it fears that if the Greeks get even a bit of what they want, it will lead to an onslaught in Ireland and Spain, where Podemos is challenging to be the lead party in the next Government. It will challenge the establishment parties that supported the austerity programme and did not look for the type of debt restructuring and write down sought by Greece. Therefore, the argument is that the Government has taken a strategic, selfish interest not to pursue this avenue out of electoral ambition and fear. I cannot subscribe to the notion because it requires belief in a lack of basic humanity and decency in the members of the Government. It is for another reason the Government has taken this direction, which is about trying to be the best boys in the class and putting clear water between Ireland and Greece. We have heard from Ministers time and again that Ireland is not Greece. Let us state other obvious facts, as if it makes any difference, that sterling is not the euro and a horse is not a donkey. Of course Ireland is not Greece, there are different circumstances in Greece and Ireland and the debt of Greece is unsustainable. No one can argue it can be sustainable when it reaches 175% of GDP but Ireland is the fourth most indebted country in Europe. Ireland has a debt of 110% of GDP and would be close to 120% but for a restructuring of how we deal with counting GDP according to the new EUROSTAT rules.

Ireland is looking to sell its national airline and is trying to sell shares in AIB to write down its debts. Ireland has cut social welfare payments to service its debts and make it more sustainable. Ireland is examining these options and has depleted the National Pensions Reserve Fund, which was established for the sole purpose of dealing with the pensions timebomb. The pensions timebomb has not been defused and still remains but the problem is that when we call on the resources to deal with it, they will not be there to make our debt sustainable. The Government talks about debt sustainability as if it is a simple equation. There has been debate about the sustainable level of GDP. There are simplistic arguments about whether 100% or 120% is

too high. There is a statistical sustainability and social sustainability. It is a question of what measures the Government will take to make debt sustainable. What is acceptable for a society to squeeze the economy to make debt sustainable?

We see it happening around us. The Minister talked earlier about how Syriza is preparing to provide food stamps to the most deprived in Greece yet he did not mention the number of people living in deprivation in this State. Nor did he mention that hundreds of people are on hospital trolleys and that children in my constituency cannot get access to life-saving medication because the Government believes it too expensive. These are the genuine issues and decisions the Government must take to make debt sustainable. A question I have not heard answered is why we do not support the call from Syriza. It is on its own at this point. I have had the opportunity to read much of what the Finance Minister, Yanis Varoufakis, said. I congratulated him on the night he was elected having invited him many years ago, on behalf of Sinn Féin, to this country to talk about debt and solutions in Ireland. Listening to what he has to say, he is very calm and sensible and knows his stuff. The best interest in resolving the debt crisis is not about member states alone. This must be dealt with across Europe.

I was looking back at speeches from previous times, particularly in 2012 when the Euro Area Loan Facility (Amendment) Bill was before the House. It loaned €130 billion to Greece. The Minister said:

I do not understand the Sinn Féin position. Its Members weep for Greece. They weep for hungry children and families who have been bereaved because of the high suicide rate but then they will vote against the provision of the €130 billion that will allow education, social welfare and health services to continue. They weep, cry and get passionate about conditions in Greece but they purport to deprive the country of the very aid it requires.

The victory of Syriza shows us that €240 billion aid was given to Greece and €27 billion of it went to the Greek people, with the rest, 89%, going to debt servicing and repayment. I agree with the Minister's concluding comments in his speech in 2012:

This is a time for unity among euro area countries to try to ensure stability within the euro area. Ireland must play its part and stand in solidarity with its fellow euro area member states. It is in the interests of the country, the euro area, the European Union as a whole and the broader world economy.

He was saying that when he wanted us to sell us the idea of heaping more debt on an indebted country. He should say that today when there are people in Greece willing to stand up and say 'No more', willing to say that we will not allow tinkering around the edges but have gone on a crusade to try to convince those who have been wedded to austerity and the idea of more debt on indebted nations that the position is folly. It is the responsibility of the Government to stand up and say that enough is enough and to ask for a resolution, not on a member state basis but across the European Union. There should be no fear and hesitation in the Government asking to talk about these issues with its European partners.

Deputy Peter Mathews: Hear, hear.

Deputy Áine Collins: I welcome the opportunity to speak on the motion. No Member disputes that the initial construction of the European currency was flawed. It was the first time in world history such a huge experiment was undertaken, the coming together of a monetary union with different countries, individual governments and central banks. Countries were allowed to

adjust their currencies and interest rates to accommodate their circumstances and, inevitably, it led to the problems we have all seen. The difficulties were not properly anticipated when the currency was created. Low interest rates across Europe, coupled with a lack of regulation, played a huge part in creating a financial crisis. Consequently, there was no European mechanism to deal with them when the crisis arose. This is gradually changing and new systems are continually being put in place to avoid the scenario in the future.

Unfortunately, unsustainable debt burdens were imposed on Ireland but it is how we deal with crisis that is important. The Government has made huge strides, along with others, to stabilise our economy. Initially, the Government worked tirelessly by restoring our reputation with our European partners and across the globe. We first had to prove that the Government has the ability and the resolve to do what was necessary to regain our economic sovereignty. This included having a Minister for Finance who was calm, could see the future and was able to bring European partners with him. Having achieved this, we were in a position to renegotiate our bailout scheme. We renegotiated our promissory note and extended the repayment deadline and a huge reduction in interest payments followed. This success led to a restoration of confidence in our economy by the financial markets to the extent that, on the country's behalf, the Minister for Finance can borrow money at less than 1%.

One of the immediate advantages was that we could pay off the IMF share of the bailout with money borrowed at a hugely reduced rate of interest. From a social point of view, it must be remembered that one of the first actions of the Government was to restore minimum wage levels to pre-crisis levels. We also guaranteed that core social welfare payment levels could not be reduced.

8 o'clock

By contrast, the left wing alliance in this House would have taken us in the opposite direction. They hail the victory of Syriza in Greece as a left wing triumph. The minimum wage in Greece is between €500 and €600 per month. Syriza's election promise would raise it to €750 per month. Even if it makes this increase, there is no comparison with the rate that has applied in Ireland since this Government entered office, which is €1,500 per month. We regularly debate property taxes and water charges in this country. In Greece, property tax is tied to the electricity supply and if people do not pay their property taxes they lose their electricity connection. The Greek Government is already seeing that it has to backtrack rapidly. Its plans to nationalise the ports have been abandoned and it is honouring the privatisation deal made with the Chinese. Ireland will continue to work with our EU partners to find new ways of reducing our own debt burden but we will act from a position of strength.

It is important that we work together to resolve Greece's issues. Some 93% of Greece's debt is owed to European taxpayers, and €500 million of this is owed to Irish taxpayers. The ethos of Europe since its foundation has been about working together to resolve issues and that is what we have to do with Greece. However, Greece also has to do its part by working together with Europe to resolve our issues. Greece is very different to Ireland. We have a strong, outward looking economy, with healthy exports to European markets. Greece faces challenges in collecting taxes, building a manufacturing base and creating a sustainable economy. It has an inflated public service. We had some issues in this regard in Ireland but they have been dealt with. Like Spain, Portugal and Ireland, Greece will have to address its issues in the same forums as every other country, namely, in ECOFIN and through the troika, with the help of the IMF. Ireland wants to play its part but we cannot be bullied into doing so. We have shown our

ability as a nation to recover. We will have the highest growth rate in Europe this year. Our European partners understand that any further reduction in our debt burden will not be wasted but will instead be used as an instrument to increase our viability and economic activity. This will benefit not only Ireland but also the EU as a whole. I commend the Government amendment to the House.

