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Deaths of Garda and Members of the Traveller Community: Expressions of Sympathy

An Ceann Comhairle: Before proceeding to Budget Statements, I call on the Taoiseach to lead expressions of sympathy on the deaths of ten members of the Traveller community in Carrickmines, County Dublin and Garda Anthony Golden in Omeath, County Louth. As there was no provision for this in the order made last Thursday, we need the agreement of the Taoiseach and the House. Is that agreed? Agreed.

The Taoiseach: There will be brief expressions of sympathy by group leaders - the Taoiseach, the Tánaiste and the leaders of Fianna Fáil, Sinn Féin and the Technical Group - and the Budget Statements will then be taken. Other Members who wish to express sympathy will be given an opportunity to do so at a future date.

I know I can speak for everyone in the House when I express deep shock and sadness at the deaths over the weekend in separate but equally tragic events of ten family members at Carrickmines, County Dublin and the murder of a member of An Garda Síochána in Omeath, County Louth. Thomas and Sylvia Connors and their children, Jim, Christy and baby Mary; Willie Lynch and Tara Gilbert and their daughters, Kelsey and Jodie; Jimmy Lynch, a brother of Willie; and Garda Tony Golden: to us they have become the names of the dead but for those who knew them, loved them and mourn them, they are still the possessors of a life lived and unlived, of hopes and dreams, with all of their joys and sorrows, innocence and expectations, the birthdays uncelebrated, the children unborn, all the milestones in what we call life that will now never be reached.

On Sunday I visited the scene of the inferno at Carrickmines, the location where so many adults and children had lost their lives to corrosive smoke and intense heat, and it will remain with me forever. The silence and sadness of the people in attendance demonstrated their solidarity with the families and the children as Garda technical personnel went about their work amidst the carnage evident on the site. To the Lynch and Connors families and to their extended families, I extend our prayers and our deepest sympathies on their tragic loss. My thoughts are also with the two children now so sadly orphaned and who are still in hospital under treatment...
13 October 2015

for their injuries.

Just as Irish people felt a justified pride at our international achievements abroad, once more our country held its breath as news of another garda murdered in the line of duty became known. Garda Tony Golden from Culleens outside Ballina, a community garda with a passion for public service, was cruelly taken from this life while carrying out his public duty. That passion and idea of public duty will forever counter the capacity for casual destruction that he met on Sunday. Tony Golden was a proud member of Na Stiofánaigh, the Ballina Stephenites, and he lived their rallying cry of “Forward to the goal of victory.” He will be so sadly missed by his beloved family and especially by Nicola and their three beautiful children, to whom we extend our deepest and heartfelt sympathy, as we do to his heartbroken colleagues, the Garda Commissioner and the community with whom he served so generously. His conduct and his spirit remind me of the words of the poet who penned the following lines just across the water from Ballina:

And pluck till time and times are done
The silver apples of the moon,
The golden apples of the sun.

I hope too that young Siobhan Phillips makes a recovery from her injuries in hospital.

For both the Golden family and the extended Connors and Lynch families, it will be very difficult and might now seem impossible for those who remain behind to find their co-ordinates of sense and survival in the dark weeks, months and time ahead as we approach Christmas and beyond. Their lives, within those precious short lives, will forever be cherished by those they leave behind. Ar dheis Dé go raibh a n-anam dílis. The Tricolour, symbol of our country, will fly at half mast on all public buildings on the occasion of the funerals.

Tánaiste and Minister for Social Protection (Deputy Joan Burton): As Tánaiste and on behalf of the Labour Party, I want to express my deepest sympathies to the families who have lost their loved ones in the terrible tragedies at Carrickmines and Omeath. This was a truly horrific weekend, a desperate weekend that affected not just one family or one community or many and it was all the more heartbreaking because it took place against a weekend which was also a celebration of all that is best in Ireland. Twelve people and one unborn child have lost their lives and for their families, friends and colleagues, we cannot fathom the depth of their grief. We see the pictures of five beautiful children, of a smiling father with his young family, of the burnt-out remains of a family home. We see these images and our hearts are broken. In a halting site in south Dublin, a deadly fire has brought about loss of life on a scale not witnessed in Ireland for many years. It is a devastating blow to the Traveller community who cherish and value family connections more than most, so we grieve with the members of the Traveller community for the loss that the whole community has suffered.

In a quiet village in County Louth, we are moved by the bravery of a young garda who laid down his life carrying out his duty. Garda Tony Golden left behind a wife and three young children and, as it is nowadays with social media, we see the smiling photos of Garda Golden, his lovely wife and his beautiful children and it is hard to actually comprehend that his name will be added to the list in the main hall in Templemore of those gardaí who have laid down their lives for the people of this country and for the service of the State. His death is a reminder of the dangers the men and women of An Garda Síochána encounter every day on our behalf and we
are thankful for their courage. To all members of the Garda family, I extend my sympathy and
that of everybody I have met in recent days who are in complete shock at what has happened to
a garda, a member of the force, in carrying out his duty.

May all those who have died rest in peace. Ar dheis Dé go raibh a n-anam.

**Deputy Micheál Martin:** Ba mhaith liom, ar son mo pháirtí agus ar mo shon féin, comh-
hbrón a dhéanamh le muintir Uí Loinsigh, Uí Chonchúir agus Gilbert as ucht an chaillte ollm-
hóir a tharla dóibh i rith an deireadh seachtaine seo caite. Is dochreidte an méid daoine, go
háirithe the leanaí óga, a fuair bás i gCarraig Mhaighin. Is léir go bhfuil pobal seo an-tógtha
agus an-bhuartha faoin scéal tragóideach seo. Gan amhras, tá ár smaointe agus ár bpaidreacha
leis na daoine a fuair bás agus a gelainne go léir. Maraon leis sin, déanaim comhbrón le clann
Tony Golden, go háirithe a bhean Nicola, a leanaí Lucy, Alex agus Andrew agus an clann go léir
as ucht bhás Tony. Fear lách, cróga agus proifisiúnta ab ea é.

I join the Taoiseach and the Tánaiste in adding, on my own behalf and that of my party, our
sincerest sympathy to the Lynch, Gilbert and Connors families on their enormous loss. The
relatives of those who died and the community in Carrickmines are understandably devastated
at the enormous loss of life. People across the island of Ireland were truly numbed by this ap-
palling inferno in which one entire family was taken from us. Ten people and an unborn child
lost their lives in the tragedy. The pictures showing how close the families were, full of the joys
of life, beamed out at us from every newspaper are particularly poignant and illustrate the enor-
mity of the loss. It is particularly heart-breaking for the families and the Traveller community,
in particular, but also for the wider community.

It is important on occasions like this when we experience such a terrible loss that we all
reflect on the scale of such a loss and particularly the number of young children who died. I
believe this is the largest loss of life in a fire in Ireland since 1981. As a society, we can never
be too vigilant in protecting children and must always take every affirmative action we can to
fully realise that obligation.

I also express the sincere sympathy and extend the condolences of my party to Nicola Gold-
en; her children, Lucy, Alex and Andrew, and the extended family of Garda Tony Golden,
particularly his parents, David and Breege; his sister, Mary, and four brothers. He was taken
brutally in the line of duty on Sunday. His very last act was to help someone in dire need, as
a result of which he made the ultimate sacrifice by losing his own life. He was known by col-
leagues as a very gentle man who was absolutely professional in the performance of his duties.
He was a brave garda who always considered others first and foremost. We must remember,
of course, that he was a son, a husband and a loving father to three young children. It is hor-
rrendous that he was taken in the prime of his life. He was a very popular man, both in County
Mayo and County Louth where he worked and lived with his family in recent years. As the Tao-
iseach said, the people who knew him have some very heart-warming stories about his playing
days with Ballina Stephenites in County Mayo. He stood out from a very early age - I think he
was taller than most when he played on the Ballina Stephenites under-14 team. He was always
and ever fundamentally a pillar of the community. His colleagues speak glowingly about his
pride in An Garda Síochána and his absolute commitment to the public service and to people in
all circumstances. He has paid with his life for his dedication to his profession and his valour
while helping a woman who was a victim of domestic violence. We wish Siobhan Phillips a full
recovery from her terrible and traumatic ordeal as well.
It is important that we always remember Garda Tony Golden and the other 88 gardaí that have died while protecting the people of this State since 1922. They are the foundation stone upon which our society and democracy is built. The Golden family deserve every support that we can give while they try to come to terms with their enormous loss. Ar Dheis Dé go raibh a anam dilis.

Deputy Gerry Adams: Ba mhaith liom mo chomhbhrón a dhéanamh le teaghlach agus le cairde na ndaoine a fuair bás sa tine i gCarraig Mh airsteach maidin Dé Domhnaigh seo caite, le clann agus le cairde Garda Tony Golden a dúnmharaíodh oíche D Dé Domhnaigh seo caite, le clann Adrian Mackin, le Siobhán Phillips agus a clann, leis an duine gan dídean a fuarthas marbh ag doras ar Shráid Westmoreland maidin D Domhnaigh, agus leis an Athair Gearóid Ó Donnchadh a fuair bás i dtine san Fhianait. The deaths of ten citizens, many of them children on a Traveller halting site in a horrifying fire, another apparent death of a homeless man in the capital and the brutal murder of Garda Tony Golden and the wounding of Siobhan Phillips have left families bereaved and traumatised and communities numb with shock and disbelief.

On behalf of Sinn Féin I extend my sincerest condolences to the extended families of Thom- as and Sylvia Connors, their children Jim, Christy and Mary, who was aged just six months; William Lynch, his partner Tara Gilbert, their children Jodie and Kelsey and William’s brother Jimmy. Tara was also pregnant with their third child.

I also want to express our condolences to the entire Traveller community. Today is a moment for the Dáil to stand in solidarity with that community, but we have to do more than that, it is a time also for that solidarity to be extended beyond rhetoric and into practical expressions. It is crucially important that the heartbreak arising from the calamity in Carrickmines galvanises Government and local authorities to prioritise living accommodation for Travellers and to ensure that the tragedy of Carrickmines is never repeated.

The morning after the fire in Carrickmines, the body of a homeless man in his 30s was found in the doorway of a shop on Westmoreland Street. While the circumstances of his death are still not entirely clear, I offer our condolences to his family and friends also.

Ba mhaith liom mo chomhbhrón ó chroí a dhéanamh le bean agus le clann Garda Tony Golden agus cúnamh a thabhairt dá gcomrádaithe sa Gharda Síochána agus seasamh leo. Ar dheis Dé go raibh a anam. Garda Tony Golden was murdered in Omeath. On behalf of Sinn Féin I extend my sympathies and solidarity to his family, his friends and his comrades in An Garda Síochána. Tony Golden was a respected, dedicated Garda officer who was deeply embedded in the community of Omeath and the Cooley Peninsula. On Sunday he was going about his work as a garda serving the community. He was brutally killed as he helped a young woman, a mother who was a victim of domestic abuse and violence. Today this Dáil rightly pays tribute to his courage, dedication and selflessness. He is a hero.

Adrian Mackin, who tried to murder his partner and who then brutally killed Garda Golden, was allegedly a violent dissident. Four years ago, so-called dissidents killed PSNI Constable Ronan Kerr. His mother, Nuala, speaking then said “We all need to stand up and be counted and to strive for equality. We don’t want to go back to the dark days again of fear and terror.” Nuala Kerr was right. She was right four years ago and her words are right again for today. None of these groups have anything positive to offer society. On behalf of the people of Louth and on behalf of Sinn Féin I want to make it clear that we have no time for those who exploit and disgrace the proud tradition and noble calling of republicanism for their own self-serving
and selfish ends. These people are the enemies of republicanism. They are the enemies of the peace process and if any rational people are involved with these violent groups, the aftermath of the killing of Garda Golden and the wounding of Siobhan Phillips presents an opportunity for them to do the right thing, that is, to leave, do bheith imithe and to do it now. Members offer their best wishes to Siobhan Phillips and their sympathies to An Garda Síochána, which has lost a much respected and esteemed member of its service. Bhí Tony Golden gnóthach sa phobal mar bhall de Chumann Lúthchleas Gael agus mar bhall den scéim Pobal ar Aire, scéim lena dtacaíonn Sinn Féin go láidir sna Cooleys. Tá Contae Lú agus an tír ar fad síos leis mar gheall ar an tragóid seo. Ba mhaith liom arís mo chomhbhrón a dhéanamh le bean chéile agus le clann Tony Golden.

For the second time in three years, the people of the Cooley Peninsula and the Garda are grieving for an officer who served his community with distinction and integrity. It also has brought memories of the vicious slaying three years ago of Garda Adrian Donohoe, another garda serving the community who was gunned down by criminals. There are real questions about the lack of Garda resources in County Louth and about the Government’s commitment to policing.

Deputy Eric Byrne: They have not gone away you know.

Deputy Gerry Adams: There are questions about the Director of Public Prosecutions and the Public Prosecution Service but these are questions for another time and another day. Today is a day to show Members’ appreciation of the work of An Garda Síochána and in particular, of Garda Tony Golden. To his family and to all those others who have lost loved ones in An Garda Síochána, I offer my condolences and solidarity.

Deputy Shane Ross: The Tánaiste rightly said it should have been a weekend of celebration, and it was, but it turned out to be a weekend of great tragedy, which overshadowed an opportunity for great celebration for the nation. All the eloquent words that already have been spoken cannot express the shock and sorrow which struck people in this House and nationwide and which all Members feel today. Sometimes, the most eloquent thing one can do is to be silent and the minute’s silence at the end probably will be a greater tribute to the people who died this weekend than anything Members can say in the Chamber today.

I visited Carrickmines on Saturday morning and what struck me about this awful event was not what people said but what they did not say. There was an extraordinary atmosphere there, just after ten people had died, of people saying nothing because there was nothing they could say, because they felt so utterly and totally helpless in the situation that had arisen and were stunned. There were gardaí, ambulance people, locals and others present, all of whom were utterly shocked in disbelief at what had happened to the Travelling community. There is a particular unpleasantness about the fact this has happened to a group who are marginalised in society and traditionally are defenceless. On behalf of the Technical Group, I wish to sympathise with all the families involved and their relations.

Equally, I wish to sympathise on behalf of my colleagues with the relatives of Garda Anthony Golden, who was simply doing his duty. While one is too many, there have been several incidents of gardaí being murdered in situations like this. Let us hope the circumstances in which he found himself and in particular, he who pulled the trigger, will not be repeated and something can be done to prevent these appalling things happening again. I was travelling back from Cardiff on a bus and when we got the news that this had happened, there once again
was an extraordinary silence which descended on everybody. They did not really know what to say because in that moment of triumph, they suddenly found disaster. This is a reality of life. It is the duty of those of us in this House to do as much as possible to prevent those things happening. I wish also to mention the loss of yet another life of equal importance, namely, the homeless person who died in Westmoreland Street on Saturday night. While I do not think the name of this person is yet known it is imperative that that life is not lost in the more high profile tragedies which we witnessed over the weekend. I wish to express my sympathy to all three families and pray that we in this House can do something to prevent these things happening again.

Members rose.

2016: Financial Resolutions

Budget Statement 2016

Minister for Finance (Deputy Michael Noonan): A Cheann Comhairle, 2016, the centenary of the Easter Rising, is an opportunity to reflect on the journey travelled over the past 100 years and to recall the many major social and economic challenges along the way. It is an opportunity to celebrate the achievements and to remember how we overcame the challenges and emerged from each stronger than ever before.

The banking, fiscal and economic crisis of recent years will rank as one of the greatest of such challenges but we have emerged from this challenge too and we are now on a new path. The last few budgets have been hard but they made it possible for Ireland to exit the bailout, reduce its debts and move into a real recovery. The top priority of this budget is to keep that recovery going, while providing relief and better services for the Irish people. It includes measures such as a cut in the USC, more nurses and doctors for the health service, more affordable and quality child care and an end to the unfair treatment of the self-employed. These are sensible, affordable steps that will keep the recovery going and bring its benefits to every family.

The economy is growing strongly, with 1,100 jobs being created on average every week. The public finances are in a strong position and we will exit the corrective arm of the Stability and Growth Pact this year. The banking system has been strengthened, with domestically focused, well capitalised banks operating within a European-wide banking union. Most important, our people and our country are in a much stronger and certain position than in 2011 when this Government took office. The Irish people gave this Government the task of fixing a broken economy and getting Ireland working again. We put in place a plan and the people stuck with us. It is a testament to the commitment and resilience of the Irish people that Ireland is on course to be the fastest growing economy in Europe for a second consecutive year. Both parties in government, Fine Gael and the Labour Party, know that the job of recovery is not yet complete. Though strong, the recovery remains fragile and the benefits of a growing economy have not yet been felt inside the door of every family. We must keep the recovery going and provide relief and better services for the people. We must not gamble with the future. The Government will not take chances that destabilise the recovery.

To raise living standards for all citizens in the medium term, we need to boost productivity, foster innovation and remove barriers to employment. We must invest in the critical infra-
structure needed in a modern economy and our plans to do so are set out in the Government’s capital investment framework, Building on Recovery. We must create the conditions in which new ideas, innovation and entrepreneurship will be encouraged, leading to increased long-term growth and well-being. We must ensure work pays.

This is the final budget of the 31st Dáil, but it is also the start of a new series of budgets in which we start to meet these challenges.

Economic and fiscal position

The economy has been transformed. It is growing strongly across all sectors and, most importantly, sustaining and creating jobs. It has recovered all of the output lost during the crisis and is bigger than ever before in our history. Ireland is forecast to be the fastest growing economy in Europe again in 2015 and my Department is forecasting growth at 6.2% in 2015. This forecast has been endorsed by the Irish Fiscal Advisory Council. The Department of Finance is forecasting growth of 4.3% in 2016 taking account of the figures endorsed by the Irish Fiscal Advisory Council and the full impact of today’s overall budget package. Economic growth is expected to average around 3% per annum thereafter.

Risk

Despite the strong economic position emerging, we must remember that Ireland is a small and open economy and that there are international concerns about the outlook for the global economy. These risks which are discussed in the Economic and Fiscal Outlook of the budget inform our policy choices. This emphasises the importance of managing the public finances and the economy prudently.

Labour market

Some 130,000 more people are now in work than at the low point in 2012 and this growth in employment is spread across the vast majority of the sectors of the economy. The Action Plan for Jobs, the Pathways to Work initiative and the strategy in successive budgets of focusing resources on small and medium enterprises in key sectors of the economy such as agriculture, tourism and construction are supporting businesses to create new jobs. The pursuit of foreign direct investment means that Ireland continues to attract and retain a higher proportion, relative to our size, of new jobs and investment than any other European country.

The 53,000 new jobs forecast to be created this year will bring the number in employment close to 1.97 million people by the end of the year and the Department of Finance is forecasting that 48,000 jobs will be created in 2016. This will bring the total number of people in work in Ireland to just over 2 million. We are on track to recover all of the jobs lost and have more people working in Ireland by the end of this decade than ever before.

Importantly, unemployment continues to fall. My Department is forecasting that the unemployment rate will fall to 8% by the end of 2016, down from 9.4% now and the peak of over 15% in 2012, a significant improvement but still too high. Unemployment is forecast to drop to 6.25% by 2021.

Public finances

The public finances continue to improve, with a broad and growing tax base, providing stable funding for vital public services. Our reformed budgetary framework and fiscal rules are
designed to protect the public finances and ensure the mistakes of the past will not be repeated. The National Economic Dialogue held in Dublin Castle last July has helped to frame the policy choices in the budget.

The forecast deficit for 2015 of 2.1% is well ahead of our original target of 2.7% and our excessive deficit requirement of less than 3% of gross domestic product, GDP. Consequently, we will exit the corrective arm of the Stability and Growth Pact and move into the preventive arm of the pact. The Government has consigned to the history books the days of boom and bust and the attitude of “if I have it, I’ll spend it.” My Department forecasts that we will balance the books in headline terms in 2018 with balance in structural terms following in 2019. While headline deficits will continue to reduce, the anchor for fiscal policy is now a balanced budget in structural terms. This is our medium term objective and in 2016 we will make significant progress towards this target with the structural balance reducing by 0.8% of GDP, ahead of the 0.6% requirement of the Stability and Growth Pact.

This fiscal stance will enable the Government to comply with the fiscal rules and introduce a total budget package of €1.5 billion; to reduce the headline deficit to 1.2% of GDP; and to reduce the debt to just under 93% of GDP, just slightly below the eurozone average.

The benefits of this Government’s approach to managing the public finances can be seen in expenditure and revenue trends. Between the end of 2014 and the end of 2016, my Department is forecasting that the economy will grow by 18% in nominal terms with revenue from taxation and PRSI increasing by just under €7.2 billion or 14.7%, while gross voted expenditure will increase by €2.25 billion or 4.2%. This sustained difference between our revenue and expenditure growth rates is why we will reduce the deficit from 3.9% of GDP in 2014 to 2.1% in 2015 and to 1.2% next year.

Against this background, talk of an excessively expansionary budget is well off the mark.

Reducing the high debt levels

The high level of Ireland’s debt has been an obvious risk to our economic progress in recent years. We are moving into a much better position now and having peaked at over 120% of GDP in 2012, general government debt is forecast to drop to 97% of GDP in 2015. Following the introduction of the budget, as I have outlined, the debt will fall to just under 93% of GDP by the end of 2016, just below the European average.

Taking account of cash and liquid assets, including those held by the NTMA and the Ireland Strategic Investment Fund, our net debt position will be 80% of GDP by the end of this year.

This debt level, while sustainable, remains too high and remains our biggest internal risk. Debt reduction is a critical goal as building fiscal capacity or an ability to borrow is the best way to mitigate the risks of crises as yet unforeseen and undreamt of.

This Government has made significant progress in reducing both the size and cost of servicing the national debt. In addition to bringing the public finances under control, specific initiatives such as the promissory note transaction, the extension of maturities on our EU loans and the early repayment of the IMF loans, have also resulted in real and substantial savings to the Irish taxpayer. The interest cost of the general government debt is forecast to drop below €7 billion in 2015. It is worth recalling upon entering office it was estimated that interest costs for 2015 would be in excess of €10 billion.
The economic and fiscal outlook section in the budget book forecasts that the debt to GDP ratio should be below 80% of GDP by 2021, with the exact level depending on the fiscal stance pursued over that period. This forecast does not take account of the value of the State’s shareholdings in AIB, Bank of Ireland and Permanent TSB. These shares are now valuable assets belonging to the taxpayer and I remain confident, based on the best advice available to me at this time, that we will recoup the investment the taxpayer has made in these institutions.

The proceeds from the sale of the shareholdings in these banks will be used to reduce the debt levels further and there will be a major impact on the debt level when these assets are sold and the proceeds are used for this purpose.

I will now turn to the specific tax measures of the budget.

The budget package includes €750 million in revenue relieving measures in 2016. This cost is partially offset by a single revenue raising measure, specifically the excise duty on a pack of 20 cigarettes is being increased by 50 cent, including VAT, with a pro rata increase on other tobacco products.

Deputy Finian McGrath: Tell that to the poor smokers.

Deputy Michael Noonan: This public health measure will take effect from midnight tonight and will bring the price of cigarettes in the most popular price category to €10.50. This measure will raise €61.4 million in a full year and the additional revenue will enable the funding of new initiatives in the health sector to support young families with children. This is the only tax increase in this budget.

Making work pay

Creating jobs and rewarding work is a key driver of growth and prosperity in the economy. More important, it is essential to ensure the benefits of a growing economy are felt inside the door of every family in the country. Just under 2 million people in Ireland have a job and by the end of the decade we hope we will have more people at work in Ireland than ever before. It is critical that work pays for every family. The Taoiseach has set out a key objective for the years ahead of ensuring that every family is better off and in employment. However, we must strike the right balance between rewarding work for the very lowest paid and keeping the tax base as broad as possible. This was a key issue discussed during the national economic dialogue.

The many barriers to taking up employment include taxation, wage levels for the low paid and childcare costs, which have a very negative impact on female participation in the labour force. These three issues are also barriers to growth and investment and are discouraging many of our young people who have emigrated from returning home. In budget 2016 we have put a particular emphasis on addressing these challenges. I will address the taxation issues and my colleague, the Minister for Public Expenditure and Reform, Deputy Howlin, will address the other two issues, namely, the issue of low-paid workers and affordable child care costs.

The changes I introduced in budget 2015 resulted in every worker in Ireland receiving increases in his or her pay this year. For many, this was the first increase in years. I also supported job creation across the economy. Focusing the majority of the available resources for tax reductions on low and middle-income families was the right thing to do last year. By reducing the marginal rate of tax for people earning less than €70,000, workers kept more money in their pocket. I will continue with this approach this year.
From 1 January, I am increasing the entry threshold to universal social charge from €12,012 to €13,000, removing approximately 42,500 workers from the scope of the charge entirely. It is estimated that more than 700,000 income earners will not be liable for universal social charge at all from next year. I am also reducing the three lowest rates of universal social charge. I am reducing the 1.5% rate to 1%. This applies on the first €12,012 of income. I am reducing the 3.5% rate to 3%. This applies on income in excess of €12,012 up to an increased threshold of €18,668. I am reducing the 7% rate to 5.5%. This applies on income in excess of €18,668 up to €70,044. This will reduce the marginal rate of tax to 49.5% for all earners under €70,044. This is the first time that the marginal rate has dropped below 50% for middle-income earners since the supplementary budget in April 2009. I am retaining the exemption from the top rate of USC for all medical card holders and those over-70 earning less than €60,000. This group, of course, will benefit from the reduction in the second USC rate to 3% from 3.5%.

As with the measures I introduced in budget 2015, I have crafted these measures to restrict the benefit to people’s incomes up to €70,000 per annum. People with higher incomes will not receive any benefit on their income above €70,000 but, of course, will benefit on the portion of their income below that level.

Supporting single-income families

I am also announcing an increase to the home carer’s tax credit of €190 to bring it to €1,000 per year to assist single-income married couples with children and those who care for an elderly or incapacitated relative. The income threshold up to which the home carer can earn has also been increased by €2,120. This measure will help lower-income families by allowing the home carer to earn up to €7,200 and still benefit in full from the tax credit.

Changes mean that every worker and every pensioner who currently pays income tax or USC, or both, will benefit from today’s budget changes, taking account of the tax and expenditure measures. There are many examples given in the documents accompanying the budget but to mention some now, a one income family with two children earning €35,000 will see their take home pay increase by €57 a month due to this budget, which is €684 per annum; a single person working full time on the minimum wage, earning €17,542, will see an increase of 4.2% or €708 a year; -----

Deputy Mattie McGrath: There is higher PRSI.

Deputy Michael Noonan: -----a family with three children with parents working in two public service jobs earning €55,000 and €50,000, respectively, will have an additional €196 per month in their pocket, which is in excess of €2,300 for the family; and a self-employed worker earning €40,000 will see a gain of €1,002 in his or her annual net income due to this budget, which is an increase of 3.5%.

The average increase is 1.8% of income. If people are wondering how much they will gain, it will be approximately a full extra week’s wages at all points of income. It is an easy way of assessing what the income gain might be. It is an additional week’s wages for all workers. These changes enhance the progressivity of our income tax system, with the top 1% of income earners estimated to pay 22% of all income tax and USC collected. In contrast, the bottom 75% of income earners will pay 19% of the total.

Keeping the benefits of minimum wage increases in workers pockets
The Minister for Public Expenditure and Reform, Deputy Howlin, will announce the Government’s decision relating to the recommendations of the Low Pay Commission. The PRSI system as currently structured resulted in a situation where an employee could receive a pay increase in the minimum wage but find themselves with less money. Following the publication of the report of the Low Pay Commission, the Government committed to taking action to address this step effect in the PRSI system.