Deputy Eamonn Maloney: In the nearly four years I have sat in this Dáil, the majority of our debates have related in some way to the financial crisis, including the collapse of the banking system. Whatever we learn from the programme of which we, along with our European neighbours, are part, we must ensure the mistakes of the last seven or eight years are never repeated. Sometimes we wrongly speak as if every country in the EU is in the midst of a financial crisis. That is not the case, although some countries are in more trouble than others. In Greece, the situation for working class people is dire. Nurses, doctors and other professionals work five days per week for three days of pay. If that is not a crisis, I do not know what is. Athens has 140 soup kitchens. Working class people clearly have a problem if there are that many soup kitchens in Greece's capital city.

I hope the new regime in Greece works. The previous Government did its best and much of the criticism against the Panhellenic Socialist Movement, which dominated that Administration, was unfair. There are distinctive differences between the crises in Greece and in Ireland. Much of the debate in Greece was about public services, a subject that is close to my heart. It was estimated two years ago that almost 40% of professionals in Greece paid no tax whatsoever. Any country which wants public services and control of its finances needs a proper tax system. We have our own problems with tax evasion but the situation in Greece is a large part of the reason for its current problems. I was delighted to hear that the new regime, in a common sense decision, appointed a new Minister for tax evasion or some similar remit. That is an illustration of how bad things are for Greece. Those of us who have friends in or connections with the country are aware of other ways in which things have been sliding.

We may have gotten carried away building houses and flogging them to our next door neighbours but Greece's problems were of a different nature. Greeks have very little personal debt, whereas our crowd ran away with it in terms of buying four-by-fours. If one drove along the M50 in 2007 or 2008 one would think we were about to invade Iraq, such were the number of Jeeps on the road. However, one does not see as many Jeeps now. That is part of the fallout. I hope all of us can resolve our debt problems but we should not make our neighbouring citizens, including the Greeks, believe there is some sort of magic formula that will wipe away all of their debts. That would be misleading. I am not opposed to debt relief, however, and I believe that will be the eventual outcome. The majority of Members in this Chamber voted for the bank guarantee, which led to the first bailout. A price had to be paid for voting for a bank guarantee, particularly in terms of what was given to Anglo Irish Bank. That is a subject for a different debate, however. In this jurisdiction, we have carried out a programme. I do not like using the word "austerity". It is a very bourgeois word. When I was growing up we just used the word "hardship". The people in most working class estates do not use the word "austerity". I am aware it is cool for the career socialists to speak about austerity but it is an awful word. Hardship is much better, and people like Dickens used it. I do not know how the word "austerity" crept in but it did not come from the labour movement.

The most important lesson we can learn from what happened to certain countries in Europe is the need for regulation. Uncontrolled capitalism will lead some people to misery. We saw what happened here when it got carried away. Similarly in Greece, there was very little control

over the banking sector and other aspects of the economy. If one looks more clinically at what happened in Greece, it was of course the poorest who suffered most as happens in every country. They are the ones going to the soup kitchens and on the dole queues. It is extraordinary that the middle classes were able to shift their savings out of the country. I saw in a newspaper yesterday that in excess of €2.4 billion was moved. One will never beat the middle class or the upper class who always shift their money. The rest are left behind to go to the soup kitchens.

If we learn nothing else from this, we must acknowledge the need for regulation. There were people in this House not too many years ago who opposed any sort of regulation. I argued with people that if we had regulation, Anglo would not have done what it did and the retail banks would of course not have been giving out 100% mortgages to 20 year olds or loans to buy cars and 4x4 vehicles.

To return to my central point, I hope Greece and others get relief from this thing, but there is no easy way out. It is dishonest to try to make people believe otherwise. What Member of this Parliament is going to get up and say we should write off the €350 million Ireland allocated to Greece? I have not heard it yet and am not going to either. Regulation is the thing. If we leave at the end of this Parliament with proper regulation of banks and other institutions, we will have done something useful as legislators.

Deputy Mary Mitchell O'Connor: I ask three questions that relate to the Irish people. How will a debt conference actually help Ireland? Will it help the economic and social development of our country? As a country, do we need a debt conference right now when we are through the worst of it?

Deputy Peter Mathews: Yes, yes and yes.

Deputy Mary Mitchell O'Connor: I will never forget the day I met my neighbours and heard how they had both decided to pack up with their three children and emigrate. This family were like thousands of others who suffered because of the ill-advised decisions made by the last Government. When this Government took over, we had only three months left before the money ran out. Our country was teetering on a cliff edge and we should not forget that stark reality. Let us not suffer a national amnesia about what happened to our country before the Government was elected. This Government took action with the help and support of the Irish people and turned this country's economic fortunes around. Tough financial and monetary decisions were made and the Irish people shouldered the economic crisis. The Government reduced the cost of the bank rescue, stabilised the economy, and reduced the bank costs from €64 billion to €40 billion by raising the value of the nationalised banks and facilitating some asset sales. Our country and our Irish people took the hit. We made really tough decisions and the Irish people met the responsibility.

A total of €15 billion was saved by burden sharing with subordinated and junior bondholders, of which €5 billion came under this Government. Why have a debt conference now when it will essentially be a talking shop that makes no real difference to our country and our people? I am not interested in rhetoric or playing at politics. Loudly and clearly, the Minister for Finance, Deputy Michael Noonan, said last night that our debt burden is sustainable. Ireland is on the road to recovery, has stability and can borrow on the international markets. The Government has taken huge strides to make our debt more sustainable and affordable and a conference will not help our position one iota. In fact, it will only muddy the waters. This is just another opportunity for the Opposition to harp on about what it would have done and how great its ideas

are but I remind them of something. The Opposition's job is to oppose, which I understand, but those of us on the Government side have to do a real job. We are the ones who have reduced our unemployment rate in the last three years.

Deputy Mary Lou McDonald was on the radio on Monday talking about abolishing the water charges, but she could not explain where the money would be found to fund this fairy godmother promise. The Opposition is floating the idea of a debt write-down for Greece and Ireland and whatever one is having one's self. This is a mere populist, media-hungry call with no real basis. It is a quick attempt at making the headlines. Saying "No" to a debt conference does not mean a lack of solidarity for other countries suffering debt problems. We are in solidarity with other EU countries, but we are also realistic. Ireland cannot be compared with Greece. We are not one of the PIGS countries. Greece has a 25% unemployment rate and is in a different place to us. While I wish its new Government well, I note that Ireland's economic forecasts are positive. The Central bank published projections yesterday that GDP would grow by 3.7% this year and 3.8% next year following growth of over 5% last year. Ireland's level of GDP is set to return to its pre-crisis peak. Let us look at the jobs market, where employment has increased by 80,000 jobs.

Our debt burden is not preventing economic growth. We are on track to exceed our job creation targets. These are the facts and this country is moving in the right direction. Of course, more needs to be done. More can always be done, but a talking shop debt conference will not help us one iota.

Deputy Anthony Lawlor: I thank the Opposition for moving the motion. It reminds me of something that happened when we were dealing with debt forgiveness in Africa. When one looks at some of the economies in Africa where a certain amount of debt was written off, one wonders if any lessons were learned by the countries involved.

Deputy Peter Mathews: What about Germany in 1958?

Deputy Anthony Lawlor: On Germany, I point out a little fact to Deputy Mathews. On 3 October 2010, Germany finished paying off its debt from the First World War. The debt was equivalent to 96,000 tonnes of gold. By extending its debt over a period of time, Germany was able to pay it off. One can see the economy in Germany now. That is the context for the last payment which was in the millions of euro and easily paid off.

Deputy Peter Mathews: Germany had a write-off after the Second World War.

Deputy Anthony Lawlor: Of the debt associated with Ireland, 80% relates to the fact that we were spending more than we were taking in. Any good economist will recognise that one cannot sustain a household, business or country like that. Deputy Shane Ross will agree with me. At the moment, the national debt is 80% of what we owe while 20% of the debt is associated with the banks. The bulk of the money that was put into the banks went into Anglo, which was defunct. When one looks at our debt and whether a debt conference would be of benefit to us, one must conclude that it would not. That is because most of our debt is associated with bad policies and bad management of the economy. It is significant that not one Fianna Fáil Deputy is here tonight. That party was responsible for the bulk of the 80% of our debt. In fact, some of the Independents who are still in the Dáil supported the fact that 80% of debt was the result of the fact that we were spending more than we were taking in. The Government has changed the profile of our debt and spread it in order that it may become sustainable. Our debt restructuring

has made it much more sustainable and possible the positive signs in recent years such as the increase in the number of people working and returning to the country to work. The key is not to have a talking shop but to look to the European Union and its institutions to help to sustain other countries that have financial difficulties. The initial talk by Syriza in Greece was that it would burn the bondholders and not pay back any debt, but suddenly that has changed dramatically.

Deputy Peter Mathews: They have already written off €100 billion.

Deputy Anthony Lawlor: It is talking about extending the debt or exchanging it for some sort of bond it will produce. The European Union is in a better position than it was in 2008 and 2009 when the crisis first hit to afford to sustain the Greeks' debt. While the European Union is in a position to support the Greeks, the Greek people must pay the debt that resulted from their economy spending more than it was taking in. Previous speakers referred to the Greek tax take. Two months before the election, the tax take dropped dramatically because the people expected the incoming government to remove all taxes. They live in cloud-cuckoo-land in which nobody pays for anything and European Union and Irish taxpayers will pay for everything. That is not a Utopia in which anybody wants to live and it is part and parcel of typical Sinn Féin policies.

We can deal with the debt in various ways. We can pay it back. Given that we have had a primary surplus since 2014, should we consider paying back our debt? I always believe in a policy of extending the debt further in order to make it more sustainable for the country to run it. I look at matters from two opposite positions, namely, the German and the American positions. The German way is to pay back debt, while the American way is to grow the economy. Our policy is to try to grow the economy. As Deputy Mary Mitchell O'Connor said, the Central Bank concurs with this.

A couple of weeks ago the Minister for Finance mentioned that our shares in AIB were valued at approximately €14 billion and indicated that this year he might sell 25% to 30% of the shareholding in the bank. While certain people say we should use the money to pay off the debt, we should use it to grow the economy further. We should invest it in infrastructure such as schools and the roads necessary for a growing economy and to give everybody in the country access to high speed broadband. With access to high speed broadband, people in the west would be able to stay there, create jobs and bring long-term, sustainable growth to the economy. I am delighted that the Minister of State, Deputy Simon Harris, is present and with the way he is nodding at some of the ideas I have thrown out.

Deputy Richard Boyd Barrett: Surprise, surprise - he is nodding at his colleague.

Deputy Peadar Tóibín: He is a tough audience.

Deputy Anthony Lawlor: Although debt was written off for Africa, there is still significant debt because the fundamentals were not dealt with. We need sound government and principles to ensure an economy grows.

Deputy Brian Stanley: I welcome the opportunity to speak to the motion. There appears to be some embarrassment that Syriza won the Greek election and is calling for the holding of a debt conference which the previous speaker referred to as a "talking shop". We have many talking shops such as ECOFIN and the Eurogroup, where we have failed to get this item onto the agenda. Syriza has a huge job ahead. It is picking up an economy from a right-wing government under which taxes, in the main, were not collected. As well as dealing with the huge debt, it also has to try to improve government systems, which will not be easy. I hope it will

overcome the obstacles in the interests of the Greek people and we wish it well. Yesterday I had the pleasure of meeting Kostas Chrysogonos of Syriza and was impressed by Syriza's commitment and determination to try to achieve a sustainable solution to the debt crisis in Greece and across the European Union.

One would think the Irish Government would welcome the call for the holding of a debt conference and, given the opportunity we have, that Ireland could strike a revised deal on the bank debt. However, the Government rejected it before it even got out of the traps. Surely, as the motion states, such a conference would be an ideal opportunity to address the massive burden placed on ordinary citizens in the nationalisation and socialisation of a debt accrued by private individuals and banks. It is ironic that institutions such as Anglo Irish Bank and their counterparts in other EU countries which operated with minimal respect for the economic and social interests of the states in which they operated were able to pass their debts over to the citizens so easily, particularly in this state. The citizens of Greece and Ireland have been subjected to years of austerity far out of synch with any normal adjustment that might be expected on foot of an economic downturn. The Irish people have been left carrying an very unfair burden and an unfair share of the European bank debt. Previous speakers were right when they said Ireland was not Greece. It is very different from it. However, this is the fourth most indebted country in the European Union and people are carrying large private debts.

Deputy Peter Mathews: Correct.

Deputy Brian Stanley: We have more private and banking debt per person than anywhere else in the European Union and this issue has not been dealt with. The Government has given the banks a veto. Almost three years ago, when there was talk about legislation on private and mortgage debts, we pointed out that we should not have given the banks a veto. Unfortunately, the legislation the Government passed on the personal insolvency arrangements gave the banks a veto, which they have used time and again. A large number of people are not getting relief. We are worse than the Greeks on this, unfortunately.

Deputy Peter Mathews: True.

Deputy Brian Stanley: While the overall debt figure for the State is 110% of GDP, lower than that for Greece at 177% of GDP, private and business debt is much higher and we must try to deal with it. I have flagged it for the Minister's attention. The fact that we have taken on such a massive debt means that even when the economic figures are improving, we are being held back by the debt crisis. This is because of the debt and the European Union's refusal centrally to come to a more reasonable arrangement with countries such as Ireland and Greece. The European Central Bank has recognised that a large stimulus is required, if the European economy is to grow properly, recover and create jobs. While this is recognised across the political and ideological spectrum, it is not recognised by the European Union or the Government. As the motion points out, this flies in the face of the supposed objectives of the European Union and its talk about fostering social solidarity, respect and parity between nations. Where is the parity? The objectives of the European Union's founders have been lost. It is surely ironic that the two Government parties which are from the traditions that brought the European Union about seem to be backing away from them.

Although the Government claims we do not need a debt conference because we have fora such as ECOFIN, the Council of Ministers and the Eurogroup, it is not even on the agenda. In June 2012 the Government stated it had a game changer regarding retrospective capitalisation

of the banks. Where is it? The Government dropped it over Christmas while the media was on down-time. That is a huge problem for this State and needs to be dealt with. Will the Government parties reconsider their opposition to a debt conference? There are countries which may not be the same as ours but they face similar problems and Greece is one. Surely there would be more strength in more than one player asking for the same thing. We should be uniting in common cause with those people. The Government should forget about being proud and everything else. We must get a deal and get relief for the Irish people and the citizens of Europe.

Deputy Peadar Tóibín: After four years here I cannot get my head around the fact that this Government has not asked for a write-down, and refuses to request a recapitalisation. It is astonishing that the government of a country as indebted as ours would turn its face against a proposition such as a European debt conference.

Deputy Peter Mathews: Hear, hear.