I am introducing a tapered PRSI credit with a maximum level of €12 per week or €624 in annualised terms to alleviate the step effect across a range of incomes. This change will ensure that low income earners will see a significant improvement in net incomes, arising from the announcement which will be made shortly by my colleague, Deputy Howlin.

For employer PRSI, I am increasing the entry point to the top rate of 10.75% by €20 per week to €376 per week. All of the PRSI changes will be brought forward by the Minister for Social Protection in the social welfare Bill.

Capital acquisitions tax

Capital acquisitions tax thresholds were reduced considerably over the period of the financial crisis and at a time of falling asset prices to help maintain the yield from capital taxes.

In recognition of the recovery in asset prices, particularly property and the family home, I have decided to increase the group A tax-free threshold, which broadly applies to transfers between parents and their children, from €225,000 to €280,000.

Local property tax

I will be making a proposal to Government to postpone the revaluation date for the local property tax from 2016 to 2019. This is one of the recommendations in the review of the local property tax submitted to me by Dr. Don Thornhill, which is being published online today.

The postponement of the revaluation date means that home owners will not be faced with significant increases in their LPT in 2017 as a result of increased property values, and it gives sufficient time for the other recommendations in the Thornhill report to be considered in full. Legislation to implement the postponement will be brought forward in due course.

Exemptions for properties significantly affected by pyrite

Regarding exemptions for properties significantly affected by pyrite, I am accepting the recommendations made by Dr. Thornhill. Accordingly, I have asked the Revenue Commissioners to agree to a change in LPT procedures on an administrative basis, pending the implementation of necessary legislative amendments. Full details are included in the review.

Pension fund levy

Deputies may recall that the Government introduced a pension fund levy to finance the reduced rate of VAT and the other measures in the jobs initiative that I presented to the House in 2011, shortly after taking office. The pension fund levy has done its job and is no longer needed to fund the 9% VAT rate because it is more than made up by increased activity and employment, particularly in the hospitality sector. Therefore, I can confirm that the remaining pension fund levy of 0.15%, introduced for 2014 and 2015, will end this year and not apply to 2016. The original 0.6% levy, as Deputies will recall, ended in 2014.
I turn now to the bank levy. The current financial institutions levy which I originally introduced for the three-year period from 2014 to 2016 allows for a contribution from the banking sector to the economic recovery. The levy which brings in €150 million per annum is currently calculated on the basis of DIRT payments made in 2011. I propose to extend the bank levy to 2021, subject to a review taking place of the methodology used to calculate the levy. This measure will bring in an additional €750 million over the period, a very significant additional contribution to the Exchequer. The scale of the levy over the period is equivalent, for example, to the cost of the new national children’s hospital.

Encouraging entrepreneurs and supporting small business owners

Small and medium enterprises right across the country are critical to our economic well-being and, in the business community, account for 99.7% of all enterprises and 68% of all employment, some 730,000 jobs. All of these SMEs are being run by entrepreneurs. We will need to encourage new entrepreneurs and support existing entrepreneurs.

Earlier this year I launched a public consultation seeking the views of Irish entrepreneurs on additional tax measures we could take to sustain the progress we have made to date and keep the recovery going. Income tax, as currently structured, means that an employee will take home a greater proportion of their salary than a small business owner or entrepreneur on the same gross income. This disparity was raised frequently during the public consultation process. To start addressing this disparity, I am introducing today an earned income tax credit to the value of €550. It will be available to those with earned income who do not have access to the PAYE credit. This will be a significant benefit to small business owners right across the country, including small retailers, publicans, farmers and tradesmen. I see this measure as a first step and further steps will be taken in future budgets, as resources permit.

Capital gains tax was also highlighted as an issue during the consultation process. Successful entrepreneurs often look for new challenges. To assist them and reward their hard work, I am introducing a revised capital gains tax relief from 1 January 2016. Rather than the 33% rate which applies now, a reduced capital gains tax rate of 20% will apply to the disposal in whole or in part of a business, up to an overall limit of €1 million in chargeable gains. The relief will represent a simplified and up-front benefit for individuals who propose to sell their business.

Based on the findings of a review of the three-year tax relief for certain start-up companies, I propose to extend this relief in its current form for a further three years until the end of 2018. The relief has been identified by entrepreneurs as an important support. The review which is being published today found that, in 2013, the relief supported 1,038 companies, which employ 11,750 people at an estimated cost of €4.9 million.

Continuing to build strong sectors

In the past four years I introduced and extended a wide range of targeted tax measures to promote the growth of new enterprises and sustain existing ones. These supply side initiatives assisted the rebuilding of the economy, sector by sector. An economy built on a number of strong sectors is more stable, more resilient and less susceptible to shocks. One key lesson we have learned from the most recent crisis is the danger of an over-reliance on one sector for growth, jobs and taxation. I am continuing this approach this year.
Tourism sector

The reduction in VAT to 9% in the tourism sector and the abolition of the air travel tax improved Ireland competitiveness. The benefit of these policies can be seen in tourist numbers, new businesses, the survival of established businesses and, most of all, employment. The 9% VAT rate is a major benefit to the tourism sector and much sought after by other sectors of the economy. While the case for retaining the measure for the hotel sector in Dublin is diminishing each year, with room rates rising, particularly during major events, the case for retention of the measure for the rest of the country remains. Therefore, I will not be making any change to the 9% VAT rate in this budget.

The agri-food sector

I have often stated how important the farming and agrifood sector is to the economy. It is not just the sheer economic importance of a sector that is responsible for over 12% of our exports and 169,000 jobs, it is the fact that this economic activity and these jobs are located the length and breadth of the country. Consequently, I am announcing the extension of the general stock relief, the stock relief for young trained farmers, the stock relief for registered farm partnerships and the stamp duty exemption for young trained farmers for a further three years to the end of 2018.

I am introducing a new succession transfer proposal to provide increased certainty about the timing of the transfer of a family farm to the next generation of farmers. This will greatly assist with long-term planning and farm productivity. The proposal which is subject to state aid approval will allow two people, for example, family members, to enter into a partnership with an appropriate profit sharing agreement which makes provision for the transfer of the farm to the younger farmer at the end of a specified period, not exceeding ten years. To support this transfer, an income tax credit worth up to €5,000 per annum for five years will be allocated to the partnership and split according to the profit sharing agreement.

Micro-breweries

The production of drinks is an increasingly important sub-sector of the agrifood sector. Last year I increased the amount of beer that micro-breweries could produce and still qualify for this excise relief. To further assist this development, the relief will now be available up front, thus reducing the cash flow burden of the current rebate scheme.

Supporting retailers by reducing costs and incentivising electronic payments

Retailers have had great difficulty during the recession and are probably the last group to pull out of it. I wish to support retailers and other merchants by reducing costs and incentivising electronic payments. Payments are the lifeblood of a modern economy and the national payments plan aims to modernise payment practices and help Ireland to take full advantage of modern payment methods. Many retailers and service providers have made significant investments in their electronic payment systems, with debit card and contactless payment facilities available in nearly all shops, restaurants and pubs. The improvements in mobile technology mean that the majority of service providers and sales people can also now offer their customers the option of paying by card. This has benefited retailers, consumers and the wider economy.

However, retailers in Ireland currently face excessive fees for accepting card payments. This needs to be addressed. A new EU regulation is halving the so-called interchange fees faced
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by retailers to 30 basis points for credit cards. I am today halving the corresponding fee for debit cards to ten basis points. These changes significantly reduce the costs of accepting card payments and, combined, these reductions will save retailers an estimated €36 million in fees per year. These changes will come into effect on 9 December this year. It is important that this saving be passed on to the consumer in lower prices and this new fee regime will be monitored closely to ensure this happens.

In parallel, the transaction limit on contactless payment cards is being raised from €15 to €30 on 31 October. Together with the reduction in bank fees, retailers should now be able to end practices such as requiring a minimum payment for card use. To further encourage and incentivise greater usage of card payment by consumers, I will recast the €5 stamp duty levy on debit and ATM cards. From 1 January 2016, this stamp duty will be removed and replaced with a 12c charge per ATM transaction. There will be no charge for debit card transactions. No consumer will lose out as a result of this change as the stamp duty will be capped at the existing levels of €2.50 or €5, depending on card type.

**Supporting businesses in Ireland by reducing transportation costs**

Almost every business in Ireland is reliant on transportation by road for its raw materials and to get its product to the market. As a result, transportation costs are a major issue for every business in Ireland, big and small. To keep Ireland competitive and help businesses, I have decided to significantly reduce the commercial motor tax rates.

**3 o’clock**

Road tax for large goods vehicles in Ireland is too high by comparison with the regime applying in Northern Ireland and the rest of the UK. This is causing distortions in the haulage industry and increasing costs across the economy. I am simplifying the rates of commercial motor tax by replacing the 20 existing rates with just five rates of commercial motor tax, ranging from €92 to €900 with effect from 1 January 2016. Over 28,500 commercial vehicles will benefit from these reductions. The most significant reductions are concentrated on the larger goods vehicles. The maximum rate of commercial motor tax will be €900 per annum whereas the maximum at present is €5,195.

**Deputies:** Hear, hear.

**Deputy Michael Noonan:** This should help with transport costs across the country.

This is an interim measure pending the replacement of the current commercial motor tax regime with a fairer basis for calculating commercial motor tax, which will be based on the gross design vehicle weight of the goods vehicles.

**Film relief**

Ireland has a significant opportunity as a location for the production of films and television programmes. Having reviewed the film tax credit, I am increasing the cap on the eligible expenditure to €70 million. This limit will be kept under review going forward. It is my hope that the industry will now make the necessary investments in studio space in order to attract high quality films and create new jobs. This change is subject to state aid approval.

**Fostering innovation**
As I have outlined, fostering innovation in Ireland will be critical to our new economic model. To incentivise substantive research and development and innovation, as committed to last year, I will introduce in the Finance Bill a knowledge development box, KDB. This will be the first OECD-compliant KDB in the world. This puts Ireland in a unique position to offer long-term certainty to innovative industries planning their research and development investments.

Income that qualifies for the KDB will be subject to a reduced rate of corporation tax of 6.25%. The KDB adds a further dimension to our “best in class” competitive corporation tax offering, which includes the 12.5% headline rate; the research and development tax credit; and the intangible asset regime. This significant enhancement to our corporation tax regime shows Ireland’s ability to retain our core strengths, while keeping a keen competitive edge in attracting and retaining quality jobs and investment in our country.

International tax strategy

Today I am publishing an update on our international tax strategy. This update explains our approach to the implementation of the OECD base erosion and profit shifting reports and how we will engage with the emerging EU tax agenda. Ireland is well positioned to compete in this international environment. Our corporation tax system is transparent and statute based. Our long-standing policy has been to align our tax system with substantial economic activity, investment and jobs. To enhance transparency, we will provide in the Finance Bill for the introduction of country by country reporting, in line with the OECD recommendations.

Independent review of marine taxation supports

The budget book contains details of various reviews. This includes the independent review of marine taxation supports that I am publishing today and my officials will be examining the proposals in conjunction with the relevant Departments, with a view to establishing the feasibility of their implementation in future budgets and in the forthcoming Finance Bill.

Employment and investment incentive scheme

I announced changes to the employment and investment incentive scheme last year subject to compliance with European state aid provisions. The changes I am making ensure this compliance, so with effect from midnight tonight, the amount of finance that can be raised by a company is doubled to €5 million annually subject to a lifetime maximum of €15 million, up from €10 million. The scheme is also being improved by allowing investments in the extension, management and operation of nursing homes, and all eligible small and medium-sized enterprises can qualify for the scheme irrespective of geographical location.

Increasing the supply of residential housing

It is clear that there is a market failure in the provision of new housing across the country but particularly in Dublin. Driven by demographic demands and strong economic growth, there is a requirement for a minimum of 10,000 new units per annum in the Dublin area but the market only delivered 3,300 units in the last year. In line with the NAMA Act, I asked the NAMA board to review the residential sites under its control and to estimate what it could deliver on a commercial basis in terms of residential units over the next five years, consistent with NAMA’s mandate to deliver the best financial return to the taxpayer.

Deputy Mattie McGrath: What about the economy?
Deputy Michael Noonan: Has the Deputy got a problem?
Deputy Patrick O’Donovan: It is only Deputy Mattie McGrath.

(Interruptions).

Deputy Joe Higgins: Are they social houses that NAMA will build?

An Ceann Comhairle: Do not interrupt, please.

(Interruptions).

An Ceann Comhairle: The Minister without interruption, please.

Deputy Michael Noonan: In response, NAMA is aiming to deliver a target of 20,000 residential units before the end of 2020. Some 90% of these units will be in the greater Dublin area. About 75% of these units will be houses, mainly starter homes. NAMA will deliver these units by working with developers. Achieving this new target by the end of 2020 means delivering on average 80 new housing units every week across some 100 active sites. The Minister for Public Expenditure and Reform and the Minister for the Environment, Community and Local Government will deal very effectively with the question of social housing. The Minister for Public Expenditure and Reform has allocated €3.8 billion for the provision of social housing across the local authorities. The NAMA commitment will require funding of the order of €4.5 billion, which will all be recovered, and will support 30,000 house building and ancillary jobs based on peak funding. This initiative will not compromise NAMA’s debt repayment commitments.

Conclusion

As we look forward and plan for 2016 and the years ahead, the opportunity now exists to build an economy that delivers secure and well-paid jobs, incomes and pensions, world-class infrastructure, high-quality public services and certainty - certainty about the future, no more booms and busts. Every measure in this budget is designed to grow the economy, create additional jobs and increase living standards. When implemented, the measures will deliver real benefits, boost confidence across the country and give families the prospect of a stable future with living standards increasing steadily year by year.

To further increase confidence and to enhance the stability that is so essential to growth and prosperity, I would like to indicate how today’s announcement will be further developed if we are returned to Government. As resources become available, we will progressively abolish the USC to reward work and reduce the marginal rate of tax to no more than 50% for all workers to make Ireland more attractive for mobile foreign investment and skills and to ensure that our tax rates are not inhibiting our young emigrants from returning home. Second, we will complete tax equalisation for the self-employed and other measures to support job creators. Third, we will increase public spending within a reformed public service, built on a solid platform of steady economic growth. Fourth, we will promote innovation as a driver of economic growth. Lastly, we will defend our 12.5% corporation tax rate and promote innovation as the linchpin of our jobs policy, underpinned by strong alliances with our European partners.

The budget I have announced today will help to secure the recovery. It will provide stability to families across the country. It will reward work, enterprise and innovation. It will provide
the resources for investment in essential public services. It will provide working families with more money in their pockets and high-quality public services. It will give Irish people the certainty of a better future but more important than anything else, it will keep the recovery going. I commend this budget to the House.

(Interruptions).

An Ceann Comhairle: I call the Minister for Public Expenditure and Reform, Deputy Howlin, to make his Budget Statement. Could Deputies please be silent while he presents it?

Minister for Public Expenditure and Reform (Deputy Brendan Howlin): Today we are announcing this Government’s fifth budget.

I am pleased to report that, due to our strong recovery and stable public finances, it is the second budget in succession in which we are able to increase support for our public services.

The days of spending cuts are behind us. In April, in the spring economic statement, I said that there may be up to €750 million available next year for additional public expenditure measures. I am happy to say today that we are now in a position to allocate that money.

It is worth remembering the distance we have travelled since 2011. When the Government was elected, the budget deficit stood at 12.5% of GDP. This year it will be 2.1%. In 2010, the year of the infamous promissory notes, the headline deficit rate stood at 30%, a staggering deficit.

Deputy Barry Cowen: The Government may burn the bondholders.

Deputy Billy Kelleher: The Minister should sit down and take his medicine.

An Ceann Comhairle: Would the Deputy ever stay quiet?

(Interruptions).

An Ceann Comhairle: There is a long tradition in this House that when Ministers stand at budget time to make their statements we pay them the courtesy of listening to them. The Deputies should stay quiet and cut out the comedian stuff.

Deputy Brendan Howlin: Next year, notwithstanding the increases I am announcing today, the forecast deficit will be 1.2% of GDP, one of the lowest in Europe. Only a few years ago, some commentators questioned the sustainability of our debt. As the Minister for Finance has stated, from a peak of over 120%, next year our debt to GDP ratio is forecast to be 93%, that is below the European average. We have made tremendous progress in bringing our national debt down towards European norms. Unemployment, which peaked at over 15%, is now 9.4%.

Deputy Barry Cowen: JobBridge.

Deputy Brendan Howlin: We have created over 130,000 jobs since 2012. We have the highest level of economic growth in the Organization for Economic Cooperation and Development, OECD. Our economy is now larger than it was at the pre-crisis peak. By any standards, we have witnessed in the past four and a half years a remarkable turnaround, a tribute to the resilience of the Irish people.

Fairness
I want to deal with one issue that generates considerable debate. It has become popular among some to say that under this Government, inequality has risen. That is simply not true.

**Deputy Mattie McGrath:** It is true. The Minister should go down the road and find out.

**Deputy Brendan Howlin:** Let us hear the facts. There are some economic illiterates-----

(Interruptions).

**Deputy Brendan Howlin:** Members should listen to the facts. Our adjustment has been a difficult one, but it has been a fair one. Those with the most have given the most. Income inequality after taxes and social transfers has reduced during the crisis in Ireland. The progressivity of our income tax system means we have been one of the most effective countries in the OECD at reducing inequality. To ignore this fact and to point to income inequality before tax transfers is to ignore the central role of any Government, to protect the most vulnerable of our citizens.

The best weapon against inequality is not social welfare. It is decent jobs and fair wages. A fair society is one where those who work hard receive decent rewards. One of the first acts of this Government was to reverse-----

**Deputy Billy Kelleher:** Promises it made.

**Deputy Brendan Howlin:** -----the unnecessary and cruel €1 per hour cut to the minimum wage introduced by our predecessors-----

**Deputy Mattie McGrath:** Burn the bondholders.

**Deputy Brendan Howlin:** -----a cut of over 11%. In July of this year, the Low Pay Commission recommended that the minimum wage be increased further, by 50 cent to over €9 per hour. The commission recognised that a recovery based on low wages was no recovery at all. Today, I am pleased to confirm that the Government will implement the commission’s proposal. From 1 January 2016, the statutory minimum wage will rise from €8.65 to €9.15 per hour. This means that under this Government the minimum wage has been increased by nearly 20%. This Government is committed to making work pay.

During the first three years of this Government, despite necessary reductions in public expenditure, resources were targeted where they were most needed. We protected core social welfare benefits. I am especially proud that we maintained the State pension. Since the beginning of 2012, we have invested more than €1.25 billion in school buildings. We have built 102 new schools and completed 71 large-scale school extensions. We did more in the worst of times than our predecessors did in the best of times. Despite huge pressure, we sought to protect the young, the old and the vulnerable but we are conscious of the need to continue to address the challenges that face Irish families. Our aim is to ensure the recovery is felt in every home and in every community across the land. Later, I will outline the measures contained in this budget which will help us achieve that objective.

**Fiscal rules**

First, however, I repeat the context in which all budgetary decisions must now be made. The fiscal rules - ratified through referendum by our people in 2012 - ensure that public expenditure cannot rise above the potential growth rate of our economy. Our commitments under the
Stability and Growth Pact are real.

In 2015, economic growth and greater than expected tax receipts have allowed the Government to improve services in a number of key areas. While remaining firmly within the fiscal parameters, we have had an opportunity to plan for the long term by targeting areas with demographic and demand pressures. The extra funding allocated this year will ensure that enough resources are also available for all Departments to provide quality services next year.

The measures give us a platform from which we can build. They mean that resources will be directed at areas with the greatest need and are consistent with long-term sustainable planning and development.

National economic dialogue

At the national economic dialogue in July, we listened to employers, trade unions, community organisations and many more. Our engagement with these groups helped to ensure that additional funding would be targeted at areas in which they would have the greatest impact. The spending measures contained in Budget 2016 are consistent with that approach.

Lansdowne Road agreement

The Lansdowne Road agreement typifies our commitment to responsible expenditure management. Legally, pay reductions in the public sector were predicated on there being a financial emergency. Thankfully, those emergency days are receding behind us. Therefore, an orderly unwinding of the financial emergency legislation which reduced pay is the prudent and correct thing to do. Moreover, as economic growth returns and private sector wages increase, it is only right that our nurses, gardaí, teachers and public servants generally see an improvement in their take home pay. During the crisis, their sacrifices allowed us to sustain quality public services. Efficient public services are essential to a modern society. When we came into office, reform of the public service was a key component of our strategy to meet the enormous challenges we faced. I am proud of the considerable reforms we have delivered since 2011. I commend public servants for their effort and commitment in this regard. I believe that the implementation of our Civil Service renewal plan and the wider programme of public service reform will continue to be a key driver of Ireland’s recovery. Unwinding the financial emergency legislation can only be done in a way that does not jeopardise our public finances. We learned the hard way that sustainability is the key to progress. Pay levels, like the public finances, need to be managed in a responsible, sustainable way, with the long-term interests of all our people at their core.

Expenditure ceilings

The expenditure allocations outlined today reflect this approach. In 2016, gross current expenditure will be over €51.4 billion. Capital expenditure will be an additional €3.7 billion.

Capital plan

The departmental ceilings in the documentation before the House include funding for the first year of expenditure on projects announced as part of the six-year capital programme, which we published in recent weeks. That €27 billion Exchequer investment will allow for large-scale investment in education, health, transport and all other sectors.

Current expenditure

Under current expenditure, allocations will target critical needs in child care, education, so-
ocial protection, employment, health and housing. Multi-annual ceilings allow Departments to plan ahead. They take account of new measures and provide for population growth across our country. In line with economic growth, and within the parameters of the fiscal rules, planned public expenditure will rise again moderately in 2017 and 2018.

**Child care**

Child care is a key priority for Government. At the national economic dialogue in July and, indeed, in a range of reports published in this area, there was broad agreement on the need to focus on the issues of affordability and quality in relation to child care. Investment in child care has both social and economic returns. It acts as a key labour activation measure, particularly for women, allowing those who wish to work to take up the opportunity of work. It improves educational and social outcomes by providing our children with the best possible start. I am, therefore, increasing the current expenditure allocation to the Department of Children and Youth Affairs to over €1.1 billion.

I am happy to say that the increased allocation allows me to bring forward a package of measures to ease the burden on working families. We are extending the amount of time parents can avail of the very successful early childhood care and education scheme. From now on, children will be eligible for free child care from three years of age up until they are five and a half, or until they start primary school.

**Deputy Ruairí Quinn:** Hear, hear.

**Deputy Brendan Howlin:** I am particularly pleased to be able to announce over €15 million in new funding to facilitate the full participation of children with disabilities in this scheme. We are also introducing a range of quality measures for early education, including audits, inspections and training, and restoring capitation levels in the sector.

To support parents in low-paid employment, we are going further. We are creating 8,000 places through the community child care subvention programme. To help with after school care, we are providing €3 million to develop school services in existing school buildings. Last year, I said that if circumstances allowed, we would increase child benefit by €5. I am happy to say that our success in reducing unemployment allows me to do this. In 2016, child benefit will be €140 per month for every child. Finally, to recognise the needs of modern families and the role of fathers in the household, I am happy to announce that we will legislate for statutory paternity leave of two weeks. This change will take affect from next September. The improvement in our public finances has given us the opportunity to assist hard-working parents. The package announced today will be of particular help to working mothers and by increasing participation in the labour force, these measures will also be a key contributor to economic growth.

**Education**

I am allocating €8.5 billion to education for current expenditure next year. Education depends on educators. Teachers have the capacity to transform a child’s life. The quality of our teachers is consistently recognised in OECD comparisons. Education is also the engine of economic growth. Our teachers have a big responsibility. They teach the citizens of tomorrow. We have an excellent cadre of highly qualified young people coming into the teaching profession and I am pleased that the job openings they feared would not be there are now materialising. I can confirm that the allocation for 2016 will provide for over 2,260 new additional teaching posts, including 600 new resource teachers. This is in addition to the extra 610 special needs
assistants and 190 resource teachers we already announced for next year.

We will also reduce the pupil-teacher ratio. At primary level, we are reducing it from 28:1 to 27:1 and at second level, it will fall from 19:1 to 18.7:1. Over the past five years, we have supported education. As our public finances improve, we will continue to invest in and develop this important sector.

**Social protection**

I am allocating €19.6 billion to the Department of Social Protection next year. Within this allocation, I am particularly anxious to protect and support our older citizens. We will, therefore, increase all pension payments by €3 per week from the start of next year. This is the first increase since 2009.

**Deputy Mattie McGrath:** What are you taking away?

**Deputy Brendan Howlin:** I remind Deputy Mattie McGrath that the only actual cut in pensions was voted for by him under Fianna Fáil. To help the thousands of men and women who take care of their loved ones with dignity and compassion, I am restoring the value of the respite care grant to €1,700.

**Deputy Robert Troy:** Who cut it in the first place?

**Deputy Brendan Howlin:** I am also pleased to announce that we are increasing the fuel allowance by €2.50 per week to €22.50. This increase will benefit people dependent on long-term social welfare payments and those unable to provide for their own heating needs.

A shared prosperity is one where every person, regardless of income, feels the benefit of our new recovery. To complement the changes in the universal social charge that help the low paid, as announced by the Minister for Finance, we are increasing the threshold for the family income supplement by €5 per week for families with one child, and by €10 per week for families with two or more children. Together with the rise in the minimum wage, this budget confirms our commitment to helping the low paid. We want to make work pay.

Finally, our strong record of reducing unemployment and restoring the public finances means that this year we can increase the Christmas bonus for all those in receipt of social welfare to 75%, a threefold increase on last year’s payment. The Tánaiste will announce further details of the social welfare package later today.

**Jobs/enterprise**

The best form of social protection is a job. The reduction in unemployment from a peak of 15.2% to 9.4% has been this Government’s single biggest achievement but this is still too high. Budget 2016 will support greater and accelerated job creation. Total funding for the Department of Jobs, Enterprise and Innovation will be €792 million. Some 385,000 Irish jobs, around one in five, are in businesses supported by our enterprise agencies. Under the capital plan, a further €500 million will be provided next year to support these agencies. Many of the businesses they support are at the forefront of research and innovation. They create well-paid jobs and enhance opportunities for young graduates and the unemployed. A key focus of activity next year is to ensure that the benefits of economic recovery, particularly in terms of employment, reach all parts of the country. In this regard, a specific IDA regional property programme will support the regional action plans launched by my colleague, the Minister for Jobs, Enter-
prise and Innovation, in recent months.

**Deputy Dara Calleary:** It should have happened two years ago.

**Deputy Brendan Howlin:** The Deputy is obviously not focused on what is happening in the real world.

*Health*

I am providing €13.2 billion for the delivery of health services next year. I am happy to say that this quantum of money restores the resourcing of our health services to its pre-crisis level.

**Deputy Billy Kelleher:** There are no excuses for incompetence, then.

**Deputy Brendan Howlin:** This year, free GP care for the under-sixes and over-70s was put in place, one of the most innovative things to happen in the health service in recent years. This represented the first step in the phased introduction of a universal GP service and is already benefiting 300,000 senior citizens and children. Linked to this was the introduction of cycles of care for those with type-2 diabetes and asthma. Next year, subject to successful negotiation with doctors’ representatives, it is planned to extend GP care without fees to all children under 12.

**Deputy Mattie McGrath:** The Government should give it to the sickest.

**Deputy Brendan Howlin:** This marks the next phase in the implementation of universal GP care.

Funding is also being made available next year to provide therapeutic services for children, particularly for speech and language therapy. Over 2 million children are now covered by a medical or GP-visit card. This is 25% more than in 2010 and substantially improves people’s access to primary care services.

In our hospitals, 880,000 day-cases will be carried out by the end of the year, an increase of nearly 20% over the past five years.