Deputy Peadar Tóibín: The explanation of the Minister for Finance is that the country's debt is sustainable. The debate on whether this debt is sustainable will unfortunately be held by our grandchildren. Sustainability is also a moral issue. Is it sustainable for a country to pay debt while its people are dying on hospital trolleys? Is it sustainable that a person would suffer a lifelong debilitating paralysis due to having had a stroke while waiting an hour and a half for an ambulance because this State has diverted money away from that service? Is it sustainable for a third of a million people to emigrate over a very short time because money is diverted from investment into bondholders' pockets? The State's debt levels might be sustainable in the mind of the Ministers who earn six figure salaries, but not for the 164,844 people who are long-term unemployed in this State or languishing on the live register, the 34% of workers who earn less than €20,000 a year. If that is added to the 10% on the live register it shows 44% of the working population is on an income of less than €20,000 a year.

The Minister for Finance, Deputy Noonan, referred to Syriza's election manifesto commitment to give food stamps to the poorest citizens to show the difference between Ireland and Greece. At one level the Minister is right; Ireland is different from Greece. If one includes personal debt Ireland's debt is far higher than Greece's debt. That is the scary difference. On a day-to-day level we are not that different. In the run-up to Christmas 2,000 people in one day queued outside Dublin's Capuchin Day Centre for food parcels, the second highest turnout in the 40 years of that service. Hundreds of people, including children, queue for the breakfast and dinner in the Capuchin centre. The latest CSO figures tell us the number of children living in consistent poverty has doubled between 2008 and 2013. Every day 135,000 children face material deprivation.

The fact that our three-month Treasury bill may have been at a zero rate a week ago is of little comfort to a family stuck in a hotel room because the State will not provide the necessary housing for a family. It is of little comfort to a family that goes to the local petrol station to fill a five gallon drum with kerosene because it cannot afford, on these freezing nights, to fill the oil tank at the back of its house. Ireland's debt is not sustainable and to say so is reckless in respect of the needs of this country.

The moral case for debt write-down goes hand-in-hand with the economic one, and not just in Greece. EU leaders keep telling us that we have learned the lessons of the crisis yet the Minister and his Council counterparts refuse to grip the thorny issue of debt. Debt is the millstone around the neck of the people. It is the brake on growth. It is the primary reason for Europe's

current economic stagnation. Indebted families cannot put food on the table, indebted businesses cannot grow, and indebted governments cannot invest. Whichever way one looks at it, this Government is failing on both fronts, economically and morally.

Fine Gael and Labour also appear to be suffering from Stockholm syndrome. It is amazing that Ireland, having suffered all that I have described, is now part of the group preventing other countries seeking debt write-down. This despite having been abused and ignored at ECOFIN meetings and having been fiscally water-boarded, as Yanis Varoufakis has said, by our so-called European allies. The Minister for Finance and this Cabinet are now rounding on Greece's desire to seek a write-down for itself. Yanis Varoufakis has stated this is not only in the interests of Greece and the Greek people but also in those of other countries in a similar situation, such as Ireland. The Irish Government is a quisling regime imposing society-crushing diktats against the wishes of the Irish people.

Deputy Peter Mathews: Hear, hear.

Deputy Peadar Tóibín: The Greek Government has done more in two weeks for Irish interests than this Government has done in four years.

Deputy Shane Ross: I congratulate Deputy Catherine Murphy on bringing forward this motion in a timely fashion. It is causing deep embarrassment to the Government and I congratulate her on that too. Debt is probably the debate of the decade. This is the big problem which will haunt us for years to come but has already haunted us for four or five years. The Government's reluctance to debate or talk about it is very telling.

The mention of a debt conference which sounds so innocent is very threatening. Those who say it is code for debt relief or debt forgiveness are right. That is what will be sought from a debt conference. That is what the Greeks are looking for and what Ireland should look for from such a conference.

Deputy Peter Mathews: Hear, hear.

Deputy Shane Ross: We have common interests. What is so patently obvious from the result of the Greek election is that it is a terrible embarrassment for the Irish Government that someone should be elected as head or Prime Minister of a friendly nation who is carrying a torch for the Irish people which the Irish Government will not carry. We are now in an absurd situation where we are backing away from a foreign Prime Minister who is representing our interests in Berlin and Brussels. We are running away from it. This is crazy and the reason is apparent. We all know what it is. It has been eloquently articulated here this evening by many, that the Irish Government if Syriza and Mr. Tsipras achieve what they are looking for will be deeply embarrassed.

What is happening in Europe today and will happen for the next week or two is a battle between Greece and Germany. Ireland, to its shame, is siding with Germany. Our Government has decided to take the shilling or the applause from the big countries and to sacrifice the interests of the Irish people. It is as bad and as embarrassing as that. The reason is clear. It is not necessarily because we love the plaudits we get from Angela Merkel and the heads of Europe but it is because the policies we followed, the decision that was made when the Government came into power will be exposed as a strategy in ruins. The Minister and everybody else know that if Mr. Tsipras gets a red cent off his debt we should be looking for the same red cent. Not only should we be looking for that but we will be asked why we did not get it in the years gone

by. Why did we not stand up when we said we would before going into government, as Mr. Tsipras did, and demand those things that the Government parties when in opposition said they would look for? Why did we roll over when this was there for the taking? That is the lesson to be learnt from the refusal to have a debt conference. It would open an appalling vista of exposure and shame for this Government in terms of it not being able to deliver what the new Greek Government could deliver. That is why it is being opposed, and for no other reason. It is to save political embarrassment in the context of the forthcoming general election. This Government could have saved billions of euro by having debt written off in the way Greece will have it written off in the weeks to come.

Deputy Richard Boyd Barrett: The Irish Government is the scab of Europe right now. The people of Greece have risen up, finally, and said they have had enough of the madness; that they cannot take any more; that they will not allow suicide rates to go through the roof or child poverty to reach obscene proportions; that they will not allow their public services and State assets to be butchered to pieces or allow prostitution to get out of control; and that they will not allow people to starve because of the insistence of European bankers and financial institutions and their political lackeys that the interests of Europe's financial elite be protected. While I thank Deputy Catherine Murphy for tabling this motion the people to whom we owe real gratitude are the Greek people, the Spanish people who will rise up after the upcoming elections there and the people of this country who have risen up in the past couple of months against not only water charges but about the failed and bankrupt policy of austerity. The people have had it with austerity.

During the press conference on this issue yesterday, Brian Lucey, not a man associated with the radical left, reminded us of a point the Government should consider. He said we need to remember that we are talking about a political economy and not economics as if it is some dry science in respect of which there is a right and wrong answer. One does not even have to quote Marx on this. Adam Smith and David Ricardo understood that economics was about political choices and not only about obeying the rules set down by the troika or the financial elites. The following is an interesting quote from the *The Wealth of Nations* by Adam Smith:

People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices.

I refer Deputies to *The Bankers* and *The Rise of the European Corporate Elite*. We have been told there was no choice. This Government has recycled the nonsense for the past seven years that there was no choice when in fact there was a choice. There was a choice between the millionaires and the millions who have suffered as a result of the choice of this Government to protect the millionaires, the bond holders and the bankers. Finally, people in Europe are rising up. They are sweeping aside a rotten political establishment that has stood by and facilitated this looting of the European economy and the savage injustice that has been inflicted on ordinary people. The Irish Government treacherously scabs on this movement. It stabs in the back not only the citizens of Greece but the citizens of Spain, of this country and all people across Europe. Deprivation is widespread across Europe. The level of deprivation now stands at 16%.

One of the Labour Deputies referred earlier to there being soup kitchens in Greece and said that Ireland is totally different from Greece. There are two soup kitchens in Dún Laoghaire.

Deputy Peter Mathews: I believe that.