This year, for the first time, the Government placed the fair deal nursing home scheme on a fully funded, demand-led basis. This will continue next year, with Government funding of €940 million for the fair deal alone. Everyone who needs fair deal funding will have approval within four weeks.

**Deputies:** Hear, hear.

**Deputy Brendan Howlin:** We have also protected front-line staff numbers. This may come as a surprise to some Deputies in the House. Since the beginning of last year, hospital staffing has increased by 3,000. Since the beginning of last year we have hired 1,000 additional nurses.

A Deputy: We need another 5,000.

**Deputy Brendan Howlin:** As our recovery continues, we will continue to support and expand our health services.

*Housing*

One of the worst legacies of the economic crisis is our dysfunctional housing market. Years
of underinvestment in social housing has led to an accommodation crisis, particularly in our main urban areas. Last year, the Government announced a €2.2 billion package to begin to deal with this legacy. The package was a multiannual investment aimed at addressing more than a decade of neglect. Under our social housing strategy, over €500 million is available this year to build or acquire new homes.

**Deputy Ruth Coppinger:** It is not enough.

**Deputy Brendan Howlin:** I am also increasing the current allocation for social housing by a further €69 million, to €414 million. This funding will enable local authorities to secure accommodation for a further 14,000 households. I am keen to make use of all available funding to address immediate housing needs. So, pending further developments on the special purpose vehicle that we announced, I am making €10 million available from the proceeds of the sale of Bord Gáis Éireann for an affordable housing pilot scheme. This will be an ongoing annual commitment to secure long-term increases in the housing supply.

The human cost of the legacy of boom-and-bust housing development is the number of people without a home. Addressing homelessness, particularly among families, is a key Government priority. Under the capital plan announced recently, funding is available to provide 500 modular housing units for homeless families as an emergency measure.

**Deputy Ruth Coppinger:** What about houses?

**Deputy Brendan Howlin:** I am also increasing the current allocation for emergency accommodation of homeless people, by an additional €17 million.

**Deputy Barry Cowen:** Buy a few hotels.

**Deputy Brendan Howlin:** The increase will bring Exchequer support to €70 million, up 56% since 2014, and will help homeless families make the transition to long-term sustainable housing.

*Arts and heritage*

The year 2016 will be an historic year for our country. It is right that we mark the centenary of 1916 with commemorative events that everybody in the nation can be proud of.

**Deputy Finian McGrath:** A national holiday.

**Deputy Brendan Howlin:** The Rising was the event that propelled our nation on the path to independent statehood.

**Deputy Gerry Adams:** We are not there yet.

**Deputy Brendan Howlin:** We need to mark it with respect, be aware of its complexities and appreciate its idealism. We are the beneficiaries of that legacy. In recognition of this, €50 million has been provided for an extensive range of events and initiatives under the commemorative programme we launched. It will also allow for the development of the GPO interpretative centre, the national monument on Moore Street, Teach an Phiarsaigh in Ros Muc and the Athenaeum in Enniscorthy.

A Deputy: All politics is local.
Deputy Brendan Howlin: The allocation for the Department of Arts, Heritage and the Gaeltacht will also provide an additional €3 million for a new scheme of once-off grants to arts and cultural centres throughout the country.

I would like briefly to outline some other measures.

Justice

I am providing €2.2 billion to the Department of Justice and Equality for current expenditure. Last year, the Minister for Justice and Equality announced that the Garda training college in Templemore would re-open and remain open. I am happy to announce that in 2016, funding has been made available to recruit and train an additional 600 gardaí.

Deputies: Hear, hear.

Deputy Brendan Howlin: Resources have also recently been made available for improved ICT and for the new policing authority. The Government is committed to supporting An Garda Síochána.

Deputy Michael Healy-Rae: Open the Garda stations, please.

Deputy Brendan Howlin: The human tragedies in Carrickmines and Omeath over the weekend are a stark reminder of the fragility of life. In the aftermath of such terrible events, the moral support of the community and the professional help of our An Garda Síochána, fire crews, medical staff and social workers, marks out definitively what we are as a society and as a people. In the same way as we need to care for and protect our own people in these dreadful times, we must also be prepared to do the same for others. The refugee crisis on Europe’s borders demands a practical and generous response from the Irish people, who have a long and proud history of international humanitarianism. The spontaneous and heartfelt response of communities across the country, which is evident in the huge number of offers of assistance and volunteerism, shows that the Irish people will not be found wanting.

Some €25 million will be provided to ensure Ireland is not found wanting in this regard. Funds will be spent on accommodation, additional staffing, integration programmes, and on a new emergency resettlement and orientation centre.

Defence

Some €903 million has been allocated to the Department of Defence. Ireland’s participation in humanitarian operations in the Mediterranean and ongoing peacekeeping missions in the Middle East and elsewhere is a testament to the professionalism and dedication of our armed forces. Everybody in the nation is proud of them. The recently published White Paper on defence provides a framework for a modern, adaptable force that can carry out operations at home and abroad.

For services at home, I am happy to announce that €2 million has been made available to put an emergency aeromedical service on a permanent footing. This service will save lives and give comfort particularly to rural communities.

International development

Even in the most difficult of times, the Government maintained our commitment to fighting
global poverty and hunger. As the public finances improve, we will strengthen that commitment. Today, I am allocating over €640 million to official development assistance. Some €486 million will be managed by the Department of Foreign Affairs and Trade through Irish Aid, with the remainder being administered through other Departments and the EU development co-operation budget.

Irish funding will make a significant contribution to the international aid effort in suffering countries such as Syria, Iraq, Ethiopia and Somalia. The programme will also continue to help people in our key partner countries in some of the worst and poorest parts of the world.

Agriculture

I am allocating €1.3 billion to the Department of Agriculture, Food and the Marine. Additional funding has been allocated, in particular, to a new agri-environment scheme and to capital investment schemes under the rural development programme. This year’s allocation will also fund a range of new schemes under the seafood development programme set out by the Minister. The programme will drive investment in fisheries and seafood development from now until 2020. Further details of the Estimates are set out in the Estimates report that I have circulated.

Investing in the future

This budget is about the future. It is about using our resources to support communities in every part of the country.

Deputy Michael Healy-Rae: It is about winning the election.

Deputy Brendan Howlin: It is about creating jobs, so that people can look forward to a better life. It is about using the results of our hard-earned stability to improve our lives, better our communities and plan ahead with confidence. I said last year that the budget marked a turning point - the end of the era of austerity budgets. Conclusion

At the election in 2011, this Government made two key promises. We promised we would fix the public finances and restore growth to our economy.

Deputy Billy Kelleher: You made a few more than that now, Minister. You made an awful lot more than that.

Deputy Brendan Howlin: We promised we would fix the public finances and restore growth to our economy.

Deputy Billy Kelleher: You are a master of understatement.

Deputy Mattie McGrath: Memory loss.

Deputy Brendan Howlin: It is wry indeed to hear Fianna Fáil talk about broken promises.

Deputy Billy Kelleher: Who speaks of Eamon Gilmore now?

Deputy Robert Troy: It is like Tesco. Every little hurts.

Deputy Niall Collins: Only two promises. Is that all?

(Interruptions).
An Ceann Comhairle: You have had your fun. The Minister should please proceed.

Deputy Brendan Howlin: Fianna Fáil and Mattie are the ones who took the lifeboat before the ship sunk.

Deputy Micheál Martin: Labour’s way or Frankfurt’s way.

Deputy Brendan Howlin: We promised that we would fix the public finances and that we would restore growth to our economy. We have made good on those promises.

Deputy Mattie McGrath: Labour’s way or Frankfurt’s way.

Deputy Brendan Howlin: We promised too that we would never allow the State to fall into similar peril. The spending increases announced today are moderate, sensible and commensurate with our economic requirements. We continue to make good progress. Our debt is falling. Our deficit is narrowing. Unemployment is coming down. The previous Government’s budgetary failure helped to lead us to crisis.

Deputy James Bannon: Fianna Fáil did not answer that one.

Deputy Brendan Howlin: Between 2000 and 2008, gross spending increased by 139%.

Deputy Paul Kehoe: Did you hear that lads? Did you hear that Micheál? You were there for that.

An Ceann Comhairle: Would you hold on please? Just stay quiet. The Minister is nearly finished. Thank you.

Deputy Brendan Howlin: In the run-up to the 2007 election, between 2005 and 2007, public spending was ramped up by 25%, or more than €11 billion in nominal terms. That is election bribery for you, Deputy Martin.

Deputy Mattie McGrath: Labour’s way or Frankfurt’s way.

Deputy Niall Collins: The Minister wanted way more than that. You are a hypocrite.

Deputy Brendan Howlin: By comparison, next year public expenditure will be just 4% ahead of 2014.

Deputy Dara Calleary: Let us have an election.

Deputy Brendan Howlin: There is a 4% increase in expenditure at a time when tax revenues are forecast to increase by over 14% and GDP is forecast to increase by 18%. Through prudent and careful management of the State’s finances, this Government brought the country back from the brink. Our recovery, though not yet complete, is not only a justification of the policies we pursued for the past four and a half years, but a condemnation of the easy alternatives proffered by some. Who speaks of Syriza now?

Deputy Billy Kelleher: Who speaks of Eamon Gilmore now?

Deputy Pádraig Mac Lochlainn: Syriza got re-elected.

An Ceann Comhairle: Okay.
Deputy Brendan Howlin: While maintaining the responsible approach-----

(Interruptions).

An Ceann Comhairle: Would you stay quiet, please? Thank you.

Deputy Brendan Howlin: While maintaining the responsible approach that got our country to where we are today, we are committed to investing in public services; assisting those most in need; creating jobs; providing a platform for future growth; and ensuring that every family and every community, in every part of the country, can share in a better future.

Deputy Mattie McGrath: Why are you praising Fianna Fáil?

Deputy Brendan Howlin: Today, we reap the benefits of the hard work and resilience of the Irish people, as we set our course for a better Ireland.

Deputy Billy Kelleher: Tell me why you are hanging onto power.

Deputy Jerry Buttimer: Settle now, Billy. Bring back Noel.

An Ceann Comhairle: Would those leaving do so quietly, please? Thank you.

Deputy Ruairí Quinn: A Cheann Comhairle, could we have a recess so that the Fianna Fáil opposition party can rewrite its lines?

An Ceann Comhairle: It is all right; I will look after them.

Deputy Robert Troy: You will have your retirement party later.

Deputy Michael McGrath: This budget is the final roll of the dice from a Government that has run out of ideas and is about to run out of road. This budget presented a golden opportunity to the Government to make a statement about our values as a country and to set out a vision for our Republic as we approach a series of centenary commemorations. It was an opportunity to make the right choices. The decision the Government has made in the budget says a lot about its priorities. The essential task it faced in today’s budget was to get the balance right between rewarding work and investing in vital services on which citizens depend. The Government has failed to strike the right balance.

There is no getting away from the fact that as we approach the end of this Government’s term in office, 1,500 children will sleep in emergency accommodation in our country tonight. There is no getting away from the fact that almost half a million people are on hospital waiting lists and that it is almost impossible for families who are caring for loved ones to get a home care package or to get home help in this country today. I could go on. I regret that I see nothing in this budget that will make a real difference to those people and many others who need our help at this time. A meaningful recovery simply must address those issues.

Instead of claiming the recovery as its own creation, the Government should give credit to ordinary people throughout the length and breadth of this country who refused to yield in the face of the worst economic crisis in decades. It should give the credit to the owners of small businesses-----

Deputy Mattie McGrath: Hear, hear.
Deputy Michael McGrath: -----who defied the odds and not only survived but are now driving the recovery. The Government is delusional if it believes that decisions made on Merrion Street during its tenure have brought about this recovery. Having broken promise after promise over the past four and a half years, this budget is an attempt by the Government to take a short cut to popularity, but the people will not be fooled. This budget will be seen alongside the coalition’s previous four budgets. It is depressing that, as with last year, the Government’s priority is not to undo as much as possible of the social harm caused by tough years of austerity, but again to design tax cuts that disproportionately put far more money in the pockets of higher income earners. The stand-out feature of this Government’s approach to budgeting for five consecutive years has been to favour the better off. It is Fine Gael ideology all the way.

Deputy Jerry Buttimer: No.

Deputy Michael McGrath: With every budget this Government has passed, it has made Ireland a more unequal place. Fine Gael and the Labour Party seem intent on creating deeper and deeper divisions in society. The way the Government targeted lone parents, women and the elderly will live long in the memory. This Government does not like independent analysis very much, but the analysis of the Government’s approach to its last four budgets has been very clear. The first three austerity budgets were found to be regressive, placing the greatest burden on those least able to carry it. Last year’s budget was the first in seven years where there was scope to give something back and, incredibly, it resulted in the bottom 10% of households in income terms losing the most and the top 10% gaining the most. I have no doubt that when an objective analysis is done, this budget will be deemed to have had the same effect. Against all of that, one would have to wonder what is the point of having the Labour Party in government at all.

Deputy Mattie McGrath: The hub cap fell off.

Deputy Michael McGrath: It is little wonder the Government wants another few months in office before facing the people, but it will make no difference. Back in 2011 the Government was swept to power with a record mandate and the overwhelming goodwill of the Irish people to be bold and reforming, but it has utterly failed to deliver in so many areas. Political reform, which was demanded by voters in 2011 has been abandoned completely. Instead, the Government put a new polish on the old ways. Many of the big questions facing the country have been ignored completely and the programme for Government commitment on pensions is a case in point. The Government promised to reform the pension system to achieve progressively universal coverage but instead, decided to raid €2.4 billion from private pension savings; zero reform.

Deputy Finian McGrath: Hear, hear.

Deputy Jerry Buttimer: That has been abolished.

Deputy Michael McGrath: Universal health insurance was to be the landmark reform of the Government. It was to provide equal access to the health service for all citizens, irrespective of their means. It too has been abandoned; it must lie on a waiting list somewhere. The proceeds from a local property tax were to be used to improve local communities. Instead-----

Deputy Mattie McGrath: Irish Water.

Deputy Michael McGrath: -----the Government cut funding to councils and used the local
property tax proceeds to set up a bloated super-quango in Irish Water and that is the truth.

In opposition, Fine Gael and the Labour Party cynically opposed every measure introduced by Brian Lenihan to put the economy back on track-----

**Deputy Joe Costello:** Like the bank guarantee.

**Deputy Michael McGrath:** -----and then went on to implement his national recovery plan and better still, to claim credit for it. They told us they would burn the bondholders but all the Government did was to burn their election promises. The Government told Members it had secured a game-changer of a deal on bank debt but it turned out to be little more than hype. The deal on bank debt never materialised. Fine Gael and the Labour Party told families struggling with mortgage debt that their homes would be safe from the back. Instead, they diluted the rights of mortgage holders and made repossessions quicker and easier.

**Deputy Mattie McGrath:** Send in the sheriff.

**Deputy Michael McGrath:** The Government stated it would breathe new life into rural Ireland but instead, it attacked every pillar on which it is built.

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

**Deputy Michael McGrath:** The centrepiece of this budget is the package put forward by the Minister, Deputy Noonan, on the universal social charge, USC. I acknowledge the USC is a very heavy burden on Irish taxpayers introduced at the worst of times.

**Deputy Jerry Buttimer:** Who brought it in?

**Deputy Bernard J. Durkan:** Whose budget was that?

**Deputy Michael McGrath:** Fianna Fáil agrees the burden of USC should be lessened.

**Deputy Jerry Buttimer:** Who brought it in?

**Deputy Michael McGrath:** However, when one considers the impact of this tax package today on different families, one simply must put it alongside the Government’s introduction of a series of taxes and charges that take no account of ability to pay. From the local property tax to water charges, from increased public transport fares to the fivefold increase in prescription charges, the Government consistently has had no regard to the principle of the ability to pay. In last year’s tax package, higher earners gained more than four times more than someone on modest wages. The full-year cost of the Minister’s package today is approximately €550 million and because the USC is taxed on the income of an individual, the biggest winners will be two-income couples, especially high-earning two income couples.

**Deputy Mattie McGrath:** This is Fine Gael.

**Deputy Michael McGrath:** Yet again, where one parent stays at home to mind children, the gain will be far less. The Minister has thrown a sop to them with an increase in the home carers tax credit, which incidentally is only claimed by 83,000 people. Many people are not even aware of the existence of this credit and that is a job the Minister must do. A two-income couple earning €70,000 per year or more will stand to gain by €1,800 in the Minister’s tax package, whereas a single-income couple on €35,000 per year will gain by €377 on foot of the USC changes. As the Minister is providing them with €190 through the home carers tax credit,
if they apply and claim it, their gain will be €567, compared with €800. In the case of working
people on an income of €22,000, of whom there are many, their gain in this budget through the
Minister’s tax package is €182. The Minister is giving high-income couples ten times the level
of gain people on low incomes will get.

**Deputy Mattie McGrath:** Look after the rich.

**Deputy Michael McGrath:** The Minister will make the point, as he often has, that people
who pay more tax will benefit more from tax cuts and while such people do pay more tax, if
the Minister really seeks to make work pay, then people who earn €20,000, €30,000 or €40,000
really need his help. He must use all the tools at the disposal of the Government collectively to
deal with that issue because the reason there are welfare traps and the reason it is not viable for
many people to work is because of secondary benefits, namely, rent supplement and the medical
card, which they lose as soon as they start working. This is an issue the Minister could have
dealt with in this budget but he has not.

Members were promised the budgetary process would be opened up and would be much
more transparent and accountable but this simply has not happened. At midnight last Friday
night, the White Paper on Estimates of Receipts and Expenditure was published and lo and
behold, there was an additional €1.5 billion in Supplementary Estimates. Members have been
given no information today on that €1.5 billion and are only seeing half the picture.

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

**Deputy Michael McGrath:** This is €1.5 billion of Supplementary Estimates between now
and the end of the year.

**Deputy Brendan Howlin:** It is in the Book of Estimates that was circulated.

**Deputy Michael McGrath:** Members do not know how much of that money already has
been spent, how much of that €1.5 billion has yet to be spent between now and Christmas or
precisely how it will be spent. In the interests of transparency and accountability, all these facts
should be in the public domain and should have been put up front and centre in the budget today.

**Deputy Barry Cowen:** A democratic revolution.

**Deputy Michael McGrath:** On the spending side, one of the Minister’s main points today
was the increase of €3 in the old age pension and the partial restoration of the Christmas bonus.
I do not believe the Minister is naive enough to think pensioners will be fooled by what he has
announced here today because they remember well what the Government has done to them in
recent years.

**Deputy Bernard J. Durkan:** It was Fianna Fáil that cut it.

**Deputy Brendan Howlin:** Fianna Fáil cut it by 4%-----

**Deputy Michael McGrath:** The Government cut the fuel allowance by six weeks.

**Deputy Brendan Howlin:** -----and abolished the Christmas bonus.

**Deputy Michael McGrath:** It cut the actual fuel allowance amount by €3.90, it cut their
gas and electricity units allowance by 25%, it abolished the telephone allowance and imposed
the local property tax and water charges on elderly people with no account taken of ability to
pay. The Government promised to abolish their prescription charges but multiplied them by five. It increased the cost of a bag of coal by €2.50, on which many elderly people rely, with the carbon tax. It slashed the tax relief on their medical insurance premiums, which for many people meant an increase of hundreds of euro. It increased DIRT tax from 27% to 41%, again directly affecting many people. The cost of a place in a nursing home under the fair deal scheme increased dramatically under the present Government, including the share of the person’s home that will be taken as a result.

**Deputy Mattie McGrath:** The dirty dozen of cuts.

**Deputy Michael McGrath:** In addition, the Government has cut thousands of hours of home help.

**Deputy Bernard J. Durkan:** Fianna Fáil left the country broke.

**Deputy Michael McGrath:** On top of all that, the Minister’s announcement of an increase of €3 will ring hollow for many people because in 2012, the Tánaiste and Minister for Social Protection, Deputy Burton, introduced sneaky changes to the eligibility criteria for the State pension-----

**Deputy Barry Cowen:** Exactly.

**Deputy Michael McGrath:** -----by changing the yearly average contribution bands. A lady from my constituency wrote to me last week.

**Deputy Brendan Howlin:** This was announced seven years earlier.

**Deputy Michael McGrath:** Her yearly average band came in at more than 20 weeks per annum-----

**Deputy Billy Kelleher:** It was the Government’s Bill.

**Deputy Michael McGrath:** -----and under the old regime, at €225, her pension would have been €5 short of the full pension. Instead, €34 has been cut from the pension she otherwise would have received.

**Deputy Robert Troy:** But it is all right because of the €3 increase.

**Deputy Michael McGrath:** That is the reality and many people are only now beginning to realise, as they reach the age of 66-----

**Deputy Bernard J. Durkan:** Fianna Fáil cut the blind pension. Have Members opposite forgotten that?

**Deputy Michael McGrath:** -----that the eligibility criteria for the State pension has changed fundamentally.

The Minister’s comments on housing and accommodation were nothing short of pathetic. He would have been better off saying nothing than what he actually said. There has been no increase in rent supplement. It was flagged and leaked repeatedly that rent certainty would be introduced but there is no rent certainty today. There was to be tax relief for landlords who took on tenants in receipt of rent supplement-----
Deputy Jerry Buttimer: How many houses did Fianna Fáil build when it was in government?

Deputy Michael McGrath: -----but there has been no such tax relief.

Deputy Jerry Buttimer: It looked after the developers.

Deputy Robert Troy: It was 14,000 social houses Deputy Buttimer.

Deputy Michael McGrath: There were to be grants for builders who sold houses at below the market value. Apparently, Members are told, the Minister, Deputy Noonan and the Minister, Deputy Kelly, could not reach agreement on the package of measures to help people trying to put a roof over their heads. Is it not amazing the Ministers did manage to reach agreement on giving themselves a €900 tax cut? However, the Government could not reach agreement on helping people who do not have a roof over their heads tonight.

Deputy Mattie McGrath: Labour Party values.

Deputy Michael McGrath: Is the Government not aware of what the Simon Community found in its recent report? In the areas it studied, which included all the major population centres, 93% of properties available for rent were outside of the rent supplement cap. In the five major cities, the Simon Community could not find a single property available for rent that was within the rent cap for a single person.

Deputy Bernard J. Durkan: Fianna Fáil created that.

Deputy Michael McGrath: Not a single property and not a word about it in the budget today, which is an absolute disgrace-----

Deputy Mattie McGrath: Hear, hear.

Deputy Michael McGrath: -----because apparently, the Government cannot reach agreement on all of that. It is an absolute disgrace.

Deputy John Halligan: That is absolutely correct.

Deputy Mattie McGrath: The Minister, Deputy Kelly, is a failure.

Deputy Michael McGrath: In responding to budgets, I have stated consistently that Fianna Fáil wants to see this country recover.

Deputy Bernard J. Durkan: It is better now then when Fianna Fáil left.

Deputy Michael McGrath: However, I have a duty to analyse critically that recovery. The economy is recovering, that recovery is broadening and its pace has almost surprised everyone. I agree the task now is to make sure it is a sustainable recovery. There is a general air of self-congratulation about the Government’s pronouncements on the state of the economy. Ireland remains vulnerable to a change in international factors.

4 o’clock

The risks buried in the bowels of the document have not been brought to the fore in the Ministers’ statements. We have benefited, in particular, from the weak euro, the historic low interest rates, falling energy prices and the European Central Bank’s quantitative easing programme.
Dáil Éireann

The reversal of any or all of these factors could and would hit Ireland particularly hard. This should be acknowledged. The economic turmoil in China during the summer was a stark reminder of the unstable nature of the global economy.

On employment levels, Fianna Fáil welcomes the fact that the number of people out of work is falling but fundamental problems remain, particularly in regard to long-term unemployment. When account is taken of the more than 80,000 people on activation schemes, the number working part-time who want to work longer hours and the number unemployed, the overall jobless rate is 18%, which means that the situation is not as rosy as the Government is constantly repeating. Despite improving in recent years, the debt-to-GDP ratio is significantly worse than it was in the 1990s and 2000s. While the deficit is quickly reducing, there is no room for complacency on all of these issues.

It is welcome that the Minister for Finance, Deputy Michael Noonan, has moved to end tax discrimination against the self-employed and is providing a €500 credit in that regard, similar to what was proposed by Fianna Fáil in its submission. However, he should have gone further. He should have introduced a voluntary opt-in PRSI scheme for the self-employed such that if a business gets into difficulty, a self-employed person would have the safety net of jobseeker’s benefit or if he or she is unfortunate enough to become ill, he or she would be eligible for illness benefit. The Government should have done this, but it clearly has no intention of doing so.

On corporation tax, the Minister has concurred with the report issued by the OECD on base erosion and profit sharing, BEPS. I broadly support that position, but Ireland should not be complacent in its corporation tax offering. The reality is that many other countries are upping their game considerably in relation to corporation tax. The United Kingdom is cutting its overall rate and has introduced an aggressive patent box scheme and an attractive capital gains tax regime for entrepreneurs. I acknowledge the Minister’s move on capital gains tax for entrepreneurs, but a rate of 20% is still not competitive, as compared to the 10% rate in the United Kingdom. Also, the cap of €1 million is too small and should be reviewed. The Minister also announced the knowledge development box last year, which he says is in line with the OECD’s BEPS proposals. The question is whether it has been approved by the European Union or whether the Minister has sought approval from it? I note that he is nodding his head. I take it that the measure will be enacted in the Finance Bill and in place for 2016. If so, I welcome it. Ireland should continue to resist moves to sign up to have the common consolidated corporate tax base. The Minister needs to further reform the proposals in relation to SARP which have not been successful. He also needs to make provision for a greater distinction between passive and active investment in the taxation of enterprises generally. That is an issue which needs to be addressed.

In its submission to the forum on tax and entrepreneurship Fianna Fáil put forward a number of proposals on crowd funding and the enhancement of our research and development offering through a pre-approval mechanism and a special dedicated unit within Revenue. Many countries are now competing in this territory on the grounds of supporting businesses investing in research and development.

The Minister has often made the point that the banks have recovered or are in recovery mode. If the measure of this is the availability of credit to the economy, in particular to small and medium enterprises, SMEs, I do not agree with this. The Government committed in its programme for Government to the establishment of a strategic investment bank, but no such bank has been set up. Instead, the Government set up the Strategic Banking Corporation of Ireland,
which is not a bank because it does not have a banking licence and cannot lend to anyone. It is channelling funds through the pillar banks and its performance thus far, to the extent that data are available, is modest, to say the least. Similarly, the other sources of non-bank funding have not delivered the level of credit required in the economy. The temporary partial credit guarantee scheme has not worked and Microfinance Ireland is not making the contribution we felt it had the potential to make. The Minister has not dealt with the issue of legacy debt held by SMEs which is acting as a drag on the domestic economy and needs to be dealt with.

Fianna Fáil welcomes the increase in the minimum wage, which increase is presented in the budget tables as if it will be paid by the State which, of course, it will not; rather, it will be paid by employers. The Minister has addressed the PRSI anomaly created by the Government when it removed the PRSI exemption limit of €100, which created the cliff for employees moving above a certain level of income by having to pay PRSI on 100% of their income. It remains to be seen if the detail of what has been proposed deals with that issue. However, the relief is being tapered, which we welcome.

Another issue in relation to banks and mortgages is one to which I have returned time and again, namely, standard variable interest rates. The Minister promised last May when he met the banks that if sufficient progress was not made on this issue, he would act to address it in the budget. In that regard, he threatened to introduce a penal bank levy or to introduce legislation which would empower the Central Bank to deal with the banks’ continued charging of rip-off interest rates to variable interest rate customers in Ireland. While the Minister is clearly satisfied with the progress achieved, as he sees it, I fundamentally disagree with him. The following are figures which I gave during questions to him recently. The actual standard variable interest rates being charged to existing customers are as follows: Bank of Ireland, 4.5%; permanent tsb, 4.3% for customers with less than 10% equity; Ulster Bank, 4.3%; KBC, 4.3% for customers who move their current account to that bank; AIB, 3.65%; EBS, 3.7%; ACC, 4.4%; and Danske Bank, 4.95%.

The Minister has spoken about fixed interest rates and the new managed variable rate products, but for many mortgage holders, the new fixed rate products are not suitable. People do not want to be locked into two or five-year arrangements because doing so comes with a penalty. A person who wishes to switch a mortgage to another lender must pay a financial penalty. If a person comes into money by way of an inheritance and so forth and wishes to pay down a mortgage, he or she will incur an actual financial penalty. This issue has not been dealt with. The Minister has been advising mortgage holders to sign up to fixed interest rates. To be frank, it is not his job to act as a personal financial adviser. It is his job to deal with the regulatory system and the supervision of the banks and to ensure there is fair play for the 300,000 mortgage holders who are still paying, in many cases, double the rate charged elsewhere in Europe. This is not acceptable. What it actually means in many cases for mortgage holders is several thousand euro in additional interest every year. In terms of tax cuts and giving a little back in welfare payments, in many cases, they are against the backdrop of people paying up to €2,000 extra in rent this year than they were paying three or four years ago or an additional €1,500 to €2,000 in interest on their loans in Ireland than they would be paying if they were living elsewhere. These are the fundamental structural issues in the economy that need to be dealt with if people are to share in the fruits of the recovery, as I am sure the Minister would wish them to do. He continually calls on people to switch their mortgage provider. However, doing so is not as easy as switching one’s electricity provider. It is very difficult to switch one’s mortgage from one lender to another. It remains our view that legislation should be enacted to give the Central
Bank the power to act in this area.

The impending ending of mortgage interest relief will affect over 300,000 families. Mortgage interest relief will expire in 2017, a fact of which many are not aware. There is also always the risk that tracker mortgage rates will increase at some point in time; it is inevitable that they will. Equally, the issue of mortgage arrears has not been addressed. The figures for the uptake of the insolvency service are very low. The Minister has spoken many times about all of the mortgage restructuring arrangements that have been put in place. However, 27% of the restructures involve the recapitalisation of arrears. In 14% of cases, the mortgage term has been extended, while in 10% of cases, the repayments have been temporarily reduced. It remains to be seen whether these are solutions that will be durable in the medium to long term. There are still 38,000 mortgage accounts that are in arrears for two years or more. These mortgages are in very real difficulty. During the past 18 months repossession proceedings have been issued in respect of almost 17,000 family homes. We know from information provided by the banks for the Oireachtas finance committee that more than 30,000 letters threatening legal action or in respect of actual legal proceedings have been issued to families because of the level of their mortgage arrears.

We have the added problem, which compounds that situation, that because of the Supreme Court judgment last May, which the Minister has not yet addressed, banks do not even have to comply with the code of conduct on mortgage arrears before proceeding with a repossession action before the courts.

Deputy Mattie McGrath: That is this Government’s chapter.

Deputy Michael McGrath: That loophole must be closed urgently.

Deputy Mattie McGrath: It will not be done by this Government.

Deputy Michael McGrath: We have published legislation in that regard.

It remains a legitimate aspiration for many young people and for many couples to buy and own their own homes. The steps the Government has taken, combined with the measures introduced by the Central Bank, have put home ownership beyond a whole generation of young people. The new Central Bank rules are particularly punitive for people who want to trade up. If we take the example of a couple living in an apartment, who now have children, and want to sell it and buy a home worth, say, €350,000, after selling their apartment and clearing their mortgage if they are lucky enough to have some equity, they will need to stump up €70,000 to buy a new home. For the vast majority of people in that situation, it simply is not an option. The Minister needs to address that.

After the Minister met the Construction Industry Federation, CIF, he made some soothing comments about the Central Bank having to review the rules but he has not asked the Central Bank to do so. It is not only an issue for young people in the major urban centres with a €220,000 threshold above which one must have a 20% deposit for the excess, it is also an issue for young families who now have no prospect whatsoever of ever being able to trade up. That is not acceptable and it needs to be dealt with along with the issue of housing supply.

The first-time buyer’s saving scheme, or the deposit interest retention tax, DIRT, refund the Minister introduced last year, has not worked. I thought there would be some initiative in the budget today to reform that, to have a bold initiative similar to the Help To Buy initiative in the
UK or similar to what Deputy Barry Cowen has proposed on behalf of our party to assist first-time buyers in that regard and to give them an opportunity to buy.

A two-tier recovery has taken root where growth is concentrated in fewer and fewer hands in smaller and smaller parts of the country. For swathes of rural Ireland, the word “recovery” is not worth the Government press release on which it is written. The steady erosion of services to rural Ireland is a chronicle of betrayal by this Government and the Taoiseach, more than anyone, should be aware of that. The basic services of security, health and finance are slipping away from day to day lives of hundreds of thousands of people. The record is undeniable. The blue light was permanently extinguished in 139 Garda stations. The national flag was lowered once and for all at four Army barracks in Clonmel, Mullingar, Cavan and Castlebar. The last letter was posted at 24 post offices. The noise of the local bus faded away in many towns as Bus Éireann services were cut by 100. The din of the till was silenced in 160 bank branches because of their closure. Clinic waiting rooms remains empty as rural general practitioner clinics are closing and positions go unfilled. The IDA cars go straight from the airport in Dublin, with 94% of jobs created in 2014 in Dublin and the greater commuter belt area and 54% of all IDA site visits in 2014 in the Dublin area. The divide is getting bigger and bigger and there is no Government strategy to deal with it. It did not even warrant a mention in today’s budget speech.

Deputy Mattie McGrath: They are closing rural Ireland.

Deputy Michael McGrath: This is a divided country and a divided economy. The Taoiseach has not taken any tangible steps today to bridge that divide. On the cusp of all the celebrations and commemorations we will have next year, that, first and foremost, was his key duty. That is not to mention the 40% cut in Leader funding, which has savaged local community projects in this country for the next number of years to come. The two-tier recovery is no accident. It is the direct result of the policies and the actions of this Government.

The credit union movement needs the Minister’s help but, again, it did not get a mention today. By imposing a cap of €100,000 on savings in credit unions------

Deputy Mattie McGrath: They keep the country going.

Deputy Michael McGrath: ------he is sending out a very negative signal. It is a statement by Government of a distinct lack of confidence in the credit union movement. At a time when we need a counterpoint to the power of the banks------

Deputy Mattie McGrath: The credit unions keep the country going.

Deputy Michael McGrath: ------he is diminishing and undermining the role of credit unions in local communities throughout this country. He is not allowing them to hold savings in excess of €100,000, to lend the money or to deal with the additional burden off regulation they face. The Minister should talk to them. He is shaking his head. I am sure the credit unions in Limerick are no different from the credit unions in Cork and elsewhere around the country.

(Interruptions).

Deputy Michael McGrath: That is why they turned out in their droves when we dedicated Private Members’ time to that issue.

Deputy Jerry Buttimer: Whose Bill did Mattie copy?
Deputy Michael McGrath: The Government wants people to take this budget in isolation. It wants people to forget what has happened in the last four and half years, to forget the way the vulnerable have been targeted, to forget all the broken promises-----

(Interruptions).

Deputy Michael McGrath: -----and to forget the divisions in society that this Government has created but it will not work. People know the recovery has been hard won.

Deputy Michael Noonan: Did you forget all your promises?

Deputy Michael McGrath: They know we still face great sacrifices-----

Deputy Jerry Buttimer: There is no Bobby Ewing moment on the opposite side.

Deputy Michael McGrath: -----and that uncertainties remain. They want the Government’s priorities to reflect their priorities. They want fairness and decency at the heart of everything their Government does. The people will soon have their opportunity to pass their judgment.

Deputy Sean Fleming: We are now entering the final chapter of this Fine Gael-Labour Party Government. The story is as follows: chapter 1 - the setting is Government Buildings March 2011 and the main characters are Enda and Eamon. Does the Taoiseach remember Eamon? They look at each other and say, “We’ve landed, what will we do now?” Enda says, “Do you remember the four-year plan we opposed, the troika agreement we objected to and the Finance Bill that we voted against before the election. I’ll tell you, I’ll do a complete U-turn and implement everything I opposed, objected to and voted against. What will you do Eamon?” He responds by saying, “Do you remember our advertisements which we ran during the election campaign when we said there would be no increase in third level education fees, we said there will be no cut to child benefit-----

Deputy Michael Noonan: Is this an extract from Oliver Callan?

Deputy Brendan Howlin: He is gone.

Deputy Sean Fleming: -----and we said there will be no water charges. I’ll do a U-turn as well and drop every one of those promises. It’s the price of power.”

Deputy Niall Collins: There are more than two. Is there, Brendan?

Deputy Sean Fleming: That was it settled. Both of them agreed-----

Deputy Michael Noonan: Is this some kind of comedy?

Deputy Sean Fleming: -----and said, “We’ll call it a democratic revolution”.

Chapter 2 of the story is about the economy and regressive anti-social budgets introduced by this Government. It looked after the wealthy and gave tax cuts to the high earners. It spoke about trickle-down economics. It took the four-year plan it inherited from the previous Government and removed all traces of fairness from it. It took the telephone allowance from the elderly, hiked up prescription charges for people who could not afford it and cut career guidance teachers from our schools.
Chapter 3 tells a story of 405,000 people waiting to see a hospital consultant-----

**Deputy Brendan Howlin:** How many chapters are there in it?

**Deputy Sean Fleming:** -----or to have vital surgery carried out. It also tells the story of the sale of important strategic State assets such as part of Bord Gáis and the national lottery licence.

**Deputy Michael Noonan:** This could become a rock musical.

**Deputy Sean Fleming:** NAMA agrees to sell off many of its valuable properties throughout the country to the new found friends the Minister, Deputy Michael Noonan, met in Davos at knockdown prices, further exacerbating the burden on our citizens. We should not forget the water meters and the new super quango, Irish Water.

**Deputy Brendan Howlin:** Will the Deputy mention the budget some day soon?

**Deputy Sean Fleming:** Chapter 4 tells a story of the housing crisis, homeless people sleeping rough, children living in hotel rooms, high rents and long waiting lists for social housing. Those lucky enough to have a house to live in no longer feel safe in their own homes due to the cutbacks in the number of gardaí leading to a lack of normal policing.

We have now come to the final chapter. Enda and Joan look at each other and say, “What can we do to get back?” They say, “We will agree to make bigger promises than before. We’ll promise to solve all the nation’s problems if they give us another ten years to do so. Money will be no object.”

**Deputy Brendan Howlin:** The Deputy might mention the budget.

**Deputy Sean Fleming:** They conclude by saying, “Let’s hope we can fool the people for a second time around”. That is the story of this Government.

The first duty of any government in a civilised society is to provide housing for its people. This Government has clearly failed to do this. The second duty of a government is to ensure people feel safe in their homes. This Government has failed to do this. It is the duty of any government to ensure adequate health services for people who are sick or need medical procedures carried out in a timely manner. This Government has again failed to do this. The provision of affordable child care facilities for families with young children should be a priority of the Government. Again, it has failed to provide this.

These four issues of housing, people feeling safe in their homes, adequate health services and child care provision are all matters completely within, and under, the control of this Government. Lack of action on these matters cannot be blamed on external factors, or even on Fianna Fáil. These are the issues on which it has failed and by which it will be judged by the people.

Improvements in the State’s economic fortunes are to be welcomed. The additional cash available to the Government must be put to good use by way of a socially balanced budget to rebuild our public services and to provide additional income for people through their pay packets. The improvements in the economy are as a result of the sacrifices and the hard work of the Irish people, all the Irish people. It is the people’s recovery. Unfortunately, due to choices of this Government, everybody is not feeling the recovery equally. There is a two-tier recovery. There is a social and geographic divide when it comes to sharing in the recovery.
There was a time when there was a general consensus and government actions ensured a rising tide lifted all boats. This Government has managed it in such a way, however, that only those in the fancy yachts feel the benefit of a rising tide.

Deputy Brendan Howlin: Even Deputy Willie O’Dea is laughing at that one.

Deputy Sean Fleming: The Government will claim there is a greater degree of openness and transparency in the budgetary process. The spring economic statement, part of the EU fiscal rules, is indeed welcome. However, in recent years the budgetary process presented in Dáil Éireann is less honest and less accurate with no meaningful review mechanism in place. Last year, the Government announced additional expenditure on budget day of €429 million. Today, we learn that on top of that, there is now an additional €1.5 billion available for Supplementary Estimates. This money has to be spent in a rush before the end of this year. This has happened every single year with this Government. Why is it the Government makes two and a half times more cash available for the last two months of the year compared to what was available for the first ten months? We are expecting Supplementary Estimates of approximately €600 million for health, €400 million for social protection, €100 million for transport and €50 million for education, along with other Supplementary Estimates that have yet to be finalised. There is something wrong with a budgetary process where two and a half times more money is available in the Supplementary Estimates at the end of the year than there was by way of additional expenditure in the budget at the beginning of the year.

This mismanagement of our finances has contributed to the crisis in the health service. No honest health Estimate has been provided in the lifetime of this Government. Every year, it deliberately understates the figures, resulting in the health service being starved of vital funds and then a splash of cash at the end of the year. This is no way to plan a health service, let alone any service. The taxpayer would get better value for money if it was made available on a planned basis throughout the course of the year and operations and appointments could be planned in an orderly manner rather than what we are experiencing now.

Today, the Government announced additional expenditure of approximately €750 million. Based on all its previous budgets, this figure is neither accurate nor honest. The only question is how much there will be by way of Supplementary Estimates towards the end of 2016. I know the Ministers opposite will argue EU rules do not allow that. EU rules can be renegotiated, which the Government did earlier this year in regard to changing the ten-year rule for increasing expenditure. These rules are not set in concrete but are flexible, depending on each member state’s individual situation.

Deputy Brendan Howlin: The Deputy has great confidence in us.

Deputy Sean Fleming: An essential review of this budgetary process is now required. The Dáil should be given an accurate and honest quarterly report at the end of March, June and September each year to ensure funding available for expenditure can be allocated, approved and utilised in a logical manner. This is a subject the Government has failed to acknowledge. Is this slush fund of €1.5 billion an effort by the Government to buy the next general election?

When this Government came to power, there was a housing surplus. It claimed Fianna Fáil had built too many houses.

Deputy Michael Noonan: Everyone was gone.
Deputy Sean Fleming: It has managed to turn it into a housing emergency, some achievement. Some 130,000 people are languishing on the social housing waiting lists. There are 471 homeless families with 1,054 homeless children sleeping in hotel rooms tonight in Dublin, Cork and Galway, waiting to be kicked out the next morning before they go to school, ashamed to say where they spent the night. This is in addition to the people sleeping rough on our streets every night.

There are thousands of empty housing units throughout our cities and towns but many people looking for housing. The failure of this Government to match these empty houses with people who are looking for housing shows a level of incompetence that people will not ignore. One could meet 50 people on the housing list in a town but one will see 50 empty housing units in that same town. Why is the Government not tackling this? Many of these houses are controlled by NAMA, by banks, some of which are controlled by the State, or by receivers appointed by the banks and NAMA, along with people sitting on empty properties waiting for the price of these houses to increase. This is the real scandal. Is there actually a shortage of houses or is it just the Government’s incompetence?

This Government does not have the ability to solve the housing emergency. I believe there is a housing emergency but I do not believe anybody opposite believes there is one. Has the time come when emergency legislation to deal with the housing and homeless situation is necessary? We now need financial emergency in the public interest legislation to deal with the housing and homeless emergency. If the Government believes there is an emergency, it should act in the public interest.

NAMA is still sitting on empty houses but instead, the Government is talking about building modular homes, risking turning parts of our cities into trailer parks because it is unable to implement a solution to this crisis. This Government has not secured the bricks and mortar needed to give people the basic dignity of a roof over their heads. It has launched and re-launched its social housing strategy on more than one occasion, and has done so again today. From what we hear, it will have to do it again next week when the Minister for Finance, Deputy Michael Noonan, has another chat with the Minister for the Environment, Community and Local Government, Deputy Alan Kelly. The Government housing strategy has been launched at least four times, double the number of social houses the Government built in County Laois last year. There were four housing strategies but only two houses built to deal with a social housing waiting list in County Laois of 1,764 people.

The failure of the Government to address the housing crisis is another example of what it does when it is actually in charge of something. The homeless crisis on our streets, first-time buyers frozen out of the market and the families waiting on a place to call home is the Minister’s legacy. Fianna Fáil has continually put forward real alternatives, such as using the strategic investment fund to kick-start social housing building, a home development bond to help get money flowing to build houses and using NAMA and State lands to ensure homes are built where they are needed. We put forward a €4.5 billion social housing programme with a broader strategy to build 150,000 new homes by 2021 to secure home ownership for a generation.

All the Government has offered over the past five years, however, and sadly again this afternoon, is long on promises and short on delivery. We have seen here today the first public acknowledgement that the Minister for the Environment, Community and Local Government, Deputy Alan Kelly, has failed to deliver on his legacy of dealing with the housing crisis. He said he would be judged on this legacy. The Government has passed judgment on his perfor-
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mance and the Minister for Finance, Deputy Noonan, has now felt it necessary to take direct charge in this area, make changes and call in NAMA to take over where he has failed. We have a new plan with promises of houses years down the line but nothing for people requiring housing this year.

Today’s commitments on crime come against a dark backdrop of sadness and loss. Sunday’s terrible murder is a sharp reminder of the sacrifices that members of An Garda Síochána make in the line of duty. It is the task of this Parliament to support them as they protect our families and communities from the threat of criminality. The surge in burglaries across the country reached more than 30,000 last year, which is an increase of 8%, and is leaving communities and in particular vulnerable, elderly people, terrified. The closure of 139 Garda stations in Dublin and across rural Ireland has left parts of our cities, towns, villages and hinterlands feeling more exposed. The daily sight of anti-social behaviour, theft and low level crime should not be tolerated in our capital city. Too many streets are rife with open drug abuse and intimidation. Our premier thoroughfare, O’Connell Street, is a no go area at night. How many of our cities and rural towns suffer the same experience?

Garda numbers have slipped to 12,800, which is below the previously described minimum level of 13,000 for a safe policing force. Recruitment levels barely match retirement levels let alone compensate for the loss of experience. Today’s announcement is inadequate and will not lead to a sufficient number of gardaí on the beat, who are needed to prevent and confront crime head on. People want to see gardaí on the street. The Government has options. It has always had the choice of what to invest in and what to prioritise. The most fundamental role of the State is to keep its citizens safe. It must be a key priority of this Government to rebuild the capacity of An Garda Síochána to protect our communities. Today’s budget simply does not do that. The hard facts remain unchanged. The decline in Garda numbers, depletion of resources and closure of stations have left the force demoralised and blunted its ability to fight crime. It will take real leadership to reinvigorate An Garda Síochána but this can only be achieved when a Government gives it the resources and personnel it needs to get the job done. This strong commitment is sadly lacking in today’s announcement.

We are back again, as usual, to talk about health. The Government’s health policy has been defined by false budgets and an abandonment of its pre-election universal health insurance promise. Its legacy after five years is a deep crisis at the heart of our health services. Constant overcrowding in emergency departments has driven nurses onto the streets in protest. They know all too well that the problem is only getting worse. They are taking this action because they felt it was the only option open to them to force the Government’s hand into addressing the problem. This summer, some of the highest levels in the number of patients on trolleys ever were recorded and last month saw a 17% increase in the numbers. Hundreds of patients across the country are facing long waits on trolleys, stripped of dignity and privacy, as the Minister for Health continues to give a running commentary on his Department rather than showing real leadership.

After today’s budget the front line of our health service still faces into the hard battle of another winter under-resourced and underprepared. Hospital waiting lists expose the harsh reality of this Government’s health policy. Even their efforts to shift goalposts have failed to mask the scale of the crisis engulfing the service. At the start of 2015, the Minister for Health abandoned his predecessor’s targets of a maximum eight months’ waiting time for inpatient and day-case appointments and a one year timeframe for outpatient appointments. Instead, he changed his mind and set a new target of 18 months for people waiting for an outpatient appointment. Even
I want to quote from a letter issued by the HSE on 22 September 2015. This letter was issued just 22 days ago to a person in County Laois. The person is in urgent pain requiring shoulder surgery. The letter states: “I wish to inform you that the above patient has been placed on the adult orthopaedic outpatient waiting list. I wish to inform you that the current waiting list is in excess of 78 weeks.” This is a delay of more than a year and a half for an outpatient appointment. If the person eventually gets an appointment to see a consultant, how long more will he have to wait before the urgent surgery is carried out? Letters such as this one are being issued every day by the HSE to people in every county. More than 13,000 people are waiting in excess of 18 months for these appointments. Some 804 of these people are in the children’s hospitals group. The inpatient lists tell another similar tale. The number of people on waiting lists of more than nine months to be seen on an inpatient basis has increased from 5,000 to 17,000 in the course of a year. All the while, the Minister for Health looks on from the stands, a disinterested armchair critic looking on as the team falls further and further behind. Today’s budget is another edition of a series of fictional budgets that is undermining our health service leaving it to drift and decline in front of our very eyes.

The flagship announcement on child benefit, paid parental leave and the further preschool facility for children over three years of age have to be put in context. The additional funding for child care for children over three years of age is welcome for their families. However, what of the child care costs incurred by working parents whose children have not yet reached three years of age?

A Leas-Cheann Comhairle, I have to draw attention to the fact that, like every other year, the Minister for Public Expenditure and Reform and the Minister for Finance will not even give the courtesy to the national Parliament to hear what the Opposition has to say about their budget.

**Deputy Barry Cowen:** Hear, hear.

**Deputy Mary Lou McDonald:** Hear, hear.

**Deputy Sean Sherlock:** Do not be playing games.

**Deputy Sean Fleming:** They listened to one person but are now gone before the second speaker has finished. We have not even got to Sinn Féin or the Independent and Technical Group yet the Ministers are gone.

**Deputy Mary Lou McDonald:** It is terrible.

**Deputy Sean Fleming:** The people who wrote this budget have done this year in, year out. They are off to give a press conference and put a spin on what they did not say here today. This time last year, I asked the Ceann Comhairle, who was in the chair, if he would personally intervene to ensure this would not happen again on this occasion and he said he would.

**Deputy Barry Cowen:** Reconvene.

**Deputy Sandra McLellan:** Take a break for ten minutes.

**Deputy Sean Fleming:** I believe there is a legitimate case to be made for having the Minister for Finance and the Minister for Public Expenditure and Reform in this Chamber to hear what is being said.
Deputy Jonathan O’Brien: I just saw the Minister for Finance. He is outside getting photographs taken.

Deputy Sean Fleming: They are gone to the press conferences.

Deputy Sandra McLellan: We should reconvene and get a vote on it.

Deputy Sean Fleming: It speaks volumes on the contempt this Government has shown for the national Parliament. It is more interested in a press conference and having a word on the side with individual journalists in order to plant their stories than with putting the facts to this House in public.

Deputy Sean Sherlock: That is a bit rich.

Deputy Sean Fleming: I am sorry but, while we have the Taoiseach, we have not one other member of the Government here. I am looking around and the benches are empty.

Deputy Niall Collins: Sorry, Sean.

Deputy Sean Fleming: Are they canvassing?

Deputy Sean Sherlock: The Taoiseach is here to my right. The Taoiseach is here to listen to Deputy Fleming if he would just get on with it.

Deputy Sean Fleming: Are they gone for their posters?

Deputy Barry Cowen: Have they been let out to play? Did Joan let them out to play now?

Deputy Sean Fleming: Are they nervous again? Is Joan happy with her €3 increase? Does she think she can win an election on a €3 increase? Wait until they get hold of her and her €3. They have a lot to say about her and her €3.

Deputy Sean Sherlock: It is the first increase since 2009.

Deputy Sean Fleming: I have made the point already-----

Deputy Barry Cowen: What about the cuts?

Deputy Sean Fleming: -----but this level of arrogance is what will trip up the Government on the doorsteps.

Deputy Sean Sherlock: It is the first increase since 2009 and maybe Deputy Fleming should acknowledge it.

Deputy Barry Cowen: Fuel allowance.

Deputy Sean Fleming: It might get away with this arrogance here in the House but it will not get away with it on the doorsteps, whenever that will be.

Deputy Barry Cowen: Prescription charges.

Deputy Sean Fleming: On child care, there is nothing in the budget announcement today for hard-pressed working families with young children under three years of age. They get six months of maternity leave. After that, from the age of six months to two and a half years, the
parents are back at work and paying for child care. It is costing up to €400 per week for two children, which is an annual cost of €16,500. The annual cost of child care in this country is 35% of income compared to 12% across the EU. The Government is doing nothing for those children in their most formative years.

Parents need support to ensure they have proper child care. Many families with young children are finding the cost of child care to be as much as a second mortgage and in some cases it is more than the house mortgage. Despite the welcome funding in respect of children over three years of age, I am utterly disappointed that there is nothing in this budget for families with younger children. Of course, why would there be? The Tánaiste and Minister for Social Protection and this Government have already made known their views on families with young children. The decision by the Government in July to remove the one-parent family payment from parents whose children were over seven years of age was not just wrong, but a callous act, and shows this Government’s real attitude to families with young children. However, there was no mention of it in the budget.

I also wish to talk briefly about Irish Water. People are bamboozled about this matter. It is worth taking a step back to see what is the current position. When the costs of the installation of water meters, billing and the water conservation grant are added up, the Government will make a miserly €10 million on water charges this year. That is €10 million for the hardship and scandal. When the costs relating to establishing Irish Water are taken into account, the Irish taxpayer is worse off to the tune of €785 million. All reasonable people accept that we need a national water directorate to co-ordinate the service that is still being operated by local authorities, as agents for Irish Water. However, the Irish Water model chosen by the Government is not the answer. The accountancy trick to get it off the balance sheet spectacularly backfired when EUROSTAT rightly failed it in the test. It was a con job, EUROSTAT saw it and told the Government as much. In fact, we know from the Sunday newspapers that most of the officials in the Department of Finance knew it was a con job and an attempt to buy time by the Government.

**Deputy Sean Sherlock:** The Deputy’s party signed up to it as well.

**Deputy Sean Fleming:** A sum of €540 million has been spent on water meters-----

**Deputy Barry Cowen:** No. Save that for the election campaign.

**Deputy Sean Fleming:** -----which the Government does not plan to use until 2022. Furthermore, this is the cost of installing meters into only half of the houses in Ireland. Wait until we hear how much it intends to spend on putting water meters into the remaining housing. This is only phase 1.

The Government refers to conservation measures, a most important aspect of the Irish Water debate. The reality is that approximately 84% of water leaks are from the public mains, not from private property. This is the reason Irish Water stated recently, “The real bulwark of water conservation and leakage management is to have district meters. We have about 10,000 of them across the country.” The councils already had them in place as part of their infrastructure. It should be clear that 84% of the leaks are not on people’s private property and that no amount of domestic water meters will reduce the leakage from the public mains. That means 84% of the leakage of treated water could be reduced without having to install domestic water meters.

This begs the question as to why the Government wasted this €500 million in the first instance. The sheer scale of this waste is unprecedented. Despite all of the public relations, Irish
Water is a super-quango that must be closed down. Fine Gael and the Labour Party can no longer hide behind the skirt of the troika with regard to Irish Water. This quango was a Fine Gael policy cooked up in 2009. It is now time to stop water charges and to abolish Irish Water.

As I mentioned already with regard to the €3 increase in the pension rate, that money will be whittled away with one visit to the chemist to fill a prescription.