Deputy Richard Boyd Barrett: There are many soup kitchens all over this country, yet we are trying to pretend we are different. On what planet is this Government living? It is time to stand in solidarity with the people of Greece, Spain, Portugal, Italy and Britain, where child poverty is going through the roof, and with German workers. This is not about us versus Germany. This is about us against the financial elites and their political lackeys like Angela Merkel. Frankly, this Government has been part of the axis that has stood with the millionaires against the millions. It is about time it listened to the voice of the millions and put their concerns and needs first instead of the people who bankrupted Europe.

Deputy Michael Fitzmaurice: I commend Deputy Catherine Murphy on bringing forth this motion. The dog in the street knows that, like Ireland, most countries in Europe, including Portugal, Italy, Greece and Spain, the PIGS, are carrying burdens they cannot afford. Every citizen in this country has bailed out the banks, in return for which they faced the big wand-stick from the Europeans, some of them unelected bureaucrats, in relation to how we should run our business.

People in this country are being evicted from their homes while at the same time the Government stands by the banks who are treating them with contempt. I was not involved in politics in 2011 but I listened every night to what was going on. I have heard how we had to do this, that and the other to pay our doctors and nurses, that Europe would not let us retain our own currency and that if we did so it would be the end of the world for us. The reality is we are now in a period of quantitative easing and the euro has lost approximately 20% of its value. What if we had gone down that other road? I believe it would have been a better road than the road we chose.

Greece is leading the pack. People in every country are living in deprivation. When it comes to the situation in which we find ourselves, I am reminded of a farmer travelling the road with debt in the back of his trailer, only to park it down the by-road. Current government debt is approximately €205 billion. We need to put up our hands and say that as a nation we cannot repay that debt. We need to call time on pulling the cover over our heads. We are in denial. Sooner or later we will have to say “stop”.

I ask that the Government take on board this motion tabled by Deputy Catherine Murphy. Europe has trampled upon us in the past few years. The people of Ireland will speak in 11, 12 or 13 months’ time. If Government does not listen to them now it will get its answer in 11, 12 or 13 months’ time. The people are crying out for help and for solutions. When we joined Europe it was a community. Now, Europe is engaged in bullying tactics in terms of telling us what, as a nation, we can do. Let us go to Europe and support the Greeks and the Spanish. Let us go there and stand in solidarity in support of communities working together and not allow a few countries to bully us and tell us how to live our lives. The time for that is up. Let us face reality.

Deputy John Halligan: This motion refers to the founding principles and values of the European Union. Above all else, the Union was founded on the values of respect for human dignity, liberty, democracy, equality, the rule of law and respect for human rights. When in Europe last week at a meeting of the Council of Europe’s Committee on Legal Affairs and Human Rights, it struck me, as I listened to the cases being discussed, that there is a huge moral dilemma surrounding the way the Irish people were abandoned to bear the entire cost of this unjust financial burden. The knock-on effect of this has been a series of human rights injustices that would not be out of place at a Council of Europe hearing. I will give one example of this. At a Women and Economic Inequality seminar in Dublin last week, front-line workers painted

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a stark and deeply disturbing picture of the awful and shameful deprivation that women in this country are experiencing. Among the speakers at the conference were representatives of the National Women's Council of Ireland, Oxfam, the Irish Human Rights and Equality Commission and the European Women's Lobby who noted that lone parents in particular were living in poverty and going hungry so that they could feed their children, that households with one adult and children are burdened by more debt than all other types of households, that low pay is endemic for women in the hospitality, cleaning and retail sectors and that more women are being pushed into insecurity. They described how some desperate women are now forced to turn to prostitution to pay their household bills. Front-line workers in all these organisations noted that in the 1980s and 1990s the majority of prostitutes would have been drug addicts trying to feed their habit, whereas now educated women are resorting to it out of dire economic need. I am also aware of several cases where struggling women who took out short-term loans with illegal moneylenders have been forced into prostitution to repay spiralling interest rates on their loans. If that does not constitute a human rights injustice, I do not know what does.

The debt burden taken on during the financial crisis will pass to the next generations at the expense of investment in areas such as infrastructure, education and health. There is a strong moral and economic case for the Government to fund an ambitious programme of public investment focused on areas such as infrastructure, social housing, education, especially in early years, as well as employment services and supports. This will hardly happen with the debts we must pay back over the next 20 years, however. More urgently, there is the right to live a life of dignity and freedom from poverty, a right now denied to one in ten children in direct contravention of the UN Convention on the Rights of the Child.

If we are to recapture the founding principles of the European Union, as this excellent motion proposes, we need a full human rights analysis of the financial crisis in Ireland. Such an analysis should be central to any European debt conference, as has been said by those in front-line services dealing with the 700,000 people in poverty, 250,000 of who are children. This is all because of what the banks and the developers have done to this country and we did not even attempt to seek a write-down of our debt.

An Ceann Comhairle: I call Deputy Clare Daly who is sharing time with Deputy Peter Mathews. Is that agreed? Agreed.

Deputy Clare Daly: The depths to which the Government is prepared to sink in terms of boot-licking and doffing of the cap is unparalleled. It is bad enough that the Government would not agree to support a debt conference but it really beats all that it would boycott the *ad hoc* committee on sovereign debt restructuring processes agreed by the United Nations General Assembly last September. Ireland was one of only 11 countries which voted against it. Normally, the Government is very happy to hide behind the figleaf of the United Nations in facilitating US military use of Shannon airport and other vehicles. This time around what was proposed was a debt restructuring committee which would look at negotiating fair and transparent procedures for the cancellation and restructuring of the debts of countries in crisis like Ireland, Greece and so on. How could anybody possibly vote on not participating in such a process? It is like voting against apple pie.

Deputy Catherine Murphy's motion poses the stark question to the Government, and the Labour Party in particular, as to which side is it on. By its refusal to go along with this motion, the Government clearly has gone against the best wishes of the majority of Irish citizens. When they agreed to sign up to the European project, it was one of solidarity with our neighbours

across boundaries and common interests. It was not for a future that shackled us with debts well into the future and to be subservient to bankers, bondholders and the like.

Many in society are asking what is wrong with the Government. What is really wrong with the Government? There is no other answer than participating in this process and standing shoulder to shoulder with the people of Greece, Spain and our neighbours across boundaries.

Deputy Peter Mathews: I thank Deputy Catherine Murphy for bringing forward this motion and I salute her for it. I congratulate the Greek finance Minister Yanis Varoufakis, and his Prime Minister, Alexis Tsipras. These are fine people. I met with Alexis Tsipras when he was in Dublin earlier in the summer.

Back in January 2012, before I was expelled from the Minister of State's party, I visited Berlin with the finance committee under the then leadership of Deputy Alex White and the vice-chairman, Deputy Liam Twomey. Deputies Pearse Doherty, Richard Boyd Barrett and Michael McGrath also attended. At the time, as Deputy Richard Boyd Barrett will remember, I said there should be a London debt agreement for our country. How dare the European establishment push us around. They gave us €140 billion to pay off bondholders such as Pimco which should never have been repaid. Half of that debt by any measure was odious and should have been written off. Of course, there should be a debt conference.

Alexis Tsipras was here supporting us earlier in the summer. We should be over in Greece supporting him. This is a European solution. There are 20 million people without work in Europe, five times the population of this country. It is wrong there is no process of examining the situation and restructuring by mutualisation of between €2 trillion to €3 trillion of debt. Denis Staunton, deputy editor of *The Irish Times*, had an article two weeks ago before the Greek election on this. Ashoka Mody, Ajai Chopra, Carmen Reinhart and Joseph Stiglitz, all independent and authoritative economists, have said we have been essentially led by a gutless Government. They are correct. We owe it to the people. It is wrong people are suffering, that people are taking their lives, that families are breaking up and that children witness all this. Psychosis appearance in this society is at an all-time high. Psychosis appearance means a detachment from reality. I think the Taoiseach is suffering from it at the moment.