**Deputy Barry Cowen:** Hear, hear.

**Deputy Sean Fleming:** The Government is giving with one hand and taking with the other. Pensioners have been hit to the tune of over €1,200 annually as a result of direct cuts to payments and tax increases, including the local property tax and water charges. Ability to pay was not taken into account by the Government.

The Government has imposed a litany of harsh cuts. The number of home helps has been slashed and housing aids grants, the number of medical cards and income levels have been reduced. Costs have been hiked in every manner in respect of older people. A further blow was the abolition of the bereavement grant two years ago. Against a record of penalising the generation that built the country, the €3 increase says it all about the Government’s priorities. People will not forget the hardship endured as a result of the callous, cynical nature of the cuts it imposed.

Finally, I wish to refer to a couple of other items in the Budget Statement. I have already mentioned the child care announcement. The Minister says he will provide an extra €18 million for family income supplement, a payment to people who are at work and on low incomes. He says that the increase in the family income supplement income threshold by €5 for families with one child and €10 for families with two or more children will benefit 59,000 families or 131,000 children. What about the people on low incomes who get the increase in the minimum wage of 50 cent per hour? Their income will increase by €20 per week, but the Minister is only increasing the FIS threshold by €5 per week. That means many people who receive the minimum wage will fall out of FIS. What type of policy is that? The Minister claimed the benefit of FIS with regard to his taxation policies, but based on what he has stated about the FIS thresholds that does not appear to hold water.

The Minister referred to the increase in the social welfare payment for the elderly. That is no comfort for widows on the contributory or non-contributory pension who will get no increase. People on invalidity pension, carer’s benefit, carer’s allowance, maternity benefit and occupational injuries benefit get no increase. What does the Minister have against the widows, people with disabilities and the carers in Ireland that he will not give them any increase at this stage?

As I said at the outset, I do not believe this budget. It is a dishonest, inaccurate budget. The chart on page 143 shows that last year the Government increased expenditure based on the 2015 forecast outcome by €1.6 billion in this calendar year. That is the supplementary slush fund it has up its sleeve to buy the election in the next two months. However, its planned expenditure increase for next year is only a quarter of that, €383 million. I do not believe the €383 million figure is inaccurate, but it is what the Government based its budget on. It has never brought an honest budget before the House in the four or five years it has been in office and it certainly did not do so today.

**An Leas-Cheann Comhairle:** The main spokespersons for finance and public expenditure
and reform for Sinn Féin, Deputies Pearse Doherty and McDonald, have 30 minutes each.

**Deputy Pearse Doherty:** I will wait for the exodus of Fianna Fáil Members. They might be joining the Minister on the plinth.

Despite all the promises, rhetoric and spin of the past few weeks, what the Taoiseach and the Ministers presented today is the epitome of the boom-bust politics of the past. The cut to the USC and changes to PRSI will put more than three times more in the pocket of someone earning €70,000 a year compared to the average worker. For those earning €25,000, the Minister is giving them €227 annually, yet he has put over €900 back into the pockets of individuals earning over €70,000. How is that fair? By reducing capital gains tax by 13% for some overnight and reducing tax on wealth this Government has hollowed out the tax base for the long term. It has truly stolen Fianna Fáil’s clothes. This is the type of give-away budget of which Charlie McCreevy would have been proud. By reducing the USC in an unequal way, cutting capital gains tax, raising the threshold for CAT and reducing corporation tax the Minister is hollowing out the tax base for the long term and reducing the State’s coffers - in a full year it amounts to €882 million in tax that the Minister believes the State does not need - and he is doing it in a manner that is deeply dishonest.

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Nuair atá an tAire ag caint faoi foino faoiseamh, seo atá á tabhairt aige do phinsinéiri nó do thuisitemsire atá ag tabhairt aire do leanai le michumais diana, nil sē ag insint doibh an fhirinne ná nach bhfuil rún aige na tacaochtaí seo a chur ar fáil go fadtéarmach, mar sin an rud a thar-laíonn sa pholataíocht boom-bust. That is exactly what happens in boom-bust politics. The boom comes along, followed by the bust. The Taoiseach has set his face against meaningful long-term investment in Ireland’s infrastructure and front-line services. That means his growth policy is not sustainable or credible.

The Minister tells us in his budget documents that his ambition for front-line services is that they make do with what they have, and he stands over a policy to starve the health, education and child care budgets of the resources necessary to deliver public services we can be proud of and that are conducive to growth. Today’s budget holds no resemblance to the Proclamation of 1916 or to the democratic programme of the first Dáil. The Minister has not delivered equal rights and equal opportunities to all Ireland’s citizens. In fact, he has resolved only to pursue the happiness and prosperity of the top 14%. What the Government has done in this budget, cleverly and slyly, is stuff €181.9 million into the pockets of the top 14% through the USC reduction. At the same time, it throws a few crumbs from the table to everybody else.

How is it fair that tax cuts of €182 million are delivered to the top 14% of earners? Have they been out in Merrion Street or banging down Government doors, calling for the Government to reduce their income tax because they cannot get to the end of the week unless the Government comes to their rescue? Why does the Minister do this when he knows there are so many other needs in Irish society? This is not the type of future the women and men of 1916 envisioned for their country.

In this budget, the Government is attempting to buy the electorate. It has placed a price tag on every man, woman and child in the State. For the child, it is €1.20 per week, for the senior citizens it is €3 and for the average worker it is just below €5. The Government is hoping that self-interest will be their focus. It is hoping they will turn their back on the housing crisis, the health crisis, the homelessness crisis and the fact we have increased poverty. However, the Irish electorate will not be bought, and they are not fools either.
Today’s budget offered the Government a real opportunity to break finally from the failed politics of the last 20 years but, instead, it has copper-fastened it. It has increased the threshold of inheritance tax to €280,000, one of the few mechanisms in the taxation code to capture wealth. Let us be clear about who benefits from this budget. The Taoiseach and the Minister for Finance talk about the squeezed middle, and we see in the budget who the squeezed middle are in their view: it is those who earn up to €70,000. Let me put a couple of facts on the floor of this House. Some 50% of workers in Ireland earn below €28,500 and 50% earn above it. That is where the middle income is, not at €70,000, where the Government likes to pretend it is. The Government tells us the budget seeks to alleviate the taxation pressure on salaries around €70,000, when what it is in fact telling the people is that the budget is targeted towards the top 14% of earners.

We see this deep inequity in the Irish taxation system. As I said, €182 million of tax reductions are going to the top 14% of earners in the State. We see what the Government has done over the last four budgets, where it has moved taxes away from income and onto flat-rate, indirect, regressive taxes. What we see today is that the bottom 10% of earners spend 30% of their income on direct and indirect taxes while the top 10% spend 29% of their income on direct and indirect taxes. This will only get worse as a result of the budget because the Government is reducing the tax burden on the top 10%. It is because of this deep inequality that Sinn Féin has committed to abolishing the most regressive taxes, in particular the flat-rate taxes such as water charges and the family home tax.

The best the Government could rustle up for the low paid is a meagre increase of 50 cent in the national minimum wage and it remains mute on the need for a living wage. In real terms, there has been no increase in the minimum wage since 2007. The Government did not follow Sinn Féin’s call for an increase in the minimum wage by €1 per hour, which would bring the full-time minimum wage to €19,572 a year. We also called for an increase in employee and employer PRSI bands in line with this increase. We support the introduction of the living wage and, in our alternative budget, called for the Government to do the same. As the largest employer in the State, the Government and its Departments should lead the way. We have provided for the introduction of a living wage across the Civil Service and want to see this extended across the public sector, as well as to commercial and non-commercial semi-State bodies.

It is nonsense for anyone on the Government benches to claim this is a budget for families and small businesses. Let us be clear. This is budget for the elites, for multinationals and for high earners. It is anti-sustainable growth, anti-investment and anti-public services. It is also fiscally reckless. Ireland has one of the lowest tax to GDP ratios in Europe. However, not satisfied that the current rate is 33%, the Government wants to continue to decrease that over the next seven years until it reaches a level of just above 20%. That is why we have low investment in public services and higher costs of living. Like Fianna Fáil, this Government has increased out-of-pocket expenses for families and, in many instances, has placed basic services and fundamental needs out of reach for whole swathes of the population.

What more basic need is there than a home? Last week, a little girl was interviewed for a radio segment on family homelessness. In describing her experience of living in a B&B, she said:
I don’t like it here. I’m not looking forward to Christmas. I don’t know how Santy is going to get in, and I don’t know where we are going to go.

The interviewer then asked her what it is like in her head when she wakes up in the B&B in the morning. The little girl replied:

Well, sad and worried. And I feel like, bad, cause when you are just going down for breakfast you’re just sitting there with your Da, eating your breakfast with no friends or anything.

This little girl is not alone. There are 1,500 homeless children and their families who are living this experience every day. They live it as we are speaking here, they will go through it tonight and again tomorrow, the next day, and on and on. One in eight children is now going hungry, is without warm clothes, is homeless or is living in substandard housing. After waltzing in here with a book full of measures that hollow out the taxation base and throw a few crumbs in the direction of public services, the Taoiseach and his Ministers should spare a thought for this little girl and for the tens of thousands of children like her. She is the direct consequence of their policies.

What are the other outcomes of their policies? Child poverty has risen under their watch. Income inequality has risen under their watch. Family homelessness has risen under their watch. They have even managed to bring the public health system to a new level of catastrophe. There are record numbers today waiting for treatment, with 401,000 on the outpatient waiting list and 69,000 waiting for inpatient or day-case treatment. We are now used to the fact that over 300 patients per day are left languishing on trolleys, day in, day out. It is the norm for children to wait two years to be assessed by a speech and language therapist. There are 130,000 families on the housing waiting list.

Inequality is the Taoiseach’s badge of honour. However, inequality is not just about the most vulnerable in society. It has a deeply damaging knock-on effect for low and middle income families, as well as the wider economy. Let us take the housing crisis. This crisis is a grand culmination of the failed policies pursued by this Government and the last. The Government has abandoned the provision of all housing to the private market, with social housing completions as low now as they were in the 1930s. This astonishing failure has resulted in an upward pressure, not only on supply but on the costs of homes for rental and for purchase. As with so much of Government policy, the Government has failed to deliver a strategy that delivers a solution for all families, be they in need of social, affordable or private homes.

Is féidir na fadhanna céanna a fheiceáil sa chorás sláinte agus i soláthar seirbhísí oideachais do pháistí le riachtanais speisialta nó míchumais. Tá sé soiléir fosta nuair atáimid ag díríú isteach ar cheist cúram leanaí.

The Taoiseach has no ambition, no vision and no hunger to deliver the type of transformative change that will improve the lives of all our communities. On entering government, the capital budget was slashed by €750 million, and despite the fact there is fiscal space available this year and next year, and a suitable economic environment to increase the tax base, the Government has cut the capital budget next year by €55 million. This is despite the fact there is a housing crisis in the State.

5 o’clock
The Government is cutting the capital budget, but it promised further investment in years to come. We had the glossy launch of the €27 billion capital investment plan, but when it comes to putting money on the table, capital investment year on year will be down €55 million next year. Shame on the Government.

Sinn Féin has set out a very different vision to that of the Government parties and Fianna Fáil.

**The Taoiseach:** Let them get on with it.

**Deputy Pearse Doherty:** It is beneath the Taoiseach to start heckling again, but if he wants to do so, just do it. I did not open my mouth when the Government members were waxing lyrical.

**The Taoiseach:** Far be it from----

**An Leas-Cheann Comhairle:** Deputy Doherty has the floor.

**Deputy Pearse Doherty:** We want to deliver a fair recovery, one that invests in Ireland’s future for the long term and for the benefit of all rather than the few. We want to deliver a recovery that ensures that children experience equality of opportunity, be it in their education, their access to supports and services or their career choices as they pass into adulthood. We want to grow an economy that is rooted in fair play, where workers earn a decent wage and small businesses can flourish and expand. However, this cannot happen by chance and without a stable and fair tax base, we cannot provide the necessary investments in education, child care, health and infrastructure to secure stability and sustainable growth.

The Government has told us and will tell the public, the media and everybody else who will listen to it that it can take €882 million out of the tax base and at the same time tackle hospital waiting lists and the prohibitive cost of child care, deal with the housing crisis and deal with the fact we have a crisis in mental health services. That is all rubbish and the Government knows it. It is the politics of old and it is as dishonest as it is wrong.

Sinn Féin’s budget 2016 document sets out an ambitious alternative for what we can achieve in government. Unlike the parties which have held the reins of power in these institutions, equality is the cornerstone of Sinn Féin’s political and policy choices. Societies that are more equal do better. Their public services are delivered more efficiently. Education is better, people are healthier, income differentials are lower, social cohesion is stronger, taxation is fairer and enterprise is more innovative. The list goes on and on.

We want to stem the tide of mass emigration of our young people. A reduction in the USC rate will not in itself bring our young men and women back to these shores. It is the lack of decent jobs, secure career paths, access to affordable housing and accommodation and the costs associated with health and child care that continue to act as a barrier to their return. Who could blame them? Sinn Féin wants to face this challenge head on. We have shown how we could invest €1.7 billion in public services next year. It is only by tackling the underinvestment in health, by tackling child care costs and by delivering affordable housing that we can entice our emigrants back.

We welcome the Government’s decision to provide funding to deliver access to the free preschool year for children with a disability and the additional preschool year. The free preschool
year is universal in name only, as children with special needs are prevented from attending because the necessary supports are not provided. That is the reason Sinn Féin has called again and again in its budget proposals for 1,000 SNAs for the free preschool year. We will see whether the allocation provided in this area will suffice to meet that challenge. Some 11% of early years services were forced to refuse a child with additional needs last year.

Our budget proposals also provided for an additional six weeks maternity benefit that can be taken by either parent, as well as two weeks paternity leave and an increase in child benefit. I welcome the fact the Government has followed our lead in these measures.

We must put investment in education centre stage. The Minister for Public Expenditure and Reform had the nerve to come in here today and trump up new teaching posts. The reality is he has allocated just €24 million in new spending measures in education. Everything else is on pay or demographics. Some €167 million for education sounds good, does it not? However, when we read the small print, we find out that €103 million is because of demographics, more children going to school, so that means no enhanced service, and €43 million is for pay restoration for teachers across the sector. That leaves only €24 million.

**Deputy Sean Sherlock:** We are reducing the pupil-teacher ratio.

**Deputy Pearse Doherty:** Yes, and that is the €24 million. However, the need for resource teachers and all the other needs in education are not being met.

Year after year, child and poverty agencies have highlighted the increased costs for parents to put their children through an education system that is supposed to be universal. The damage this Government has done to the education system is far reaching. Over the course of its first three budgets, it cut education funding by nearly €500 million. It is putting €24 million back. Cuts to resource teaching hours and guidance teachers have been particularly regressive, hitting vulnerable kids the hardest. The Government has hiked up the cost of third level education for struggling families by €750 a year, it has reduced the income thresholds for third level grants, it has cut the back to school clothing and footwear allowance by a third for primary school children and it has introduced fees for apprenticeships and has cut funding to third level colleges, VECs and a range of higher education bodies.

It would have been possible to start to address all of these issues. We showed how it could be done in our alternative budget. We showed that reversing the cut to guidance teachers would put 700 guidance teachers back into our schools to provide guidance to pupils. We would have restored teaching hours, providing 1,183 extra teachers for children with special needs and would have reduced primary class sizes by putting 250 additional teachers into the system. That is the only measure taken by the Government. We would also have increased funding to the school meals programme, the school book grants scheme and the back to school clothing and footwear allowance. We would have reduced the third level contribution fee by €500, going some way to reduce costs on struggling families for third level education.

In the health area, the Government cut services by over €2.5 billion over the course of its first three budgets. Is it any wonder there is a deepening crisis right across the health system? The Government targeted mental health, children’s services and disability services, increased the threshold for the drug payment scheme by 20%, increased prescription charges for the least well off, cut front-line posts by up to 10% and slashed the regional drugs-related initiatives by 12%. It did nothing to address any of these cuts in this budget. Sinn Féin has shown
how the Government could have invested an additional €383 million in health - ensuring that investment would target areas of most acute need - above the amount needed to deal with demographic pressures. We showed how it could provide an additional 1,900 front-line posts, including consultants, nurses, midwives, speech and language therapists, occupational therapists and physiotherapists. We have also shown how the Government could have provided for an automatic medical card for children with significant medical needs arising from serious illness or disability. We have shown how it could invest in emergency departments, maternity care, mental health and disability services, dental care for workers and medical card holders and how it could provide increased emergency ambulance cover.

All of this would have been possible within the same fiscal space, but all the Government has decided to do is to provide an €18 million new health spend when demographics and the pay restoration measures of the Lansdowne Road agreement are stripped out of the allocation. Mark my words, this is not going to work. The big problem here is that until now, whenever we told the Government it would not work, it could introduce a Supplementary Estimate. The one for this year is likely to be in region of approximately €600 million. However, that will not be available next year because of the rules the Government negotiated under the austerity treaty - the expenditure benchmark. Therefore, when health begins to overrun again, we will see brutal cuts to front-line services, but the Government knows that will happen on the other side of a general election and hardly cares. Not a single new Garda was trained between 2010 and 2013. A paltry 200 new recruits were taken in last year and the numbers for the last two years did not even cover the number of retirements from the service over the same period. Although 600 new gardaí in 2016 sounds like a lot, as the Minister herself acknowledged, about 400 gardaí retire each year. It is a net increase of about 200 gardaí. We have shown the Government how it could have increased the force by an additional net 1,000 gardaí, but it refused to do it. Since entering Government the so-called party of law and order has cut the strength of the Garda Síochána by nearly 10%. That is a shocking record by any standard.

The Government closed the rural Garda stations at a saving of less than €1 million. We have shown how it could invest in community policing by training an additional 1,000 gardaí to ensure the strength of the force gets back to where it was before Fine Gael got its hands on the Department of Justice of Equality.

Tá na poist úra seo, i dtaca le foireann túslíne, 6,500 ar an iomlán. Tá siad i dteannta le na poist a bhí de dhith sa bhliain 2016. Thaispeáin muidne i bpácáiste infheistiochta Shinn Féin an dóigh gur féidir leis an Rialtas €300 milliún a chur san áireamh le haghaidh athruithe d'éimeagrafacha a láimhseáil.

We also showed the Taoiseach how he could embark on an ambitious capital investment of an additional €400 million, of which €300 million would be directed to tackling the housing crisis head on. However, the Government has decided to cut overall capital investment by €55 million and has said that, within the overall package, it will allocate €69 million for housing. That is miserly. It is just under a quarter of what was cut from the housing budget in 2012. Again in 2013 the Government halved funding to local authority housing, and cut another 10% in 2014. The Minister of State and his colleagues have a neck to come in here with a tear in their eye after yet another homeless man has died on the streets of our capital city. What exactly is it going to take before they acknowledge the scale and depth of crisis in emergency and social housing?

Deputy Sean Sherlock: Deputy Doherty should not manipulate that situation.
Deputy Pearse Doherty: The Minister of State can shake his head all he wants. The policies being announced today result in homelessness, in a trolley crisis, in poverty. The Government cannot have it both ways. It cannot slash taxes and then pretend that it somehow wants to address the homeless crisis.

Deputy Sean Sherlock: Do not manipulate an individual’s circumstances. The Deputy is using that situation for political gain. It is disgraceful.

Deputy Pearse Doherty: What is disgraceful is the fact that the Government has put nearly €200 million into the pockets of the wealthiest 14% in the State, yet put only an additional €69 million into tackling the homelessness crisis. That is what is disgusting. On the doorstep of this Chamber people are dying because they cannot have a roof over their heads. I will take no lectures from the Minister of State, Deputy Sherlock, from any Labour Deputy or from anyone else on this issue.

Deputy Sean Sherlock: The Deputy is deliberately manipulating that situation. He should calm down.

Deputy Pearse Doherty: What is it going to take for the Government to declare a national emergency in housing?

Deputy Sean Sherlock: Calm down.

Deputy Pearse Doherty: What is it going to take for it to finally start facing this issue head on? It has announced a day when NAMA is going to build 20,000 houses.

Deputy Sean Sherlock: Exactly.

Deputy Pearse Doherty: I have asked and called year on year to use NAMA’s resources to tackle the infrastructure needs of the State and the Government has turned its face against those calls. One would think the Government was elected yesterday or last week. Of course it should be doing that. True to form, the Government is not dealing with the social clause in the NAMA legislation, but is getting NAMA to give money to developers to build private houses and sell them at the highest cost. That is not what we need when there are 130,000 families on social housing waiting lists.

We have seen the form of this Government. It has promised a lot and delivered little. It promised to take on the banks in terms of their veto and in terms of variable interest rate mortgages. They are screwing nearly 300,000 customers. The Minister told us the stick would come out on budget day but there is no mention of giving the Central Bank the powers to cap interest rates. Nor is there any mention of increasing the levy despite the fact that only one bank has moved at all in terms of standard variable rates.

Income inequality has been the hallmark of the Government. It could be tackled, yet we have a Labour Minister of State for employment who refuses to take action on low-paid contracts or on the high levels of low-paid and insecure work. He refuses to even acknowledge the scale of bogus self-employment in the construction sector and has limited the work of the Low Pay Commission to focus solely on the minimum wage and not on the wider issues surrounding low pay and income inequality.

It is remarkable that after four and a half years of deep cuts to education, health and social protection, and increased unfair taxes targeting struggling families, it is only in recent weeks
that the Labour Party has finally found its voice. Not one of its Deputies had the courage of the party’s founding principles to stand up to Fine Gael’s conservative Tory agenda. Instead, they became Fine Gael’s greatest champions, and not for the first time. What a difference a term in government makes. In the closing days of the 2011 election, Labour strategists reduced the party’s entire campaign to a single, simple message: “Elect us and in government we will soften the sharpest edges of Fine Gael.”

**Deputy Sean Sherlock:** There has been 6% growth.

**Deputy Pearse Doherty:** Who can forget the “every little hurts” advertisements? Far from putting manners on its coalition partners, Labour became more Fine Gael than Fine Gael itself. That was up until the Labour Deputies’ own heads were on the block. Lo and behold, their glorious leader, Labour’s very own Countess of Grantham, is throwing her weight around like there is no tomorrow. It appears that the Labour Deputies’ demands most moderate are only that they save their own hides.

**Deputy Sean Sherlock:** That is a weak response to a budget.

**Deputy Pearse Doherty:** This is summed up by the Minister for Public Expenditure and Reform’s glee and joy at the suffering of the people of Greece and of Syriza, which was re-elected into government, and the challenges it faces. I ask the Minister of State to send him a message. When his party gets re-elected in the same numbers Syriza gets, he can start to give lectures about the Left.

**Deputy Mary Lou McDonald:** This is the Government’s fifth and final budget, marking the end of this administration’s time in office. It is a moment to take stock of all that has happened since 2011, to consider the Government’s record in the round and to assess the winners and losers on its watch. The picture that emerges is one worthy of any Tory-minded administration anywhere in the world.

Those who have borne the brunt of what are euphemistically referred to as “economic corrections” are families and workers on low and middle incomes, people relying on social protection and citizens relying on public services. The big winners have been the wealthiest sections of society, those who believe in low wage or poverty wage competition and those who wish to cannibalise public services for private gain.

Far from offering protection, the Government has exposed families and workers to an obscene jamboree of cutbacks, waiting lists and broken promises, leaving them living from day to day, week to week, month to month just about making ends meet. The Taoiseach promised a democratic revolution but he has presided over a series of democratic somersaults and contradictions that leave this economy and our citizens damaged and vulnerable.

Having made a pre-election pledge of “not another cent” to the bondholders, the Taoiseach made a post-election U-turn proclaiming that he would not wear the slogan of “debt defaulter” on his forehead. It is clear that the slogan of indebtedness will be marked across our brows for many years because of the cowardice and incompetence of this Fine Gael and Labour Government.

A massive burden of odious debt – the debts of bankers, speculators and developers - weighs heavily on this and future generations. All the while, the Taoiseach has busied himself curryng favour with the troika and his friend, Chancellor Angela Merkel. That is his record. The State
is now second in the OECD low pay ranks. Huge numbers of workers have temporary, insecure or zero-hour work arrangements, with JobBridge scams to massage the live register. That is his record. Rents are skyrocketing; there are sky high variable interest rates on mortgages; social housing builds are on the floor; almost 100,000 families are in mortgage arrears, while there is a tax on the family home. That is his record. There have been cuts to home help hours, child benefit, disability payments, carer’s payments, maternity benefit, the fuel allowance and back to school payments, while there is now a charge for domestic water. That is his record in government.

The Government has created chaos and now wants to talk up recovery, but recovery for whom? In the midst of economic chaos and vicious cutbacks, the wealthiest have still thrived. The wealthiest 250 individuals in the State saw their wealth grow by 16% to €75 billion in the past 12 months. There is no fear for them, yet this is the group that most concerns and most animates the Government. It plays the game of right-wing make-believe that going easy on the wealthy is a necessary precondition for economic growth and shared prosperity - that is a lie. Real recovery will not be possible without the wealthy paying their fair share - no more than but certainly no less than this. It is that simple. Fair taxation is a foundation stone of real, sustainable and shared recovery. Half of those at work in the State earn €28,500 or less. That is where it is at for the average worker. Only the top 5% of workers earn €100,000 or more, including the Taoiseach, the Tánaiste, their ministerial colleagues, some of their advisers and those with whom they rub shoulders. Today, the Government has again refused to introduce a third band for individual income in excess of €100,000, in other words, an additional few cent in each euro for those with very high incomes. What is the reason for this? Why is it that in the midst of the worst economic catastrophe faced by the State, the Government has refused in budget after budget to introduce this fair measure? Why did it refuse to make this measure part of the agenda for a fair recovery?

Today the Government has raised the entry threshold for USC to €13,000 and given itself a mighty clap on the back. It is still a very low threshold. It still means that people earning the minimum wage will pay USC. Is that really a fair or progressive move? Is it really a payback for low-paid workers? Sinn Féin’s proposal would see all workers earning less than €19,572 taken out of the USC net altogether. Our proposals would see all workers on a new minimum wage of €9.65, an increase of €1 per hour as against the Government’s increase of 50 cent per hour, exempt from USC. That would be a real shot in the arm for low-wage workers and their spending power, but the Government is not interested in them. The contrast between the Government’s treatment of those on very high incomes and those on average wages is very stark. It has shown no reluctance to levy charges on lower income groups. In fact, it has piled taxes on this group - the majority - with considerable gusto. It persists with water charges and a property tax levied indiscriminately against average and low-income families, pensioners and those with disabilities. It is absolutely indifferent to the hardship, worry and anger these unfair taxes have brought. Does it think tens of thousands came out onto the streets time and again to protest against these measures just for the heck of it? Does it not hear the voices of women and men, young and old, telling it that these unfair charges are taxes too far? The truth is that the Government can afford to abolish water charges and end the fiasco that is Irish Water. It can afford to lift the pressure of the family home tax on families across the board. These measures would represent real relief, a real break and a real sign of the beginning of a fair recovery for people up and down the country.

The Government should be abolishing these taxes today. That is what it would do if it was
serious about ensuring a fair recovery. That is what Sinn Féin would do and will do at the first available opportunity. Taken together, these measures would put €443 directly into the pockets of hard-pressed families. The Government’s failure to end these unfair taxes reflects the deeply flawed approach to managing the economy and creating shared prosperity. Its persistence with water and property taxes demonstrates its determination to place the greatest burden of taxation on low and average earners. Far from being “progressive” as it claims, this approach means placing a disproportionate burden on people with less. That is its approach when it is all boiled down; it is not that it is against high taxation, save for very high earners. It is not against high taxation _per se_ as it constantly bleats but that it refuses to introduce fair taxation. The fact that the Labour Party has swallowed this agenda hook, line and sinker and now advocates the maintenance of unfair taxation as loudly and faithfully as any of its Fine Gael cronies tells its own tale.

The Government ratcheted up the hype and spin when it unveiled its capital spending plan last week. We saw it all - aggregate figures over long horizons, promises on the never never and the illusion of substantial investment. It was an initiative straight from the play book of the last Fianna Fáil-led Administration. Does the Taoiseach remember how directly before the last general election the then Taoiseach, Mr. Brian Cowen, flanked by Mr. John Gormley of the Green Party, pledged, with much fanfare, a €40 billion capital spend? It never happened. Every year since taking office, the Government has cut capital spending. As has been pointed out by Deputy Pearse Doherty, in its first budget it cut it by €750 million, which set the scene for each subsequent budget it delivered. This had the effect of depressing economic activity and deepening and prolonging the recession. It cost jobs and left citizens with substandard or, in some cases, non-existent services and infrastructure. All of the rhetoric today about capital investment does not disguise the fact that what the Government proposes is totally inadequate to meet the needs of society and the economy. It is the last instalment of Fine Gael and Labour Party voodoo or fantasy, fairy-tale economics. Just as the laws of gravity, the fact that night follows day and that the earth is not flat are commonly accepted across the population, so too is an understanding that investment is a prerequisite for growth. There is no way around this, yet the Government fails to grasp it. Worse, in fact, it has again cut the capital budget. This is perhaps the clearest evidence that it has no plan. Perhaps that is really what is at the root of this. It has no plan or vision of how to build the economy and our society following the ravages of the economic crash and austerity. It is a clear demonstration that it cannot and will not deliver a fair recovery.

Nowhere is this more evident than in the area of housing and homelessness. A young man found on Westmorland Street was the latest homeless citizen to die a lonely and cold death on the streets of Dublin. This man and Jonathan Corrie and Alan Murphy before him were the most visible and extreme casualties of the economic collapse, the vicious austerity agendas of the Government and Fianna Fáil before it. The Government expressed sadness and sympathy on the deaths of these three citizens. It is not for me to question the sincerity of these words in the aftermath of tragic loss of life. I do, however, question the Government’s understanding of why citizens find themselves in the hopeless despair of street homelessness and its commitment to challenge and overcome the reasons that young man, Jonathan and Alan cowered and so many others cower in doorways and seek shelter in bushes, while many more live lives of desperation in hotel rooms, bed and breakfast accommodation and hostels across the State. Homelessness is mostly invisible and goes recorded as people seek social housing. Every person who sleeps in the box room of his or her parents’ home, very often with his or her own children, who sleeps on the sofa in a friend’s place is in reality homeless. The rough sleepers and those on the
homeless list are only the tip of the iceberg and it is a very large iceberg. We are, whether the Government acknowledges it, in the grip not just of a housing crisis but a real emergency and it seems that it is content to offer sympathy but not solutions. In its time in office the Government has never offered a viable plan to address the housing and homelessness crisis. Its piecemeal interventions lack ambition and any serious resolve to sort things out. Today’s announcement of an additional €69 million is more to meet the eye than to respond to the crisis. It is a transparent attempt to save the blushes of the Minister for the Environment, Community and Local Government, Deputy Alan Kelly, in particular, but it will not wash.

It is hard to fathom the Government’s approach to this issue. The Government and the Minister, in particular, have pointed the finger of blame at local authorities, housing charities, social justice campaigners and even at the homeless. It is all bluff, a puff of smoke, all in the hope of distracting attention from the Government’s responsibility for the housing crisis, this state of emergency which has happened on its watch. It is responsible for it and today, again, it has failed the test. It fails to commit to even get the first step right. There are 1,500 people homeless, many of whom are sleeping in emergency accommodation. It is a shocking statistic, but it is more than this because behind each of these numbers is real and lasting human and social damage on the Government’s watch. We proposed a spend of €300 million on housing next year, in addition to the announcements the Government has made. That is the scale of what is required to begin to get to grips with this emergency. I think the Taoiseach knows this very well, yet he turns his face against it. Instead, today he has chosen not to make this investment. He has chosen more tears, crocodile tears perhaps, but there is to be no serious investment in solutions.

For many, the prospect of having to visit the accident and emergency department in their local hospital is the stuff of nightmares. Overcrowded, under-resourced, stressed-out cauldrons of frustration - that is the popular view of accident and emergency departments. This popular view is based on the reality of a system under which daily trolley counts are the norm. It is based on the experiences of very elderly people. In at least three cases this year people over 100 years of age languished on trolleys for 24 hours or more. It is based on the common experiences of people for whom trolleys were not available, people who felt lucky to be given a chair in the accident and emergency department. There were 7,775 patients on hospital trolleys in June, the highest recorded level of overcrowding in the month of June since the trolley watch count began 12 years ago. That should give us all cause for reflection because it does not augur well for the months ahead. Where is this reality reflected in the Budget Statement? The answer is nowhere. The Government is content to stand still. It seems the chaos in hospitals is now confirmed Government policy. The Minister for Public Expenditure and Reform, Deputy Brendan Howlin, expressed great satisfaction with his claim of 1,000 extra posts in the health service this year. He needs to talk to his colleague, the Minister of State at the Department of Health, Deputy Kathleen Lynch, who has made it plain that some 1,500 nurses will leave the health service in that period and the mathematics of this leads to a shortfall, a loss, not a gain, within the system.

Our budget proposal set out the provision of an additional €383 million in funding to provide for additional nursing staff, consultants, dentists, speech therapists and occupational therapists, to increase funding for disability and mental health services and to increase ambulance cover. The Government’s figures today do not represent additional resources for the health service in any significant way. It is simply a case of standing still. Its proposal to extend medical card cover to children under 12 years is electoral politics, pure and simple. It is cynical, too, con-
sidering that many seriously sick and vulnerable citizens, including children and young adults, continue to go without medical cards. What about the 13 year old who is very ill or suffers with a disability and the 15 year old with a significant medical need or disability?

It is notable that the Government has done nothing to address the issue of prescription charges. I have lost count of the number of older people who tell me that they now selectively fill their prescriptions, deciding which medicines to skip because the prescription charge is so high at €2.50 per item. Does the Government remember its promise before the last general election to abolish these charges? So much for that promise. It has increased the charge by €2 per item, an increase of 400% in its time in government. Bravo.

Primary and secondary schools face huge difficulties in meeting basic running costs. Their level of capitation grant is woefully low. Teachers and parents across the State go to incredible ends to make up the shortfall and to keep the lights and heating on in schools. They are to be commended for their efforts. Today was the day to increase capitation grants to primary and secondary schools, to VTOS, Youthreach and others, but the Government has failed to introduce this change and leaves the places where children learn and grow to penny-pinch and rely on voluntary contributions from hard-pressed parents. It has persisted with its cut to guidance teachers in secondary schools. This was a deeply damaging and misguided cut. It has undermined the supports afforded to young people at a formative and sometimes vulnerable stage of their lives. Teachers, students and parents have made the Government aware of this damage. The Sinn Féin budget proposed a spend of €14.7 million to reinstate 700 guidance posts across the State. The Government should, today, have made that investment in young people.

Since 2011 the Government has presided over a shameful 15% cut in resource teaching hours to children with special needs. This is the cut that every teacher I know identifies as the most vicious and damaging of all. This is at a time when the number of children requiring resource hours has grown substantially, by 8,000 since 2011. The cut has meant a reduction in resource hours for a child, from 5 hours to 3 hours and 45 minutes per week. It is absolutely imperative, urgent and a priority that these hours be restored.

The Government has made a partial announcement today in respect of these resources, but its announcement does not cater for the needs of children and it certainly does not make up the very damaging cut of 15% which it introduced. The Government’s job today was to reverse, absolutely and entirely, that 15% cut but it has failed to do that. Former Labour Party leader and later Minister for Education, Deputy Ruairí Quinn, made a whole drama of signing a pledge to abolish third level student registration fees before the last election, or at least not to raise them, a promise which Fine Gael also made. A short time later, ensconced in Government with Fine Gael, the then Minister set that pledge aside and turned it on its head. This Government has, over the past five years, increased student registration fees by €1,500. In fact, it has doubled since 2011. That is quite a turnaround, even by the standards of the Labour Party and Fine Gael. The fee places a huge burden on students and their families. It can make the difference between a person pursuing further studies and not doing so.

Child care costs remain a huge drain on the incomes of average families. I hope the proposal to introduce an additional preschool year will address the problems in the current scheme. We know that capitation levels are a problem and that a 38-week year is not sufficient, and we know about the exclusion of children with special needs and disabilities. What is on offer certainly will not be the Scandinavian model of child care so beloved of the Tánaiste, Deputy Joan Burton. There is no relief on offer today for single parent families. The Government
persists with the cuts targeted against these families and its own figures reflect an 18% cut in spending on the one-parent family allowance. They also reflect a cut of some 20% in the spend on the back-to-school clothing and footwear allowance and a 17% cut in spending on the back-to-education allowance. All in all, a very bad deal for families headed by a single parent, the very families that we know bore most in respect of the years of austerity, a fact which is clearly reflected in study after study and all the available analysis.

In the course of his opening remarks the Minister, Deputy Michael Noonan, invited us to reflect on a journey travelled over the past 100 years, while the Minister for Public Expenditure and Reform, Deputy Brendan Howlin, less epically invited us to reflect on the journey travelled since 2011. I assure both Deputies that, just as the promise of the Easter Rising and the Proclamation for a free, equal and democratic Ireland is deeply ingrained in our collective memory, so too the very immediate recollections of the economic calamity resulting from greed, corruption and crony politics - the effects of a Fianna Fáil-led crash and Fine Gael and Labour Party cutbacks and austerity - still live in the minds of people. The Ministers need not worry; the people are not about to forget. The consequences of their targeting of low and average income families, people reliant on social welfare, older citizens, citizens with disabilities and our Traveller community citizens are real and current and not forgotten. The people are not forgetting and guess what? They will not allow the Government to forget either.

Today’s Budget Statement is not about putting right the wrongs of the past. It is about the Government’s hopes of winning the next election. Accordingly, the Taoiseach should go to the people. Do not hold off - Joan will get over it. Let the people have their say; let them have their moment and let the Taoiseach stand over this budget, which again favours the haves and turns a blind eye to the have-nots and the public service needs of the State.

An Ceann Comhairle: The next 60 minutes are for the Technical Group, of which there are 12 Members with five minutes each. I ask each Member to be conscious of the fact that there are only 60 minutes overall and that if they take some time, they are taking it from somebody else.

Deputy Stephen S. Donnelly: I ask the Ceann Comhairle to set the five-minute clock.

An Ceann Comhairle: Yes.

Deputy Stephen S. Donnelly: This budget is politically clever, but it is socially and economically foolish. It is a budget that should look to the next decade and the next generation but instead it looks to the next election. It is a triumph of incrementalism and it lacks what former US President George Bush Snr. once called “the vision thing”. Where are we right now? The economy is growing, rents are soaring, people cannot afford to buy their own homes, the cost of living is rising and unexpected Exchequer revenues are coming in. This is exactly the situation Ireland was in during the bubble. The response then, from Fianna Fáil, was to cut taxes and underinvest in social infrastructure. That is exactly what we are seeing here, with the greatest benefits of the tax cuts going to the highest earning households. What is the result of this budget going to be? The cost of living will continue to rise. The tax base will be less stable. Investment in infrastructure and in public services and support for enterprise will be insufficient. Job creation will not be what it could have been with a more visionary and job-friendly budget. Inequality will continue, with less opportunity available to future generations.

There was a lot of grand talk from the two Ministers earlier on but let us take a look at the
numbers, because they tell a very different story. This budget allocates €18 million to health care. That is one tenth of 1% of the health care budget. This budget allocates €24 million to education. That is one third of 1% of the education budget. To someone earning €175,000, this budget gives back €1,800, which is great for them but does not create jobs. What that does is increase the wealth of BMW shareholders. What creates jobs is investing in education and investing in infrastructure. That is what this budget should have done.

We do not know if this is a regressive budget because the Government, for four years now, has refused to provide Dáil Éireann, the body responsible for passing the budget, with incremental and distributional analysis of what is in it. We will find out afterwards. However, we do know from the ESRI that all four of the Government’s budgets so far have been regressive and I would be willing to make a bet with any Government Deputy right now, before we see any analysis, that this budget will increase the gap between those who have the most and those who have the least.

What would the Social Democrats have done differently? Yesterday we set out a budget not for the next election but for the next generation. We would set Ireland on a different path from what we see today. We would see a stable revenue base, high quality public services, proper support for enterprise and local businesses, a housing approach that is stable and affordable and a republic in which every child truly has the opportunity to reach his or her potential. The Social Democrats budget proposal is tax neutral. We would maintain the existing tax base and not erode it in line with advice from a wide range of economists and institutions. We would improve the tax base. We would raise revenue through measures such as excise and pension relief and we would reduce the cost of living via progressive taxation measures, such as lower USC for lower and middle income earners, an end to the water charge and reduced local property tax for mortgage holders. We would support enterprise through a far greater tax credit for the self-employed than the Minister introduced today.

The Social Democrats have laid out a budget that has five times the additional capital investment the Government has proposed. We would invest €300 million in housing. We would invest €75 million in building out the primary-care infrastructure. We would target €1.1 billion at core sectors. In health care, for example, we would provide funding for 900 additional primary care staff, €40 million to alleviate the accident and emergency crisis next year and €35 million for mental health. In total we would provide €170 million for health care versus the Government’s €18 million. We would provide ten times more money for health care than the Government is providing next year.

In education we would provide €200 million versus the Government’s €24 million, again nine or ten times more. The Government had a choice: to stabilise the tax base and to invest in the future. What we have seen today is very disappointing. It is Fianna Fáil in the bubble and we are seeing it again now.

Deputy Seamus Healy: This is the fifth budget in a row for the rich and powerful in our society. The USC package gives the top 5% of earners, 110,000 individuals earning over €180,000, an additional €922, costing the Exchequer almost €100 million or nearly twice what they were given last year. In contrast a low-paid worker on €18,000 gets a paltry €124 per year and someone on €25,000 gets a paltry €247 a year. An old age pensioner will get €3 a week or €156 a year, about one sixth of what a person on €180,000 is getting.

This so-called recovery is a recovery for the rich and powerful in this society. It is a recov-
ery for the rich on the backs of low-paid and middle income earners and social welfare recipients. It again widens the gap between rich and poor. It is thoroughly unfair and shameful.

Worse still, the Minister for Finance, Deputy Michael Noonan, told us that he will reduce the marginal tax rate for the very wealthiest in this society by 2 percentage points, giving them an effective bonanza, that is, if he is returned to office after the general election. He will reduce the marginal tax rate for these people from 52% to 50%, which is shameful. There is no wealth tax in the budget, even though the financial assets of the very wealthiest in the country are now €25 billion higher than they were at the height of the boom. It is a shameful sin of omission and one that must and should be reversed immediately.

The Minister for Public Expenditure and Reform, Deputy Brendan Howlin, seems to have selective memory. He referred to various promises made during the course of the last general election campaign. However, he conveniently forgets the ones that referred to “Labour’s way or Frankfurt’s way”. They planned to burn the bondholders, not another cent was to be given to the banks and we were to have a democratic revolution. He also forgot the six promises in the Labour Party’s “Tesco” advertisement. I do not have time to go into them all this evening but each and every one of them was broken by the Labour Party and the Government, including the introduction of water charges; the introduction of local property tax; the increase in the rate of VAT; the increase in the rate of DIRT; and the reduction in child benefit which was absolutely shameful for the Labour Party, a party that claims to have the views of James Connolly.

On public service pensions, the Minister is retaining €95 million of the €125 million pension money lodged in the Exchequer but owned by public servants. Many of these people are on very modest pensions while we are giving huge money to the richest and most powerful in our society, who have absolutely no constitutional entitlement to it.

The demands of the Irish National Teachers Organisation and the educational community in general have again not been met in the budget. Obviously, any reduction in class sizes will be helpful but at 27:1, it is far too high and not good enough. There is no increase in the funding for capitation. I do not see any support for principals or the restoration of assistant principal posts and ex-quota guidance counsellors. No provision has been made for hours allowances for teaching principals to do administration work. These are absolutely essential if our young people are to get a good quality education.

The Minister, Deputy Brendan Howlin, seems to have conveniently forgotten the facts in the health area. We lost 11,000 staff and €4 billion during the course of the recession. They have not been restored.

**Deputy Ruth Coppinger:** The myth promulgated before this budget was that it was somehow a give-away one but it is far from it. The people who have been hammered by the past eight years of austerity have gained little or nothing from today’s budget. I refer to the low-paid, women and those who have lost their jobs. The Minister’s booklet gave the example of someone on €20,000 who will gain €4 a week from the reduction in universal social charge while somebody on €70,000 will gain €17 a week. That is 2%, so that person will gain a higher percentage. That is without saying anything about people on the average industrial wage.

Fine Gael likes to boast that its mission is to make work pay. The Minister stated it is to entice foreign direct investment and to entice back emigrants, not for the well-being of workers themselves. He stated that the three key costs on work and income are tax, wages and child
care. It is amazing that he left out one of the biggest costs in society, namely, rents and mortgages, to which I will return.

Let us consider wages. A 50 cent increase in the minimum wage is an absolute insult to people who work day and night, providing key services in the economy. It is not a living wage. The Government has done nothing on child care, apart from helping a small group of parents with children aged between three and five. It has done nothing for people with babies or children over five and a half. What is being provided is three hours a day and not a full service. The Government has not given any grant, subsidy or tax credit for child care, so let us put that one to bed.

The other major cost the Government has neglected is the crying need in this society right now for housing. What has emerged from this budget? The Labour Party apparently went into battle with Fine Gael and it seems that Fine Gael won. The Labour Party was not prepared, or was not able, to take on landlords and to take on Fine Gael and has emerged from the argument with no rent controls in this budget, which is a key cost facing people right now.

6 o’clock

Rents have risen, on average, in Dublin by €100 per month. They have risen a lot more than that in some areas. Somebody on €25,000 per annum will gain €17.50 a month from the budget. Can the Minister not see the way ordinary, low-paid workers have gained nothing from the budget? Rents are rising outside of Dublin also. Nothing has been done to stop the spiralling and rocketing of rents. There are no rent controls at all.

The other issue is the housing crisis. I am shocked. I have checked and rechecked the documents, as have others. It is difficult to grasp the idea that in the middle of the biggest housing emergency this country has ever seen the Minister would say he was increasing the budget by €69 million to secure accommodation for people. The money is not for the building of social or affordable housing. The capital allocation has not been increased. This is purely the current allocation for social housing. How amazing that NAMA has not been brought into play by the Government, given the misery people are suffering. All that has been said is that NAMA will build 20,000 homes in the next five years and 90% of them will be starter homes. They will not be affordable homes or for people who are on the social housing list. They will not benefit in any way those who have been homeless. It is incredible that the Government would kick people in the face in this way and not make a major announcement of public home building. The other joke is that €10 million is to be allocated for affordable housing. That is about 50 houses. People who are out working morning, noon and night, who earn too much to be on the social housing list, who are paying €1,700 in rent, can expect nothing from the budget. The major cost in their lives is completely and utterly unaffected.

The Government has not done anything to tackle the wealth of the 1%. That is what is needed to build the homes and provide the jobs people desperately need. The Government has not done anything to introduce a financial transactions tax.

An Ceann Comhairle: I thank the Deputy. I call Deputy Paul Murphy.

Deputy Ruth Coppinger: In fact, what the Government has done is introduce half-----

An Ceann Comhairle: I call Deputy Paul Murphy.
Deputy Ruth Coppinger: I will just finish on this point, a Cheann Comhairle.

An Ceann Comhairle: The Deputy is not finishing. Her time has expired.

Deputy Ruth Coppinger: I refer to the halving of the corporation tax rate with a knowledge development box, which could easily be exploited and result in a continuation of Ireland’s tax haven status.

An Ceann Comhairle: I call Deputy Paul Murphy.

Deputy Ruth Coppinger: A Cheann Comhairle, I am just finishing a sentence.

An Ceann Comhairle: The Deputy should not be selfish and take other Members’ time.

Deputy Ruth Coppinger: This is ridiculous.

Deputy Paul Murphy: They make a desert and call it peace, so said Calgacus, allegedly, surveying the destruction wrought by the Roman Empire. The Government has created a deeply unequal society. It has created a society where homelessness is rife and where low pay is dominant and they have called it a recovery. The budget is designed to give the impression that something is being given back; that it is a give-away budget from the point of view of ordinary people when in fact it provides at most spare change instead of real change for the majority in the State. It continues with the same regressive policies that benefit the high earners, the corporations and the rich. It is a Fine Gael budget and it is likely to be considered a fifth regressive budget, following four others which despite the protestations of the Minister for Public Expenditure and Reform, Deputy Brendan Howlin, are responsible for the deepening inequality we have.

Let us look at the average worker who will get back €5 a week in their pay packet. That will go, if he or she were to pay the water charges, which the average worker will not; or if he or she were to pay the property tax, but also if he or she were to pay the spiralling rents. The average worker got an increase of just over 1%, compared to the worker on €70,000, in the top 7% of income earners in this State, who will gain 2% or €17 a week.

Let us look at the benefits for the rich: corporation tax, capital acquisitions tax, capital gains tax and the knowledge development box linked to the corporation tax. Who is not for knowledge development? It sounds like a good idea. I can imagine people being in favour of that, but let us examine what is actually going on with the knowledge development box. The pamphlet by PricewaterhouseCoopers states, “Is it time for your country to consider the ‘patent box’?” Perhaps the Minister for Finance, Deputy Michel Noonan, read the pamphlet. It has the telling observation on page 4: “Countries without a patent box regime generally have higher effective tax rates which may make it difficult to adopt the patent box.” The purpose of the patent box, repackaged now as a knowledge development box, is to reduce further effective rates of corporation tax in the State, which are already a lot lower than 12.5%. It is part of a game of tax competition in which the Government is engaged. It likes to present the people as being beneficiaries of this, when the only ones to benefit are the multinational corporations. They win from the game in which the Government is involved. That is highlighted above all by the incredible sight of the Government going to war to say to Apple and the European Commission that we do not want €17 billion in back taxes to be paid to the Irish State. We do not want this large portion of our budget to be paid back in tax that is owed. That is the Government’s patriotic approach to the use of corporation tax, the patent box and other such issues.
I draw attention to a line in the speech of the Minister for Public Expenditure and Reform, “Social Protection Howlin”, where he said: “I am providing €13.2 billion for the delivery of health services next year. I am happy to say, this restores the resourcing of our health services to its pre-crisis level.” That is just inaccurate. One can dice it whatever way one wants, total figures, GDP or population, but it is inaccurate. In 2008 health spending was more than €16 billion. We are €3 billion lower-----

Deputy Damien English: That includes private health insurance.

Deputy Paul Murphy: No it does not include private health insurance. The Minister of State should look at the budget in 2007 for 2008.

Deputy Damien English: It includes the total spend on health.

Deputy Paul Murphy: That is inaccurate.

Deputy Damien English: Can the Deputy not add?

Deputy Paul Murphy: Health spending has been cut dramatically in the State. It remains lower. That gets to the point which is that the vast majority of the €31 billion of cuts that have applied, continue. We are about €30 billion smaller in terms of vital spending than we were pre-crisis.

I draw attention to young people’s jobseeker’s allowance. The Labour Party in particular loves talking about protecting the core rates of social welfare payments. Somehow the payment to people under 25 years on €100 a week does not count as a core social welfare payment. They are not seeing any recovery here.

I also wish to refer to capital spending. A great capital plan was announced last week or the previous week. There was much fanfare on its launch. I said that it would only amount to an extra €200 million being spent next year. It does not. In the Estimates, the Government intends to spend less on capital spending next year than this year, despite the fact that we are about half the level of the long-term trend on capital investment.

The Minister for Public Expenditure and Reform finished with a line that I am sure he thought was very clever: “Who speaks of Syriza now?”, so proud is he of the knife in the back of the Greek people who have to suffer the capitulation of Syriza and then being kicked when they are down.

An Ceann Comhairle: I thank the Deputy.

Deputy Paul Murphy: I say to the Minister, Deputy Brendan Howlin, who speaks of Pasok now? Who speaks of the Green Party now?

An Ceann Comhairle: I thank the Deputy. I call Deputy Clare Daly.

Deputy Paul Murphy: Who will speak of the Labour Party in the year to come?

Deputy Clare Daly: There is a certain smugness around this debate that I find quite disquieting. The reality is that we have the annual pantomime. Everybody knows the ending, the predictable set pieces, the mock hilarity, the great jubilation on that side, the mock outrage on this one, the Minister for Public Expenditure and Reform, Deputy Brendan Howlin, trying to whip up the chorus, the Minister for Finance, Deputy Michel Noonan, trying to go one better
and convince us that he can do magic and buck the markets and economies everywhere and get rid of the cycle of boom and bust. Seriously, it would be funny except that there is no fairy tale going on in the real world. What we have today, sadly, is another example of the disconnect between this House and reality.

George Bernard Shaw once made the point that the Government that robbed Peter to pay Paul would always have the support of Paul. There is no doubt about it; this Government represents Paul. The top 20% in the State now own 73% of the wealth under the Government’s stewardship. The personal wealth of the top 300 individuals increased by €13.5 billion last year alone yet there is not a single measure to touch or tap into that resource to transform society. In fact, they will go to bed richer tonight. What the budget does attempt to do is give back to Peter some of the concessions and entitlements the Government robbed from him in the first place in the hope that he will vote for it again. That is cynical in the extreme. The Government will find that Peter is not going to be so easily bought.

What I find really sickening is that people elected and voted for the Government because they thought it would be different. They thought the Government parties represented a different Ireland, but they have turned out to be the same. Members correctly started the day by marking the appalling loss of life that took place in this State over the weekend. While they were terrible accidents and horrible events that I know no one present wanted to happen, can Members state they are disconnected from decisions that are made in this House? Members are correctly horrified by the death of Garda Anthony Golden who was just doing his job. What an utter tragedy but the truth is that more women are murdered or killed in violent assaults by their partners than there are gardaí killed on duty.

The response of Members to this is to cut the funding to rape crisis centres by 20% and to decimate front-line services for those women. Members correctly cry over the loss of children and the families in the halting site in south Dublin. The Taoiseach made the point that these are innocent children; and they are in their death. However, in their life, we live in a society in which Traveller children are put up on the PULSE system and in which the Government has stood over the decimation of funding to Traveller accommodation from €70 million per year a number of years ago to €4.3 million. A third homeless citizen has been found dead on the streets of the capital city and in response, the Minister speaks in this Chamber of €500 million to deal with social housing. This is the same amount the Government discounted in last year’s budget to the top 17%. It could deliver perhaps 3,000 houses when 130,000 people are on the list. The Government does nothing to deal with the rent cap issue, meaning more people will not be able to avail of the €2 restored to the fuel allowance because they will not have a roof over their heads.