Minister of State at the Department of Finance (Deputy Simon Harris): I thank Deputy Catherine Murphy for tabling this motion. Unlike some of the assertions made, the Government is certainly not embarrassed by it. It is timely, right and proper that the Dáil is debating this issue. It has been a useful debate over the past two evenings and I thank Members on all sides for their contributions on this important topic.

At the beginning of the debate last night, the Minister for Finance, Deputy Michael Noonan, called for a reasonable discussion of this issue. Many issues have been raised over these two evenings and, in so doing, several misconceptions have been addressed. It is positive we are all united on one theme, however, that is the need to broaden and deepen the economic recovery taking place across the country, to ensure job creation and a decent standard of living for all citizens.

The incorrect perception that Ireland's debt is mainly due to banking debt must be corrected. The bulk of our debt relates to the mismatch between revenue and expenditure as a result of inappropriate policies adopted during the 2000s. Only one fifth of our debt relates to banking support.

Deputy Peter Mathews: Private household debt and business debt are equal to the national debt.

Deputy Simon Harris: There is also a misconception around the cost of servicing the national debt. The factual position is that of the €7.5 billion in interest payments we face in 2015, when account is taken for the various asset sales and circular flows of income, approximately 10% is banking related. There is a misconception that if it were not for the interest costs, banking related or otherwise, we would have billions of euro 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 in an honest debate.

It must be remembered the State now holds significant assets which can be sold over time, generating the maximum return for the taxpayers' investment. Retrospective recapitalisation by the ESM, European Stability Mechanism, remains a possible option, no matter how many times Members opposite wish to say to the contrary. However, it is no longer the only option open to us to recover the money provided to recapitalise our banks. Investors are now willing to support Irish banks again and the market value of our investments has improved accordingly. With respect to the State's shareholdings or ownership in the banks, Government policy remains unchanged. There is no desire to hold these investments in the banks over the long term. Subject to market conditions therefore, the Government will exit in a manner that maximises value for the taxpayer.

We will, of course, continue to engage at an international level to explore ways in which our debt burden can be reduced further. There are mechanisms at ECOFIN, the Eurogroup and the European Council to do so. Many Deputies compared Ireland's debt position to Greece's. Ireland's debt position is not the same as Greece's.

9 o'clock

As a small, open, trading economy we have managed to emerge from the economic and fiscal crisis and the country is now growing and, most important, jobs are being created. We have successfully exited the EU-IMF programme, and, as the Minister for Finance, Deputy Noonan recalled, in the most recent budget the Government was in a position, for the first time, to invest in public services and reduce the tax burden on individuals. Some people in the Opposition have done a very good job of making economic statistics abstract when they are not. We saw in yesterday's Exchequer figures that, although we did not increase VAT in the budget, the VAT take is dramatically up. We reduced income tax and the income tax take is up, excise is up and stamp duty is up. This is not magic money; these are real Irish families----

Deputy John Halligan: Why has poverty increased?

Deputy Simon Harris: These are real Irish families - people getting jobs, getting back to work and spending more money. We have seen an increase in start-ups and have seen our service and manufacturing industries increase. It is not made up although the Opposition has done a very good political job of trying to detach economics from society. Economic benefits and the economic growth we are now seeing represent real people and real families getting back on their feet as this country's economy recovers.

We are also in a very different position when it comes to debt. Ireland's debt levels are sustainable and we can now borrow at record low interest rates.

Deputy Richard Boyd Barrett: This is all talk to us.

Deputy Simon Harris: Deputy Boyd Barrett should not take my word for it. Just the day before yesterday, the National Treasury Management Agency raised €4 billion through a 30-year bond at a yield of just over 2%. We are not borrowing that money for fun or for the craic but to fund public services. The fact that people are willing to lend to this country again, that we are no longer locked out of the markets, means we can now afford to plan our public services as we go forward.

Deputy John Halligan: We have the highest child poverty levels in Europe.

Deputy Simon Harris: The issue of the UN resolution came up and I think is important to address it. Ireland recognises the importance of an appropriate international agreement regarding sovereign debt restructuring due to its significant economic, social and financial implications. In common with other European member states, Ireland was unable to support the recent UN resolution on a multilateral legal framework for sovereign debt restructuring. This position was based on shared concerns regarding the substance of the resolution and the process followed in proposing it. However, together with many other UN member states, Ireland is actively engaged in ongoing processes that address and seek to identify solutions to the issue of sovereign debt restructuring. In this House, we can all agree on the need for growth, more job creation, and on working together to continue to do what the Government has done - restructure our debt and lessen the burden on the Irish taxpayer. We have a plan to recoup money for the Irish taxpayer from the banks.

Deputy John Halligan: We are worse off than we ever were.

Deputy Simon Harris: I would like to hear the Deputy's plan. When he gets beyond the rhetoric, he must have a plan.

Deputy Mick Wallace: It is not all banking debt, but if someone running a business owes x amount because of the way the business has been run, and then all of a sudden he decides to borrow an extra €64 billion to give to useless failed banks, it has a massive impact on his business. It caused the Government to implement serious austerity measures which undercut public services. The Minister of State talks about how we can now borrow at 2% and that is great. It is good that we can borrow money on the bond market at less than 2% but it is a pity we cannot build the bypass in New Ross at 2%, because we are going to pay about 15% on that through public private partnership, PPP. The EU rules do not allow us to borrow on the books for infrastructure. That is crazy.

Deputy Simon Harris: That is a fair point.

Deputy Mick Wallace: It does not make any sense. Schools are being built on a PPP system now and we are not going to get away with less than 15% plus about another 5% on maintenance. We are working to a system whereby we are being driven into the hands of the private sector, which will fleece us because that is what happens. If we could borrow the money to invest in infrastructure and create indigenous jobs at less than 2%, that would be brilliant, but that is not what we are able to do. We are not allowed to do that. It just does not make sense.

The Minister for Finance turned his nose up at the European debt resolution conference and says that our debt is in a very good position now, that it is affordable and repayable. It is affordable and repayable if one agrees that the banking bailout was just. Many people do not

think so - most of the public does not. It is not Marxist ideology to suggest that there was a massive transfer of wealth from the public to the financial institutions. The people do not see that as being very fair. Deputy Harris's point that we owe a lot of money anyway and that we are overspending is separate, because this is the straw that broke the camel's back. This is why we have made great inroads into increasing inequality in Ireland. It is one of the reasons we have the fastest-growing child poverty levels in Europe at the moment.

Deputy Richard Boyd Barrett: Exactly.

Deputy Mick Wallace: We have huge problems that Deputy Harris is ignoring. It is not just all about growth. The day is coming when we will challenge the philosophy of endless growth because it is unsustainable.

Deputy Tom Fleming: The Irish public has suffered in a similar manner to the other so-called "PIGS" countries. They are burdened with a debt of over €200 billion. In Ireland's case, the IMF calculated that every €100 of austerity would cost the economy €50 in lost growth and unemployment. This was the fiscal situation, and through the imposition of austerity on our defenceless public, the IMF evaluation seems to have been way off target. In real terms, the economy has been robbed of between €90 and €150 for every €100 cut in the budgets. Every euro taken out of the economy puts us further into the doldrums.

A range of draconian spending cuts was devised in tandem with some of the most regressive taxation policies in Europe. Ireland's figures reveal that the wealthiest in society fared best, with their incomes increasing by 8%, while the incomes of the most vulnerable have dropped by over 20%. The €32 billion plus taken out of the Irish economy by austerity measures over the past six years has produced visible carnage. The Government is not deviating from the course of the predetermined cuts and tax increases and is insisting it is locked into an agreed programme with no room for manoeuvre. This is a defeatist attitude, to put it mildly.