The Government does nothing about how the pupil-teacher ratio, even after its changes, still is one of the worst in Europe. It will do nothing for my friend Kevin, who spent three nights on a trolley in Galway and who yesterday received a bill in the post for €150. Members are celebrating how 700,000 people will now be out of the universal social charge net. While I welcome this, it tells one that 700,000 people are surviving in this State on an income of less than €13,000 per year. While the minimum wage has been raised, and correctly so, nothing is being done about the low hours, the zero-hour contracts and the part-time work which means that additional 50 cent per hour does not mean much if one is only getting ten hours of work in a week. Members are standing over a society in which values have been decimated. Given the wealth that exists, they have an opportunity to use it to transform lives and to turn the country into a better Ireland but instead, the Government forfeited that for the mediocre and for feather-
Deputy Shane Ross: Had the Government not levied an additional 50 cent on cigarettes, I would wonder what the Cabinet had been smoking. I am astounded by the unreality of that with which Members have been presented today. I suspect very few Members in this House remember 1977, which was a time when Fianna Fáil bought its way back into government by producing a totally and utterly tailored manifesto to every interest group it could satisfy. This is precisely what is happening again and I agree with Deputy Clare Daly’s comments about boom and bust. This is the beginning of the next artificial boom, tailored to various interest groups, presumably found by focus groups being held periodically and without ideology, commitment or conviction. I believe Members today are witnessing the beginning of an unreality which, if the Government listens to what is happening outside Ireland, is not something it should be pursuing responsibly. I also believe the electorate will confound the Government with its ingratitude when it comes to the polls. Nobody will be fooled that this budget today was worked out in a scientific and forensic way for the benefit of the economy. This budget was worked out for the benefit of Fine Gael. I do not believe it will work out for the benefit of Fine Gael but that is the way it was tailored.

In a similar manner to how the €1.5 billion was discovered on Friday night, the growth rate was miraculously raised by the Department of Finance from the Spring Economic Statement figure of 3.8% to 6%. That gives the Government an enormous amount of scope to do exactly what it likes or to state it will do exactly what it likes. However, the experience of election budgets of this sort, as I believe Deputy Catherine Murphy observed earlier, is the amount of money given, in many cases to the poorest, is taken back subsequently because too much has been given at the wrong time simply and solely because an election is around the corner. The warnings from the IMF and elsewhere about world growth are coming thick and fast and China is in trouble. Our debt levels, about which the Minister boasted today, still are absolutely unacceptably high and to bridge the gap, to pay what is being paid today, we must borrow money. This budget is facilitated by borrowed money, whatever way one looks at it. Moreover, it assumes the prosperity we apparently now have will continue at a steady rate until 2021, that is, six years into the future. Most forecasters have got it wrong in the past on a six or eight-month basis in our present experience but to base this budget on a 3% growth rate right out to 2021 is completely unrealistic and highly unlikely to happen.

The issue of the erosion of the tax base is interesting. The Government, in its earlier years, made a great play of the need to broaden the tax base and as a result, introduced property tax, supposedly, and water charges to broaden the tax base. Today, the tax base has been narrowed, which is a highly dangerous course to take. The Government should have listened to a debate that took place in this Chamber only last Wednesday on the issue of multinationals. It is quite extraordinary that multinationals, which I welcome to this country and which have given many jobs and much prosperity, somehow are sacred cows when it comes to taxation. Everybody knows the 12.5% rate on profits is not a 12.5% tax on profits. It is a 12.5% tax rate on whatever the multinationals decide it is going to be and what is happening here is profit-shifting. The Government should broaden the tax base by approaching the multinationals and telling them they must pay their fair share. While we do not wish to frighten them off, the tax base should be broadened and were we to take that attitude, many of the problems evident today would be resolved overnight.

Deputy Damien English: Which bits is the Deputy against? He did not go through the
Deputy Thomas Pringle: The Government has presented a striking message to the electorate this year in the form of a pre-election manifesto whereby people seeking equality should get a job because the best form of social protection will be that job. Most people had assumed the State should act as the best form of social protection but it appears they have been wrong all along. Today the Government has made clear that such protection is no more and people are to look towards the multinational, the company, the employer or the entrepreneur to provide them with social security, that is, if one can be found to take them on, like the people of County Donegal. The consequence of such a job-centred approach in budgetary policy means not only will social inequality and regional inequality continue to be felt across rural Ireland, it will prevail for another generation to come. Despite the positive outlooks for the economic recovery and economic growth projected by the Government, the social consequences that have been evident on foot of previous budgets will continue to divide this country.

For my constituency of Donegal, unfortunately a job-focused budget is not good news. High rates of unemployment, coupled with the rise in precarious employment, part-time and seasonal work has meant that working families have been obliged to rely even more on social welfare to supplement their incomes. Income supports such as jobseeker’s benefit and farm assist and its income disregards were cut drastically in 2012 as part of the coalition’s incentive to make work pay and families still cannot recover from these cuts. When the pressures of additional taxes such as the property and water taxes are added, making work pay is a comical suggestion. The increase in the USC tax credit to €13,000 means that 700,000 working people will be removed from the tax net, but when account is taken of the 59,000 families in receipt of family income supplement, all the Government is doing is subsidising a low-pay economy for everybody. The increase in the income disregard for those on the jobseeker’s transition allowance is a modest approach to increasing a parent’s ability to remain in low-paid employment. This has been the focus of the Government.

Beyond the packages outlined today, the Government has missed an opportunity to reform the taxation system. Social Justice Ireland has presented a fairer, more transparent alternative which would make tax credits refundable. Such a reform would mean everybody with an earned income would receive the full value of tax credits, resulting in the main beneficiaries being low-paid employees and an improvement in the net income of workers whose incomes are lowest. For those who cannot work, there is very little in the budget, except for the carer’s tax credit and the restoration of the respite care grant. The Government cannot be congratulated on bringing back the respite care grant, having taken it away in the first place, as in the case of so many of the measures included in the budget.

There is little in the budget in terms of supports for people with disabilities and others on the margins of society. There has been no restoration of the cuts made in recent years for the centres for independent living, family resource centres or services which support people across the country on low incomes or the unemployed. There are also no supports visible in the budget for rural Ireland. The move away from charging for the use of bank cards and towards a cashless society will place additional hardship on the 17% of our society without bank accounts. The Government has continued to refuse to allow the post office network to provide services similar to the standard bank account, which would benefit the people concerned. There is also no mention in the Minister’s Budget Statement of financial inclusion.

Another vital support for rural Ireland is the retention of GPs. There is no mention in the
budget of the restoration of the rural practice allowance and no recognition of the peripherality of areas such as County Donegal in the recruitment process to enable the retention of GPs. The provision of an additional €8 million for speech and language therapy for children is welcome. However, in a constituency such as County Donegal where the ratio for speech and language therapy services is 300:1 this money is but a small drop in the ocean.

Once again, this budget represents another missed opportunity for those on the margins of society. Unfortunately, based on the mantra of the Coalition, they will continue to be marginalised, as those with jobs have been prioritised. This is not the Ireland we want in the second century of statehood. It is a young country, but it is not naïve and definitely not inexperienced. The Minister for Finance, Deputy Michael Noonan, aptly referenced the 1916 Rising in his Budget Statement, a rising which was born to break away from the arbitrary forces of inequality and poverty and helped to lay the foundations on which statehood was possible. In terms of how the budget continues that journey, it does nothing to lift the people on the margins of society.

Deputy Catherine Murphy: If what occurred today was a film, it would be called “Back to the Future”. The budget is a sequel to budget 2002 which was a giveaway budget in the context of the general election of 2003 and its successor, budget 2007, and we all know what happened in that regard. This budget is all about making people feel good next February or early March in the context of the upcoming general election. It is not what it should be about, namely, the next generation.

In regard to primary education, the provision of an additional €103 million would have made primary education free and the nightmare for families of having to find the resources in July and August every year for books, school transport, voluntary contributions and so on would have been a thing of the past. Budgets are about the cost of living for these families and doing things differently in a way that would benefit society in the longer term.

The first democratic programme of the Dáil states: “It shall be the first duty of the Government of the Republic to make provision for the physical, mental and spiritual well-being of the children, to secure that no child shall suffer hunger or cold from lack of food, clothing, or shelter, but that all shall be provided with the means and facilities requisite for their proper education and training as Citizens of a Free and Gaelic Ireland.” Next year - 100 years since the Rising - will be a benchmark year in this regard. Not only should we be marking this declaration in the context of the centenary, we should be living up to it. We can predict at this point that when we come to mark the Rising next year, there will be families and children homeless. This budget does not provide in any meaningful way for the addressing of that issue. The sum of €50 million has been allocated for commemoration events, while only €17 million has been provided to address the issue of homelessness. The cost of the housing crisis in real terms is distress for families in terms of the uncertainty with which they are faced and the cost to the State of increasing rents. The Government has failed to even raise rent caps, which would have provided certainty in the medium term. The housing crisis is also costing us in terms of job creation because companies will not invest here because the cost of living is too high. This is the crisis about which many of us having been speaking for the past three years. Yesterday I spoke to a garda who was experiencing mortgage difficulties and had been told by his bank that to ensure he could meet his mortgage repayments, he should cancel luxury items such as his pension, life cover and critical care cover, on which he has had to draw for months this year. That is what the banks are doing to individuals in distress, many of whom put their lives on the line for the country every day.
This budget has been framed against the backdrop of the fiscal compact, one of the nonsensical rules of which will kick in next year. In other words, regardless of how much money we will have next year, we will be forced into doing only one thing with it, namely, repay debt. We will not be allowed to invest in a real and meaningful way to ease the demographic pressures we are under in terms of a growing population or to provide the infrastructure required for a country that is growing, including public transport, housing and primary health care services, which with proper investment would change the way we deliver health services such that we would be delivering to promote health rather than deal with illness. This budget is a big disappointment and a squandered opportunity. In terms of look-back, budget 2016 will be talked about as another sequel.

Deputy Finian McGrath: I welcome the opportunity to contribute to the debate on the budget. Before the Government starts to clap itself on the back, let us remind ourselves of all the suffering of the past four and half years and the suffering that continues in broader society. There are 1,500 children in emergency accommodation, numerous patients on trolleys in hospitals, the unemployment rate in some parts of the country is 25%, numerous people are homeless and there are high debt levels across the country, which remains a huge issue. This is the real world. As we approach the 1916 Rising commemorations, we have a long way to go achieve real equality and social justice in our society. That is the reality for many citizens.

Moderate and sensible individuals will view this budget as a blatant attempt to mislead the people and buy the next general election. I thought this type of politics was going to end and that we would have greater accountability and transparency and honest politics. Sadly, this has not happened. The better-off gain again and many of them will gain ten times more when we note the tax proposals made. It is a shortcut to popularity and, again, an attempt at auction politics. The proceeds of the home tax which were promised to improve local services now go to prop up Irish Water. Let us be straight with the people and get on with real politics and redistribute the wealth of the country to those in most need.

We still have to deal with the crisis of child poverty. I heard the Minister speak earlier about inequality. The reality is that 138,000 children are living in poverty. The number of people living in consistent poverty has increased from 6.8% to 11.7%. Some 37,000 children will be living in poverty by 2020, while 1,054 are homeless. When we talk about equality, therefore, let us seek to achieve real equality and real children’s rights.

Moving to the issue of disabilities, we saw massive cuts to respite care services during July and August. The Gheel services in Fairview, services in St. Michael’s House and Prosper Fingal are operating under huge pressure, yet the Government looks away. I have strongly supported policies for the disabled. We could have improved income and activation supports for people with disabilities. We could have improved the resourcing of disability services and other support services available in the community that enable people with disabilities to live independently with dignity. We could have ratified the United Nations Convention on the Rights of Persons with Disabilities without further delay. We could have improved funding for residential, day care and respite care services. We could have improved access to proper services for all children with a disability. I welcome, at long last, the restoration of the full respite care grant. The cut to the grant was a grave injustice to the families concerned.

On housing, the number of individuals living in emergency accommodation is up 44%; the number of children living in emergency accommodation is up 99%; the number of families living in emergency accommodation is up 106%, while the number sleeping rough is already
higher than December 2014 levels.

There is the popular issue of putting extra tax on cigarettes. This might be popular and trendy, but it will hammer the small retailers again. The Government will also lose out on major tax incentives. We could lose €300 million in tax owing to an increase in cigarette smuggling. Gangland leaders are now making more money from the sale of illegal cigarettes than from drugs.

We have had the Minister with a brass neck bragging about increasing the minimum wage by 50 cent an hour and he also talked about fairness. In this city tonight the average teenage babysitter will be paid €10 an hour. We are talking about a minimum wage of €9.15 an hour and those opposite should not clap themselves on the back. No proper support is being provided for the self-employed who lose their jobs or get sick. Also, the rent supplement issue has not been dealt with.

I pose the following question: will budget 2016 redistribute income towards the poorest 20% of the population and compensate those who have lost the most in the past seven years? The answer to that question is “No”.

Deputy Charles Flanagan: Nobody is clapping anyone else on the back. Who brought that into it?

Deputy Finian McGrath: The Minister should talk to his colleagues.

Deputy Mick Wallace: It was not easy to listen to the two Ministers tell us how wonderful and fair the Government had been. It reminded me of listening to Jose Mourinho tell us that Chelsea was still the best team and that he was the best manager, despite the fact that they were still losing football matches.

It has been obvious for a while now that the Taoiseach does not want to have an inquiry into the workings of NAMA, despite all the unanswered questions. Looking at the budget, I can see why. Given NAMA's new role as a State-sponsored developer, I do not think the Taoiseach or the Minister for Finance would want NAMA to be investigated. They certainly would not like the answers they would get if there was to be an independent inquiry.

NAMA is now going to operate as a developer. It was set up as a bad bank that would hold assets until there was a recovery and it has had fire sales to kingdom come. It has supplied 1,400 social housing units, despite promises to provide more. These are the people who are going to provide a social dividend and it is hard to credit that we are going to trust them to solve the housing crisis. The housing and homelessness crisis is worse now than when the Government parties came to power. What have they done to address it? Their failure to properly deal with the crisis will go down as a disgrace. I do not understand the manner of their approach. NAMA will operate as a developer and given that its allocation of social housing units will be only 10%, these units will be for the private sector. Will NAMA sell them to US vulture funds which, in turn, will rent them to people who, in turn, will have to receive a rent supplement from the Government to pay for them? In that way, the Government will be giving an indirect subsidy to landlords. Is that what will happen? Some 20,000 units will be built at a cost of €4.5 billion, which works out at an average cost of €225,000 each and that is not counting the cost of land which NAMA already possesses. Half of the units included in Project Arrow are residential. I would like to know for how much these residential units will be sold? I will bet with any of the Deputies opposite that NAMA will not get €100,000 each for them. Where is
the sense in the Government selling Project Arrow to another US vulture fund that will drive up rental and house prices in this city? The Government will not solve the housing crisis until it organises for the State, through the local authorities, to build social housing. If it does not organise for the building of social housing, it will not deal with the homeless crisis.

Deputy Robert Troy: Correct.

Deputy Mick Wallace: If it does not build social housing, rents will continue to be exorbitant and house prices will remain too high. That is at the root of the problem. The Government cannot expect the private sector to solve its problems. Those involved in the sector do not want to build now and the Government is stating NAMA will do it instead. Those involved in the private sector do not want to build because they cannot possibly compete with NAMA's sales and those of the banks, both of which have sold houses for less than half of what it costs to build. There is a value on a property or a house which is at least worth what it costs to build. However, I have seen NAMA sell a lot of properties for less than half of what it costs to build them. Does this represent good governance? The Government has told us how wonderful and fair it is, yet it has allowed this to happen. It is allowing the taxpayer to pick up the tab and the US vulture funds to reap the rewards. Is this a great government? It is not.

Deputy Joan Collins: I welcome the opportunity to speak about the budget. It makes me very angry, but even more than that, it makes me very sad to hear a Labour Party Minister gloat yet again about the brutal treatment of the Greek people by the European Central Bank, ECB, and the European Commission. The last thing Greece needed was an even more brutal prescription of increased austerity. Everyone knows, from the European Commission to the ECB and, above all, the IMF, that increased austerity has not worked and will not work. Increased austerity was imposed on Greece as political punishment for electing a left-wing government and how people who claim to represent the Labour Party tradition can gloat about this is beyond me. The Government is doing this to try to justify its claim that its policies have worked, but that is not true. The factors that led to recovery in the economy and a successful exit from the bailout were all beyond its control. In other words, it happened despite its policies, not because of them. These factors were a fall in oil prices and quantitative easing by the European Central Bank, ECB, which devalued the euro against the US dollar and sterling by over 20%. This gave a huge and welcome boost to exports and tourism. The outright monetary transactions policy announced by the ECB to stop Italy and Spain from being forced out of the bond markets was the key to Ireland being able to accept cheap loans and exit the bailout. Those of us who argued for growth, not austerity, have been shown to have been right, not wrong.

This budget is a cynical exercise to buy votes, with a little bit here and little bit there. It is all based on the premise, dictated by focus group researchers, that the more one earns, the more one gains. Austerity has not ended; in fact, it will probably become more embedded. Over 20% of young people under 25 years of age are unemployed. They have suffered the most savage cuts in welfare payments. Unemployment is at just under 10%. Restoring social welfare rates to 2009 levels, taking account of inflation, would require an increase of €27 a week for a single person and €40 a week for a couple. This budget, however, does nothing. It should have outlined a strategy to restore these rates over time.

The increase in the minimum wage is minimal. It should have been increased by at least €1, with a strategy to bring it to the level of the living wage within three years. One third of people and one third of children live in deprivation. Rather than income tax cuts aimed at winning a general election, the Government should have used available resources to prioritise bringing
that situation to an end. This would have meant raising welfare rates and the wages of those in work in line with the living wage, while outlawing low-hour contracts. These could have been important first steps in this budget.

By their very nature, cuts in income tax only benefit higher earners. This budget is no different. A single income family with no children on €25,000 a year will have an income increase of €227 over the year. A similar couple on €45,000 a year will have an increase of €400 a year. However, a couple on €70,000 will have an increase of €900 to €1,000 a year.

In the past five years the provision for Traveller accommodation has been cut by 90% or €35 million. Large numbers of Traveller families are at risk, as we saw in the tragic event in south Dublin over the weekend. However, we do not see anything in the budget to direct moneys towards the maintenance and upgrading of halting sites. In the past five years there have been numerous attempts to upgrade the Labre Park halting site in Ballyfermot but to no avail. The Minister for the Environment, Community and Local Government recently turned down proposed plans, supported by the Clúid Housing Association, for this halting site.

To stop the tide of homelessness, we need rent controls and an increase in the rent supplement, as well as a change in legislation to keep people in their homes and to stop landlords from being able to use the excuse of selling their homes to force people out of them. There are significant areas with which the budget did not deal. It is a crying shame the Government did not use the opportunity to start a real comeback.

Deputy Richard Boyd Barrett: This budget is really a cynical bag of pre-election tricks without any substance whatsoever. It will do nothing to deal with the emergency in housing and homelessness, the disaster in public hospitals, or the gaping and growing inequality and poverty in society. I even have to disagree with some of my Opposition colleagues who are calling this a giveaway budget. It is not. A few miserable crumbs are being given to people who have had their incomes and services savaged for the past six years. The only giveaway is to the multinational corporations and NAMA, National Asset Management Agency, developers.

This makes an absolute mockery of the Minister for Finance, Deputy Michael Noonan’s claim today that this is the end of boom-bust politics. Boom-bust politics happened because we gave massive tax breaks and backing to corporate vultures and developers. Now, we are going to do it again. It is unbelievable. In a way, this budget is a magician’s trick. The Government tried to hypnotise the media, which it has done largely successfully today, and then tried to hypnotise the public, but it will not be so successful with it, with the few crumbs it is throwing to ordinary people. The real business is being done with the new tax avoidance scheme being put in place by the Government to allow the multinationals to evade billions of euro in tax when the international community is screaming for action to be taken to prevent this very type of tax avoidance. The knowledge box is nothing other than a scheme to insulate the multinationals in this country from the international push to make them pay their fair share of taxes. The new corporation tax rate for research and development of 6.25% - exactly half of the 12.5% rate; as if it is not low enough - happens to be the actual rate they are paying under the double-Irish tax arrangements, if one looks at the EUROSTAT figures. The Government is insulating the multinationals from the moves to reform the corporate tax system internationally. It is a disgrace.

Unbelievably, the Government is going to put NAMA developers back in business to make profits from the housing crisis that it wilfully fails to address by not introducing rent controls or building social housing. Instead, it is going to get NAMA developers to profit from the misery
of the housing crisis while people are dying on the streets. It is shameful. The game was given
away this morning by the Taoiseach when he was asked why there were no rent controls. He
said such controls would interfere with the market. That is the agenda - nothing must interfere
with the market. That is what the Government cares about and what it is protecting. That is
what this budget is about.

What has the Government given ordinary people? There is the insult of €3 for the pensioner
after four years of an income freeze. Nothing has been given to raise the basic income of lone
parents, carers or jobseekers. The shameful half-rate jobseeker’s allowance for those under 25
years which has driven 250,000 young people out of the country is an utter disgrace. Somebody
on average earnings of €35,000 a year will receive €7 a week. It is a joke and it will be less if
one is on €25,000 a year.

Faced with the absolute catastrophe in the health service of 69,000 people on hospital wait-
ing lists and 7,000 patients on hospital trolleys last month, the Government has not put enough
extra money into the service, even when the most conservative standstill scenario indicates it
needs €300 million just to stay where it is. The more serious standstill scenario indicates we
need €600 million, which suggests the crisis is going to get worse next year based on these fig-
ures. The reality is we need several billion euro to undo the damage by the cuts imposed since
2006. The hospital crisis will be worse at the end of next year.

The Government has cut capital expenditure in the education sector, with fewer school
buildings. It has given nothing to the poor, the numbers of whom have grown under the Gov-
ernment. For the homeless, the budget is an utter disaster. The multinationals and the develop-
ers, however, have done very well out of it, thanks to the Government.

Messages from Select Committees

An Leas-Cheann Comhairle: The Select Committee on Justice, Defence and Equality
has completed its consideration of the Garda Síochána (Policing Authority and Miscellaneous
Provisions) Bill 2015 and has made amendments thereto.

Sitting suspended at 6.50 p.m. and resumed at 7.20 p.m.

Allocation of Time: Motion

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

That, notwithstanding anything in Standing Orders, the financial motions by the Minis-
ter for Finance shall, for the purposes of debate, be moved and decided in accordance with
the following schedule and the proceedings thereon, and on any amendment thereto, shall,
in the case of each resolution, be brought to a conclusion by one question which shall be put
from the Chair not later than the times indicated as follows: Resolution No. 1, to conclude
after 30 minutes; Resolution No. 2, to conclude after 30 minutes; Resolution No. 3, to con-
clude after 30 minutes; and Resolution No. 4, to conclude after 30 minutes.
Question put and agreed to.

2016: Financial Resolution

Financial Resolution No. 1: Excise Duties on Mechanically Propelled Vehicles

The Taoiseach: I move:

(1) THAT in this Resolution -

“Act of 1952” means the Finance (Excise Duties) (Vehicles) Act 1952 (No. 24 of 1952);


(2) That as respects licences under section 1 of the Act of 1952 taken out for periods beginning on or after 1 January 2016, the Schedule to the Act of 1952 be amended by substituting the following for paragraph 5 of Part I (amended by section 4 of the Act of 2013) of that Schedule:

“5. Vehicles (including tricycles weighing more than 500 kilograms unladen) constructed or adapted for use and used for the conveyance of goods or burden of any other description in the course of trade or business (including agriculture and the performance by a local or public authority of its functions) and vehicle constructed or adapted for use and used for the conveyance of a machine, workshop, contrivance or implement by or in which goods being conveyed by such vehicles are processed or manufactured while the vehicles are in motion:

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<tr>
<th>Description</th>
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<tr>
<td>(a) being vehicles which are electrically propelled and which do not exceed 1,500 kilograms in weight unladen,</td>
<td>€92</td>
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<td>(b) being vehicles which are not such electrically propelled vehicles as aforesaid and which have a weight unladen —</td>
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<td>(i) not exceeding 3,000 kilograms,</td>
<td>€333</td>
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<td>(ii) exceeding 3,000 kilograms but not exceeding 4,000 kilograms,</td>
<td>€420</td>
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<td>(iii) exceeding 4,000 kilograms but not exceeding 12,000 kilograms,</td>
<td>€500</td>
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<td>(iv) exceeding 12,000 kilograms.</td>
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(3) It is hereby declared that it is expedient in the public interest that this Resolution shall have statutory effect under the provisions of the Provisional Collection of Taxes Act 1927 (No. 7 of 1927).

Financial Resolution No. 1 provides for the amendment of the Finance (Excise Duties) (Vehicles) Act 1952. In the light of the importance of the haulage industry to our export-led growth
and to ensure Ireland remains competitive, the rates of commercial motor tax on larger goods vehicles are being reduced. The resolution provides for the reduction to apply to all goods vehicles with an unladen weight exceeding 4,000 kg and will take effect for vehicle licences taken out on or after the commencement date of 1 January 2016. The reductions are tapered from a reduction of €4,295 for the heaviest goods vehicle band to a reduction of €43 annually for vehicles between 4,001 kg and 5,000 kg. The rates structure is also being simplified, with five bands of motor tax, ranging from the current level of €92 per annum for electric goods vehicles to €900 per annum for all goods vehicles in excess of 12,000 kg. The change will benefit the owners of more than 28,000 goods vehicles. This is an interim measure pending the replacement of the current basis of taxation for goods vehicles on unladen weight which is out of line with the basis of taxation in other countries and replacing it with a fairer system of calculation based on gross design vehicle weight. There are no other changes to motor tax for any other category of vehicle.

Deputy Michael McGrath: I wish to speak in support of Financial Resolution No. 1. As we know, transportation costs are a key input to the cost base many businesses in Ireland face. As an island nation, there are very significant transportation costs involved in, for example, the export business. Goods received into Ireland by port have to be transported around the country. Many businesses are faced with transportation costs such as vehicle road tax which is out of line with that in our neighbouring jurisdiction. It is welcome that the Government is moving to reduce the rates, simplify the system and, it is hoped, help in some small way to make the position more competitive for those involved in and heavily dependent on the transportation industry.

Deputy Caoimhghín Ó Caoláin: As a resident and representative of a constituency that straddles the Border, I am very conscious of the impact of the significant differential between the taxation which applies to heavy goods vehicles north of the Border as against that in my constituency and this jurisdiction. It is critically important that a level playing field is created or as near to such as is achievable. That is very important because the sector in this jurisdiction has taken a significant hit in recent years. A number of companies have either gone out of operation or are on the verge of facing a conclusion of their activities. That is having a knock-on, serious impact on employment across the sector. The move to a more environmentally aware way of deciding the tax payable on any vehicle has long been argued for. It has perhaps been a victim of its own success in terms of newer cars which are contributing less and less - allegedly - to air pollution. At least that is what the manufacturers have claimed until recent times. It is a big area which needs to be addressed more comprehensively than this financial resolution will allow. However, I have no hesitation in saying it is absolutely essential that a more level playing field be created south of the Border for hauliers who have had to face difficult economic circumstances in the continuation of their businesses and their ability to compete with hauliers north of the Border and in Britain. I hope this measure will make a critical difference in ensuring the viability of hauliers here and that they will have the opportunity not only to sustain their current operations but also to expand them into the future. I record my support for the resolution.

Deputy Jerry Buttimer: I welcome this resolution and commend the Minister for Finance, Deputy Michael Noonan, and the Minister for Transport and Sport, Deputy Paschal Donohoe, for the proposed changes. As the Taoiseach rightly said, this measure concerns job creation. It will give many small enterprises such as those in my city of Cork the opportunity to have confidence. It will drive growth and add to job creation, on which the budget has centred. In particular, it will give confidence to those involved in the road haulage industry. As Deputy
Caoimhghín Ó Caoláin stated, it will give certainty, in particular in Border counties, and end
the anomaly and the fears felt there. It will show in a progressive way that the industry is be-
ing recognised and that the Government is supporting the industry in a tangible and meaningful
way. We should also acknowledge the Irish Road Haulage Association. We have all met its
delegates who have spoken to us and highlighted the importance of the industry at a local level
and to the domestic economy. This measure is critical and one I commend.