Similarly to Greece, we have taken the hard, blunt measures and the Irish public does not want to see these Cromwellian policies foisted on this or future generations. The Greek situation offers us hope and potential for a renegotiation of our debt. This can be strengthened by a decisive call for a European debt conference.

Over €200 billion of debt has to be serviced by 20% of all taxes collected and that is only the debt interest repayments. This is having a drastic effect on all our services - health, housing, welfare supports, down along to the job creation supports, supports for disability and childcare, etc. We further ignore and deny our debt crisis to the detriment of the economy and all the aforementioned services. That is all the more reason to support the Greek call for a debt resolution conference which would provide massive economic stimulus and a once-off opportunity for social solidarity with the citizens of Greece, Spain and Portugal.

I commend Deputy Catherine Murphy on the comprehensive research and work she put in to this very effective motion and proposal.

Deputy Seamus Healy: Debt is a millstone around the necks of the Irish people and of all low and middle-income families across Europe. I support the call for a new European debt conference. There is precedent for that. In 1952-53, Germany had 50% of its debt written off with a moratorium on repayment and a lengthy repayment period of 50 years or more. The Minister for Finance, Deputy Noonan has told us that the Irish debt is affordable and repayable. Of course it is, but it is only affordable and repayable if we are prepared to starve our children and

have them live on the streets in cardboard boxes in Dublin and other towns and cities across the country. Of course, that is an absolutely outrageous suggestion. The Minister of State, Deputy Harris, has told us we talk about abstract statistics. I can tell the Minister of State that the 350,000 people who are unemployed are not abstract statistics. They want a debt writedown. The 90,000 people on local authority housing lists want one, as do the 40,000 families who are facing repossession of their family homes. The 30% of the population experiencing deprivation and the children living in poverty want a debt write-down. Certainly, they do not believe the debt we are repaying is either affordable or repayable.

Unfortunately, that is only half of the story. This assessment is made on the basis of the country paying interest on the debt of €7.5 billion per year. What will happen after the next general election is something the Government is not telling the people about. That is when the fiscal treaty will kick in and we will have to pay to meet the structural deficit. How much more will that take out of the economy? I figure it will be anything up to €11 billion for several years. What will happen when the second part of the fiscal treaty kicks in? We will be obliged to get the debt down to 60% of GDP from its current level, anything from 102% to 120%, depending on to whom one is talking. That will give us austerity for a further 20 years or more. Austerity is not something abstract; it means human misery and chaos for low and middle-income families throughout the country and the eurozone.

It is unbelievable the Government will not take the opportunity to look for a debt conference and a write-down of debt that could ensure jobs would be created, houses built and trolleys taken from the corridors of accident and emergency departments. It could also ensure thousands of families would not lose their homes and children would not live in poverty. It is unbelievable the Government does not support the concept of seeking a debt write-down for the people in question who are already paying through the nose for a recession they did not create. Even before Syriza came to power in Greece, because that country had stood up to the European Union it had received a better debt deal than Ireland. Ireland should get together with Greece and the other programme countries and demand a new European debt conference for the benefit and betterment of the people.

Deputy Catherine Murphy: I thank all those who contributed to the debate. In particular, I thank my colleagues in the Technical Group. We are often described as a disparate group, but this was one motion we all found easy to support.

The response of the Government in tabling the amendment was disappointing. The most breathtaking statement in the amendment is the line to the effect that the debt is sustainable and that it is possible to repay it. It is one thing to service a debt on which there is a productive return but most of what we are repaying is not typical national debt. Part of it relates to the banking collapse, while a major share of it relates to the crash in tax revenues from the construction sector, which had follow-on consequences in other sectors. It would be entirely different if we were paying back a debt incurred in building new water infrastructure, a public transport system to reduce our dependence on fossil fuels, the cost of which is €8 billion per year, or undertaking a major house building programme to deliver security of tenure and affordable accommodation. However, there is no productive aspect to most of our debt.

Reference was made to the National Pensions Reserve Fund, although we had not included it in the motion. The fund was plundered, but the pensions time-bomb is still with us. With an ageing and a depleted population because of emigration, the problem is going to get worse.

4 February 2015

In an article yesterday Fintan O'Toole referred to the Minister for Finance, Deputy Michael Noonan's explanation of why Ireland was not supporting Greek calls for the holding of a European debt resolution conference. The Minister said of Ireland's €214 billion debt: "Our debt is in a very good position now; it's affordable and it's repayable." O'Toole goes on to state:

There could hardly be a clearer message to our gallant allies in Europe. Keep your hands in your pockets. You'd only be insulting us if you offered us a dig-out.

Many of us can identify with this.

I seriously question the notion that our debt is on a downward trajectory. The world debt clock shows that we are paying in the region of €339 per second in interest. Therefore, in the five minutes I have to speak tonight we will have added €100,000 in interest to our debt. We are making repayments €7.5 billion to service the national debt, which is close to the entire education budget.

The Taoiseach said the water charges protests were about more than water. They are; they are about the cumulative effects of the big squeeze on incomes for a major proportion of citizens. Many believe they are worse off now than when the crisis began. People have put it to us that they have no reserves left and that, whereas they may have had a little money at the beginning, there have no reserves now. Some tell us that their incomes and outgoings are so finely tuned that something like Christmas, the car breaking down or the washing machine needing repairs can throw them into crisis. That shows how marginal the balance is. The Minister said the debt was sustainable and repayable in the names of the people struggling so badly, not only in the name of the Government.

The dynamic has shifted in Europe. What it was not possible to talk or think about six months ago is altogether possible now. It is not only in Greece where this debate should be held. Let us consider the debt problem throughout Europe. Italy has a 133% debt-to-GDP ratio; France, 93%; and Spain, 96%. Even Germany has a 75% ratio. Joschka Fischer, a former Vice Chancellor of Germany, writing in *The Guardian* over the weekend stated:

Nothing but growth will decide the future of the euro. Even Germany, the EU's biggest economy, faces an enormous need for infrastructure investment.

He went on to write: "The eurozone's cohesion and the success of its necessary structural reforms, and thus its very survival, now depend on whether it can overcome its growth deficit." He also stated:

Warnings of a severe political backlash went unheeded. Shadowed by Germany's deep-seated inflation taboo, Chancellor Angela Merkel's government stubbornly insisted that the pain of austerity was essential to economic recovery; the EU had little choice but to go along. Now, with Greece's voters having driven out their country's exhausted and corrupt elite in favour of a party that has vowed to end austerity, the backlash has arrived.

We had better start to pay attention to it. The debate may well be over for tonight in this Chamber, but it is only beginning throughout Europe.

Amendment put:

The Dáil divided: Tá, 72; Níl, 42.

Dáil Éireann

<i>Tá</i>	<i>Níl</i>
<i>Barry, Tom.</i>	<i>Adams, Gerry.</i>
<i>Breen, Pat.</i>	<i>Boyd Barrett, Richard.</i>
<i>Bruton, Richard.</i>	<i>Broughan, Thomas P.</i>
<i>Burton, Joan.</i>	<i>Calleary, Dara.</i>
<i>Butler, Ray.</i>	<i>Collins, Joan.</i>
<i>Buttimer, Jerry.</i>	<i>Collins, Niall.</i>
<i>Byrne, Catherine.</i>	<i>Colreavy, Michael.</i>
<i>Byrne, Eric.</i>	<i>Cowen, Barry.</i>
<i>Carey, Joe.</i>	<i>Crowe, Seán.</i>
<i>Collins, Áine.</i>	<i>Daly, Clare.</i>
<i>Conaghan, Michael.</i>	<i>Doherty, Pearse.</i>
<i>Conlan, Seán.</i>	<i>Dooley, Timmy.</i>
<i>Connaughton, Paul J.</i>	<i>Ellis, Dessie.</i>
<i>Conway, Ciara.</i>	<i>Ferris, Martin.</i>
<i>Coonan, Noel.</i>	<i>Fitzmaurice, Michael.</i>
<i>Corcoran Kennedy, Marcella.</i>	<i>Fleming, Tom.</i>
<i>Costello, Joe.</i>	<i>Halligan, John.</i>
<i>Coveney, Simon.</i>	<i>Healy, Seamus.</i>
<i>Creed, Michael.</i>	<i>Keaveney, Colm.</i>
<i>Daly, Jim.</i>	<i>Kelleher, Billy.</i>
<i>Deasy, John.</i>	<i>Kirk, Seamus.</i>
<i>Deering, Pat.</i>	<i>Kitt, Michael P.</i>
<i>Dowds, Robert.</i>	<i>Lowry, Michael.</i>
<i>Doyle, Andrew.</i>	<i>Mac Lochlainn, Pádraig.</i>
<i>Durkan, Bernard J.</i>	<i>McConalogue, Charlie.</i>
<i>English, Damien.</i>	<i>McDonald, Mary Lou.</i>
<i>Feighan, Frank.</i>	<i>McGrath, Finian.</i>
<i>Fitzgerald, Frances.</i>	<i>McGrath, Mattie.</i>
<i>Fitzpatrick, Peter.</i>	<i>McGrath, Michael.</i>
<i>Gilmore, Eamon.</i>	<i>McGuinness, John.</i>
<i>Griffin, Brendan.</i>	<i>McLellan, Sandra.</i>
<i>Harrington, Noel.</i>	<i>Mathews, Peter.</i>
<i>Harris, Simon.</i>	<i>Murphy, Catherine.</i>
<i>Heydon, Martin.</i>	<i>Ó Caoláin, Caoimhghín.</i>
<i>Humphreys, Heather.</i>	<i>Ó Cuív, Éamon.</i>
<i>Kehoe, Paul.</i>	<i>Ó Fearghail, Seán.</i>
<i>Kelly, Alan.</i>	<i>O'Brien, Jonathan.</i>
<i>Kenny, Seán.</i>	<i>O'Sullivan, Maureen.</i>
<i>Kyne, Seán.</i>	<i>Pringle, Thomas.</i>
<i>Lawlor, Anthony.</i>	<i>Ross, Shane.</i>
<i>Lynch, Ciarán.</i>	<i>Stanley, Brian.</i>
<i>Lynch, Kathleen.</i>	<i>Wallace, Mick.</i>

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<i>Lyons, John.</i>	
<i>McCarthy, Michael.</i>	
<i>McEntee, Helen.</i>	
<i>McFadden, Gabrielle.</i>	
<i>McGinley, Dinny.</i>	
<i>McLoughlin, Tony.</i>	
<i>McNamara, Michael.</i>	
<i>Maloney, Eamonn.</i>	
<i>Mitchell, Olivia.</i>	
<i>Mitchell O'Connor, Mary.</i>	
<i>Mulherin, Michelle.</i>	
<i>Neville, Dan.</i>	
<i>Nolan, Derek.</i>	
<i>Noonan, Michael.</i>	
<i>Ó Ríordáin, Aodhán.</i>	
<i>O'Donnell, Kieran.</i>	
<i>O'Donovan, Patrick.</i>	
<i>O'Dowd, Fergus.</i>	
<i>O'Mahony, John.</i>	
<i>O'Reilly, Joe.</i>	
<i>O'Sullivan, Jan.</i>	
<i>Phelan, Ann.</i>	
<i>Phelan, John Paul.</i>	
<i>Ring, Michael.</i>	
<i>Sherlock, Sean.</i>	
<i>Spring, Arthur.</i>	
<i>Stagg, Emmet.</i>	
<i>Stanton, David.</i>	
<i>Tuffy, Joanna.</i>	
<i>White, Alex.</i>	

Tellers: Tá, Deputies Joe Carey and Emmet Stagg; Níl, Deputies Catherine Murphy and John Halligan.

Amendment declared carried.

Amendment put:

<i>The Dáil divided: Tá, 71; Níl, 42.</i>	
<i>Tá</i>	<i>Níl</i>
<i>Barry, Tom.</i>	<i>Adams, Gerry.</i>
<i>Breen, Pat.</i>	<i>Boyd Barrett, Richard.</i>
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<i>Buttimer, Jerry.</i>	<i>Collins, Niall.</i>
<i>Byrne, Catherine.</i>	<i>Colreavy, Michael.</i>
<i>Byrne, Eric.</i>	<i>Cowen, Barry.</i>
<i>Carey, Joe.</i>	<i>Crowe, Seán.</i>
<i>Conaghan, Michael.</i>	<i>Daly, Clare.</i>
<i>Conlan, Seán.</i>	<i>Doherty, Pearse.</i>
<i>Connaughton, Paul J.</i>	<i>Dooley, Timmy.</i>
<i>Conway, Ciara.</i>	<i>Ellis, Dessie.</i>
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<i>Corcoran Kennedy, Marcella.</i>	<i>Fitzmaurice, Michael.</i>
<i>Costello, Joe.</i>	<i>Fleming, Tom.</i>
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<i>Griffin, Brendan.</i>	<i>McGuinness, John.</i>
<i>Harrington, Noel.</i>	<i>McLellan, Sandra.</i>
<i>Harris, Simon.</i>	<i>Mathews, Peter.</i>
<i>Heydon, Martin.</i>	<i>Murphy, Catherine.</i>
<i>Humphreys, Heather.</i>	<i>Ó Caoláin, Caoimhghín.</i>
<i>Keating, Derek.</i>	<i>Ó Cuív, Éamon.</i>
<i>Kelly, Alan.</i>	<i>Ó Feargháil, Seán.</i>
<i>Kenny, Seán.</i>	<i>O'Brien, Jonathan.</i>
<i>Kyne, Seán.</i>	<i>O'Sullivan, Maureen.</i>
<i>Lawlor, Anthony.</i>	<i>Pringle, Thomas.</i>
<i>Lynch, Ciarán.</i>	<i>Ross, Shane.</i>
<i>Lynch, Kathleen.</i>	<i>Stanley, Brian.</i>
<i>Lyons, John.</i>	<i>Wallace, Mick.</i>
<i>McCarthy, Michael.</i>	
<i>McEntee, Helen.</i>	
<i>McFadden, Gabrielle.</i>	
<i>McGinley, Dinny.</i>	

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<i>McLoughlin, Tony.</i>	
<i>McNamara, Michael.</i>	
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<i>Nolan, Derek.</i>	
<i>Noonan, Michael.</i>	
<i>Ó Ríordáin, Aodhán.</i>	
<i>O'Donnell, Kieran.</i>	
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<i>Ring, Michael.</i>	
<i>Sherlock, Sean.</i>	
<i>Spring, Arthur.</i>	
<i>Stagg, Emmet.</i>	
<i>Stanton, David.</i>	
<i>Tuffy, Joanna.</i>	
<i>White, Alex.</i>	

Tellers: Tá, Deputies Joe Carey and Emmet Stagg; Níl, Deputies Catherine Murphy and John Halligan.

Amendment declared carried.

The Dáil adjourned at 9.40 p.m. until 9.30 a.m. on Thursday, 5 February 2015.