Deputy Robert Troy: I, too, welcome the initiative. Transportation costs are key. Liv-
ing on an island, most of our goods are transported on lorries and so forth. This measure is
welcome as it will help to reduce these costs. However, while bringing forward this measure,
another Department is bringing forward new proposals for the recycling of tyres. The relevant
representative body has been in intense negotiations with the Minister for the Environment,
Community and Local Government and his officials on new requirements that will result in a
cost in the region of €200 being imposed on hauliers to replace their tyres. While, on the one
hand, this is a very welcome development in helping to reduce the costs associated with haul-
age, on the other, we have the position of the Department of the Environment, Community and
Local Government which has locked down in its negotiations with the representative body of
the tyre industry. I had the opportunity, with one of the Taoiseach’s backbenchers, to meet some
of the senior officials before the summer.

The Taoiseach: Was it Deputy James Bannon?

Deputy Robert Troy: No. It was Deputy Patrick O’Donovan from Limerick-----

The Taoiseach: An enterprising young man.

Deputy Robert Troy: -----who was aware of this issue because of representations made
by a large employer in that area. Perhaps the Taoiseach is not aware of it. To be fair, I do not
expect him to be aware of every development in every Department. However, although this is a
very positive measure, it is important, when one Department brings forward positive measures,
that another does not bring forward others that will take the money away.

Deputy Joe O’Reilly: I support the measure as a Deputy from a Border constituency where
this is an extraordinarily important matter. In that regard I agree with my constituency col-
league, Deputy Ó Caoláin. It is very important for our area. The area no longer has a rail net-
work, so the local hauliers are a critical part of its economic infrastructure. They are substantial
employers in their own right, are vital to small business in the area and they do a great job. This
measure will make it easier for them to function.

I pay tribute to the hauliers. Some of them are in the House tonight to hear the good news
and I have spoken to them outside the Chamber. A number of them are from my constituency.
They are extremely happy with the news of this initiative. I am delighted to support it as an
exercise in achieving fairness, as well as for the retention of jobs and further job creation. It is
a good measure for our area. It is a good news story and a sensible piece of economic engineer-
ing that will work for the area.

Deputy Sean Fleming: I support this financial resolution. Most Deputies throughout the
country have been contacted in the last couple of months by various companies in the haulage
business. I appreciate the fact that they contacted us, ran a good campaign and stated their case
very clearly. Some of us were shocked at the anomalies between the North and the South when
they told us what they were. That helped, because we cannot know everything about every
business unless somebody approaches us about it.

In simple English the rate of motor tax has been reduced for all vehicles over 4,000 kg, which is four tonnes in my language and the language of many others. There is a new annual rate of €500 for vehicles between four tonnes and 12 tonnes and a rate of €900 for vehicles over 12 tonnes. That will be appreciated. Many haulage companies in Ireland operate on an all-island basis, travelling back and forth to the Six Counties, and across the channel in competition with haulage companies from Northern Ireland. We are all aware of the difficulties many of them experienced at Calais over the summer, and they approached us about that second issue too. They felt people did not appreciate their difficulties.

It is good the Minister has brought forward this measure and I am pleased to support it. It will be well received.

Deputy Brendan Griffin: I add my voice in support of this resolution. It is a progressive step in this budget, one of many. I commend the Department of Finance, the Ministers and the Minister for Transport, Tourism and Sport, Deputy Donohoe, for their support on this. It is a pro-business and pro-consumer measure. It will reduce the cost of goods for everybody. When one looks at the figures and sees the huge difference that existed between operators north and south of the Border, it obviously had to be addressed. I am glad the Government has listened, met with the people involved and delivered this measure. The Border counties have been mentioned, but this will benefit business in every corner of the country.

In addition, as the economy recovers, there are many people who previously were not in a position to put a vehicle on the road for 12 months of the year. They operated on a week on and week off basis and did not have full-time work, because they were absolutely hammered with these overheads. This is a major boost to those people. I welcome it as a very progressive step.

The Taoiseach: I thank the Deputies for their comments. Clearly, the Irish Road Haulage Association has made this case for a number of years. There was a serious imbalance in terms of competitiveness and many hauliers were inclined to register elsewhere and avail of the cheaper taxes as a consequence.

The Government has listened carefully to the haulage business. That business shifts the vast majority of goods exported from, and imported to, this country. It is a critical element of our economic progress and the economic rise in confidence. From that perspective, it is important that it be understood that the Government has been very much open to business in the interests of business. That is to continue the drive to strengthen our economy and as a consequence to create jobs and have an engine to deal with the social challenges we face.

Deputy Troy raised the issue of tyres. Obviously, that is an issue. Irrespective of how expensive or big the vehicle is, be it a car or lorry, the only point of contact with the road is through the tyres. Clearly, one cannot mess around with them. One must have good tyres. From an environmental perspective, waste tyres can have a devastating impact on emissions depending on what is done with them. I am aware of the industries the Deputy mentioned. The Department of the Environment, Community and Local Government is working on a producer-led scheme to mitigate the waste. The points the Deputy mentioned in respect of the meetings he had are well understood. Obviously there is some work ongoing in that regard.

An interdepartmental committee has been established to address the implications of introducing a pay-as-you-go road tax system for heavy goods vehicles. The group is reviewing the
way commercial motor tax is assessed and charged. The work of the group has been expanded to include a review of the existing commercial motor tax regime and consideration of the current system of classifying commercial vehicles for motor tax purposes. The work of the group is ongoing.

This measure will be welcomed by hauliers and truck drivers throughout the country. They will see in it a recognition of the valuable work they do for our economic development and expansion. It is a recognition, in part, of the difficulties and imbalance in competitiveness they faced as well as a recognition of the work they do. I thank the Deputies for their support for the resolution.

**Deputy Robert Troy:** I thank the Taoiseach for acknowledging the point I raised, but I am not sure if he is aware that it is causing much concern and worry for the tyre industry. We welcome the resolution brought before the House as it will reduce costs for hauliers. However, while everybody is anxious that tyres are recycled in a proper and appropriate manner, the new monopoly the Department of the Environment, Community and Local Government is forcing through in respect of the recycling of tyres through Repak and WEEE, without going to tender, will result in a considerable increase in the cost of tyres for hauliers. We are giving to the hauliers with one hand, but we are taking it back with the other.

I acknowledge the Taoiseach is taking on board what I said and I hope he will use his good offices to convey to the Department of the Environment, Community and Local Government that it must engage with the two representative bodies to bring about a satisfactory resolution to the stand-off that currently exists.

Financial Resolution No. 1 agreed to.

**Financial Resolution No. 2: Capital Allowances**

**The Taoiseach:** I move:

(1) THAT for the purposes of the State Aid de minimis rules the Taxes Consolidation Act 1997 (No. 39 of 1997) be amended with effect from 13 October 2015 as follows –

**“Industrial building allowances: aviation services facilities**

The Principal Act is amended –

(a) in section 268 –

(i) in subsection (1F), by substituting “then, notwithstanding that subsection, that capital expenditure shall not, as regards a claim for any allowance under this Part by any such person, be regarded as specified capital expenditure for the purposes of this Part,” for “then, notwithstanding that subsection, that building or structure shall not, as regards a claim for any allowance under this Part by any such person, be regarded as an industrial building or structure for the purposes of this Part,”,

(ii) by substituting the following for subsection (5A):

“(5A) Subject to subsection (5C), expenditure incurred by a person on the
construction of an industrial building or structure (within the meaning of subsection (1)(n)) shall be treated as specified capital expenditure for the purposes of this Part—

(a) only to the extent that the aggregate of such expenditure does not exceed—

(i) €5,000,000, where the person concerned is a company, and

(ii) €1,250,000, where the person concerned is an individual,

and

(b) where the following information has been provided to the Revenue Commissioners before the first claim for a writing-down allowance is made, in accordance with section 272, by the person:

(i) the name, address and tax reference number (within the meaning of section 477B(1)) of the person making the claim;

(ii) the address of the building or structure in respect of which the expenditure was incurred or deemed to have been incurred;

(iii) details of the aggregate of the amount of such expenditure which has been incurred or deemed to have been incurred by the person making the claim.”,

(iii) in subsection (5B) –

(I) by substituting “subsection (5A)(b)” for “subsection (5A)(c)”, and

(II) by substituting “necessary to ensure compliance with the provisions of this Part and any European Commission guidelines, regulations or other reporting requirements, as the case may be, that may be relevant.” for “reasonably related to achieving the following objective.”,

(iv) by substituting the following for subsection (5C):

“(5C) Where capital expenditure has been incurred, or deemed to have been incurred, on the construction of an industrial building or structure (within the meaning of subsection (1)(n)) by 2 or more persons, being either individuals or companies, or both, the amount of such expenditure which is to be treated as specified capital expenditure for the purposes of this Part shall, if necessary and notwithstanding section 279, be reduced such that the amount determined by the formula—

\[(A \times 50 \text{ per cent}) + (B \times 12\frac{1}{2} \text{ per cent})\]

does not exceed €625,000, where –

A is the aggregate of all such specified capital expenditure which has been incurred, or deemed to have been incurred, by the individual or individuals concerned, and
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B is the aggregate of all such specified capital expenditure which has been incurred, or deemed to have been incurred, by the company or companies concerned.

(v) by deleting subsections (5D) and (5E),

(vi) in subsection (9), by substituting the following for paragraph (k):

“(k) by reference to paragraph (n), as respects—

(i) specified capital expenditure incurred in the period commencing on the date of the coming into operation of section 31 of the Finance Act 2013 and ending on the fifth anniversary of that date, and

(ii) capital expenditure other than specified capital expenditure incurred on or after the date of the coming into operation of section 31 of the Finance Act 2013.”,

and

(vii) by inserting the following after subsection (11):

“(11A) Notwithstanding any other provision of this Part, capital expenditure which has been incurred on the construction of an industrial building (within the meaning of subsection (1)(n)) shall not be treated as specified capital expenditure where any part of that expenditure has been or is to be met, directly or indirectly, by grant assistance or any other assistance which is granted by or through the State, any board established by statute, any public or local authority or any other agency of the State.”,

(b) in section 272—

(i) by substituting the following for paragraph (k) of subsection (3):

“(k) in relation to a building or structure which is to be regarded as an industrial building or structure within the meaning of paragraph (n) of section 268(1)—

(i) 15 per cent of the expenditure referred to in subsection (2) (c), if that expenditure is specified capital expenditure, and

(ii) 4 per cent of the expenditure referred to in subsection (2) (c), if that expenditure is not specified capital expenditure.”,

and

(iii) by substituting the following for paragraph (k) of subsection (4):

“(k) in relation to a building or structure which is to be regarded as an industrial building or structure within the meaning of paragraph (n) of section 268(1)—

(i) where the expenditure is specified capital expenditure, 7 years beginning with the time when—
(I) the building or structure was first used, or

(II) where the expenditure is incurred on refurbishment, the building or structure was first used subsequent to the incurring of that expenditure,

and

(ii) where the expenditure is not specified capital expenditure, 25 years beginning with the time when—

(I) the building or structure was first used, or

(II) where the expenditure is incurred on refurbishment, the building or structure was first used subsequent to the incurring of that expenditure.

(c) in section 274(1)(b) by substituting the following for subparagraph (x):

“(x) in relation to a building or structure which is to be regarded as an industrial building or structure within the meaning of paragraph (n) of section 268(1)—

(I) where the expenditure is specified capital expenditure—

(A) 7 years after the building or structure was first used, or

(B) where the expenditure is incurred on refurbishment of the building or structure, 7 years after the building or structure was first used subsequent to the incurring of that expenditure,

and

(II) where the expenditure is not specified capital expenditure—

(A) 25 years after the building or structure was first used, or

(B) where the expenditure is incurred on refurbishment of the building or structure, 25 years after the building or structure was first used subsequent to the incurring of that expenditure.”.

and

(d) in Schedule 25B –

(a) by substituting the following for clause (VIII) of paragraph (a) (i) of the matter set out opposite reference number 13:

“(VIII) section 268(1)(n) (inserted by the Finance Act 2013) to the extent that the writing-down allowances are referable to specified capital expenditure (within the meaning of section 268),”

and

(b) by substituting the following for clause (VIII) of paragraph
(a)(i) of the matter set out opposite reference number 15:

“(VIII) section 268(1)(n) (inserted by the Finance Act 2013) to the extent that the balancing allowances are referable to specified capital expenditure (within the meaning of section 268),”.

(2) THAT section 31 of the Finance Act 2013 be amended by substituting the following for subsection (2):

“(2) This section comes into operation on 13 October 2015.”.

(3) THAT section 33 of the Finance Act 2014 be amended by substituting the following for subsection (2):

“(2) This section comes into operation on 13 October 2015.”.

(4) IT is hereby declared that it is expedient in the public interest that this Resolution shall have statutory effect under the provisions of the Provisional Collection of Taxes Act 1927 (No. 7 of 1927).

In the budget of 2013 a scheme of accelerated industrial buildings allowances for certain aviation services facilities linked to the main aviation sector was announced. The scheme focuses on the construction and refurbishment of buildings and structures which could be used for the maintenance, repair and overhaul of commercial aircraft and the dismantling of such aircraft for the purposes of salvaging or recycling parts and materials. The relief, which provides for a seven year write-off for this capital expenditure, will operate for five years and is subject to all the normal rules for capital allowances. It was subject to a ministerial commencement order, principally to allow time to obtain European Commission approval for the scheme from a state aid perspective. In other words, it had to be in compliance with that regime.

I am happy to report that the discussions between the Commission and the officials of the Department of Finance have now been successfully concluded and this scheme will now take immediate effect, subject to a number of modifications which will be introduced by this financial resolution. The key change is to place an upper limit of €200,000 on the actual value of the relief available in any three year period for each individual project. This is to conform to EU state aid de minimis guidelines. In the case of a company, for example, this equates to overall construction expenditure of €5 million. The limit is on the amount of relief given, not on the amount of expenditure incurred.

For the information of Deputies, the other changes are as follows. First, the relief will apply to operations at all airports and is not limited under regional aid. Second, expenditure incurred in excess of the de minimis limit during the five-year period will qualify for normal capital allowances without any upper limit, as will expenditure incurred after the five-year period.

This is an important industrial sector which has the potential for significant job creation in the country. This scheme, which is commencing today, has the potential to create a favourable environment for the development of significant maintenance, repair, overhaul and dismantling operations. It will be of benefit to all airports, including regional airports like Ireland West Airport Knock, when presenting a business plan to potential investors, and will help to entice investment into the country in the aviation services sector at the airports around the country. Furthermore, section 31 of the Finance Act 2013, which introduced the scheme, and section 33
of the Finance Act 2014, which subsequently amended it, shall take effect as and from today, so the entire scheme is now operational. It is intended to put today’s changes on a permanent statutory footing in the forthcoming Finance Bill and I, therefore, commend this resolution to the House.

Deputy Aengus Ó Snodaigh: I have problems with this proposal. In an era where we have been trying to get rid of tax reliefs and tax avoidance schemes, it seems strange we would encourage one of the most highly profitable sectors to avail of a tax incentive to locate in Ireland, in particular considering what has happened in the aviation services facilities sector in Ireland in recent years. In addition, we know of the debacle at what was originally Team Aer Lingus, which then changed to SR Technics, and there is also the Government’s position in terms of privatising Aer Lingus.

I find it odd there would be a facility for commercial airlines and airports, or for individuals who have an aeroplane. We know some of the high-flying individuals who have aeroplanes in Ireland and who could also avail of this tax relief if they built a hangar, once it had facilities for servicing and whether the aeroplane was small or large. I find it bizarre that this type of industry would be allowed to benefit. The amendment would allow the individual behind a construction that is to be used for maintenance to avail of a write-off of up to €5 million.

We have seen some of the millionaires who own Gulfstream jets in this country. I remember recently looking at footage of what seems to be a habit now of people with helicopters floating up and down the country, thinking they own everywhere. As a helicopter is an aircraft, I presume a hangar for one of these helicopters might fall under this measure. Are we encouraging the elite in Ireland by facilitating private airports around the country? It is not just the aeroplanes themselves but the fact they have to be put into a hangar, and that hangar has to have a maintenance or services section. Nobody buys a Gulfstream and parks it in their back garden, although down the country, one of the helicopters recently tried to park next to a pub and ended up destroying half the pub.

The Taoiseach: That was a small drone.

Deputy Richard Boyd Barrett: It would not surprise me.

Deputy Aengus Ó Snodaigh: There are characters who will take a benefit from a tax relief that was originally set up to be beneficial to an industry. If it could be limited to the industry, we might then have some say. The problem is that many of these schemes are set up in good faith and are then abused by those who have made billions from our system of tax reliefs in the past. I have concerns about this.

Deputy Denis Naughten: I welcome the proposal. I want to acknowledge the work the Taoiseach and the other Deputies in Mayo have done in this regard. The proposal came before us in the House two years ago and we opposed it at the time because the focus was very much on Shannon Airport to the exclusion of Ireland West Airport Knock. I am glad the Taoiseach has clarified this and glad the Government has listened to the concerns of Members of this House on all sides who have put forward the case for Ireland West Airport. There is a significant landbank available at Ireland West Airport, so there is potential to attract an investor and to create jobs at that location. It was always the objective, with the establishment of Ireland West Airport Knock, that it would not just be an airport but would act as a stimulus to create jobs, not just in County Mayo but in the adjoining counties of Sligo, Leitrim Roscommon and Galway. I
commend the Government for its proposal.

Hopefully, this can build on the initiative we saw during the summer when a charter aero-
plane from the United States came to Knock with a pilgrimage, the first such flight to come
from the United States. I want to flag with the Taoiseach that we should not be just looking west
but also east. There are 12 million Catholics in China, for example, but we still do not have
direct flights from China into Ireland. We are potentially losing out on €800 million per annum,
which is what the New Zealand Government is bringing in, based on a strategic, targeted
programme of bringing Chinese tourists into New Zealand. Ireland gets approximately 110
Chinese tourists per day whereas New Zealand gets approximately 820, despite the fact Ireland
is nearer than New Zealand to mainland China. There is the potential to grow this figure. It is
about establishing the relationship, opening up visas to allow access and getting direct flights
from mainland China into Ireland. I would like to see Ireland West Airport play a role in that.
It would be great if we could bring such tourists directly into our region and use this as a focus
to develop the tourism sector across the western seaboard and the midlands.

I thank the Taoiseach for his clarification that Ireland West Airport will be able to avail of
this support.

Deputy Sean Fleming: As there is no airport in the midlands, I am not too familiar with the
details of this measure. Rather than criticise it, however, I will ask questions with the aim of
putting more information on the record.

We are talking about a measure that deals with construction facilities, maintenance, repair
and overhaul, where the investment of a company will be limited to €5 million and that of an
individual to €1.25 million. The Taoiseach might explain whether the seven-year write-off is
a straight write-off over the seven years, or whether a company can write off a large amount in
the first year and then a little dribble in the remaining part of the seven years. These allowances
can sometimes be front-loaded, which has a significant effect on cash flow.

Second, different dates are referred to in the documentation. We are dealing with an amend-
ment to legislation but we have not had an opportunity to read the original section that is being
amended, so it can be hard to follow the specifics. Can any of this be retrospective? I would be
concerned if it was. I would hope it is only for new investment that takes place after the passing
of the legislation. It would not be right or normal if somebody could get a tax relief on money
that was invested last year or the previous year, so I would like this point clarified.

The Taoiseach said this will be finalised and made permanent in the Finance Bill. Will
there be a requirement for statutory instruments to follow that legislation? Is this in any way
connected to the aviation leasing industry, given the leasing industry is a very big industry in
Ireland and the scale of its activities could at times nearly dwarf the national economy? Is the
measure strictly for regional and other airports? Is it unusual to talk about a tax incentive for
these particular areas? If it helps regional development, that is good. Ultimately, the cost of
what has been mentioned is only €0.3 million in a year. If that is all it is, it is not a big hill of
beans. In that context, if it helps get something off the ground, I would welcome it. I would
appreciate clarification on these questions.

Deputy Richard Boyd Barrett: I would like clarification also because there have been
instances in regard to aircraft leasing which have been an utter scandal. These are just further
examples of the way the Government has crushed people with austerity taxes, charges and other
cuts while fostering a regime which facilitates extraordinary levels of tax write-offs to the corporate sector, in particular multinationals.

I did not have time to check back on the exact details of one instance I mentioned in this House on a couple of occasions in the past. One particular firm, GE Aviation, an aircraft leasing operation managed to pay 0.1% tax because of the tax regime of so-called incentives and allowances allowed by the Government then. I would like reassurance that this incentive is not just more of the same. I tried to get some clarification from the Taoiseach’s officials before coming into the House as to what this incentive was and they told me something to the effect that it was being introduced to comply with EU state aid rules.

Of course, that rings alarm bells for me, because it is precisely because of our facilitation of large-scale tax avoidance that we have been investigated by the EU Commission regarding breaches of state aid rules to the benefit of Apple. We are in serious trouble and our reputation has been seriously besmirched for having facilitated large-scale tax avoidance by one of the most profitable companies in the world. Therefore, I want reassurance that this is not more of the same. When I hear of the possibility that wealthy people with private aircraft could benefit from this, I want reassurance that this is not another case of tax breaks for high fliers from the Government. I ask for clarification from the Taoiseach as to who exactly will benefit from this and to what extent.

I am deeply suspicious of these allowances, deductions and tax breaks for the corporate sector. As I said earlier in response to the budget, one of the shocking and outrageous proposals in it is the 6.25% tax rate in regard to the new knowledge box proposal, as if 12.5% was not low enough. We are going to halve that rate, essentially as a mechanism to replace the double Irish rule and insulate multinationals in this country from having to pay an increased tax contribution. We are replacing the double Irish rule with another tax scam, called the “knowledge box”. Therefore, alarm bells ring when I see the sort of proposal we have here. I would like clarification from the Taoiseach as to exactly what this is and want reassurance that it is not just another tax scam that will benefit the big corporates and the super rich.

Deputy Jerry Buttimer: Deputy Boyd Barrett speaks about alarm bells, but he should look at the example of the business development on the land around Cork Airport, and Deputy Naughten spoke about Ireland West Airport Knock. In the business development park around Cork Airport, we saw 100 new jobs created last May as a result of enhancement of businesses and the land. This is at a time when the aviation sector, through the sale of Aer Lingus, is improving connectivity from Cork to other markets and there are also to be transatlantic flights.

I ask the Taoiseach to explain this resolution not just in the context of Ireland West Airport Knock, but also of Shannon and Cork Airports. We need to see thinking that goes beyond the norm in regard to lands associated with airports. In the context of Cork Airport, I am talking about the lands around the airport, the business park and about their development and the creation of jobs. If 105 new jobs send alarm bells ringing for Deputy Boyd Barrett, I will not visit his Nirvana but will happily stay in my land. That is employment and quality jobs being created within the city of Cork.

Deputy Naughten is correct in what he said about the aviation sector. We have been strait-jacketed by Dublin and Shannon Airports for far too long. There is significant potential at Cork Airport in terms of the new CityJet and transatlantic routes being created. There is significant potential to use the lands available to create a second business park. I invite Members to visit
Cork Airport, the second busiest airport in the country. In the context of this debate, it is important we look at the aviation industry as one that has gone through a quantum change. A vote of confidence is being given through the creation of new routes. The connectivity fund announced at the Joint Committee on Transport and Communications last week by the Minister of State, Deputy Simon Harris, provides an opportunity to the airport.

Today’s resolution will, I hope, provide an opportunity to other airports, in particular Cork Airport, to avail of the opportunity to change and use the moneys to invest in the airport. I welcome this debate. This is about creating jobs and about sending a signal to the wider world that we are open and available. We must change and think differently. I challenge Deputy Boyd Barrett’s perspective. The old ways have not worked. We are now in a new era, with a new model of delivery and creation of jobs. I spoke to a school principal last night when out canvassing. Five of his students received maximum points in their leaving certificate examination. In the past, each one of those students would have gone into medicine, but not one of them did. They went for computer programming and computer sciences. That is the future and we must be open to that and to delivering a different type of model of how we do business.

**The Taoiseach:** I thank the Deputies for their comments. This measure is an important element of job creation. We believe the aviation sector has significant potential for job creation and by providing this targeted incentive, we hope to encourage the establishment of the infrastructure that will allow us to attract significant maintenance, repair, overhaul and dismantling activities of aircraft to Ireland. This would foster the development of centres of excellence within this specialist engineering sector which we could build on in the context of future job creation. There is serious potential in that regard.

To put Deputy Boyd Barrett’s suspicions to rest, the measure is not about tax relief for wealthy airplane owners. It is expected that it is mostly companies that will avail of this measure. The cost of an aircraft hangar will differ, depending on the size of the hangar. The smaller the hangar, the lower the cost. Depending on the construction type, estimates range from €1 million for a steel, single-bay hangar to over €10 million for a three-bay hangar suitable for larger aircraft.

Any costs that do not qualify for the accelerated capital allowances available under the scheme will qualify for the standard capital allowances regime. This would allow that the costs incurred on a hangar less than the value of €10 million could be written off in the following manner: €5 million to be written off over seven years, six years at 15% and one year at 10%; and €5 million to be written off over 25 years at 4%. I hope that clarifies the matter for Deputy Fleming. Owners of aircraft do not benefit from the relief. If the facilities do not qualify, the repair and the maintenance of such aircraft will be carried on outside the State.

Deputy Naughten mentioned Ireland West Airport Knock and I am happy to provide clarification on that. He also spoke about direct flights from China.

**8 o’clock**

He is aware of the single visa for entry to Ireland and Britain, which is operating in a number of Eastern countries. Having spoken to President Xi Jinping and Premier Li earlier this year, I am aware that there is quite a deal of negotiation going on about direct flights from China to Ireland. I expect it to become a reality, although I do not want to put a time on it.

I have dealt with the reductions that Deputy Fleming mentioned.
Deputy Boyd Barrett mentioned aviation leasing. The measure is not targeted at aviation leasing, but a company could avail of a facility under the new arrangements, not retrospectively, but from the time from which it applies - namely, today. The measure is aimed strictly at maintenance, repair, overhaul and dismantling. While some aircraft leasing companies may involve themselves in these operations, there are companies which specialise in these very specialist activities. It means that young people get involved in this area of engineering, which is a legitimate career aspiration to have.

The resolution is giving effect to a statutory scheme which will be part of the Finance Bill. It is aimed at the particular areas of maintenance, repairs, overhaul and dismantling. It allows for targeted incentives which hopefully will become reality at different locations around the country, depending on where companies decide it might be most attractive for them to invest.

I commend the resolution to the House.

Deputy Aengus Ó Snodaigh: I find it strange. What the Taoiseach said has not fully allayed my fears. He talked about centres of excellence. I heard Deputy Naughten talk about Ireland West Airport. I have always wished our regional airports well. They should try to encourage as much business as possible.

To avail of the tax incentive the Taoiseach is talking about here, the projects that would need to be built at Ireland West Airport would have to be on a larger scale than the €5 million that is being discussed. It is a different ball game. We are talking about a different type of company. In the main, one- or two-bay hangars are being built in regional airports. There are 30 or 40 regional airports and aerodromes scattered throughout the country. There is nothing in this legislation to stop a private owner who has the wealth behind him from buying up an airport or just building one of these facilities to maintain and service his own Gulfstream jet or those of other wealthy people. Obviously, he would have to get planning permission.

There was a long and quite good tradition of specialist careers in aircraft maintenance and dismantling in Dublin Airport, through TEAM Aer Lingus, which was allowed to be amalgamated into SR Technics. The Government of the time then allowed that to collapse and did not do enough to protect it, despite offers from some of the companies that used that facility to maintain it. I am not going to go back over that, but there is a tradition there. The problem was that most workers in that industry had highly specialised skills which were not interchangeable. Unless they continued working in the field, they were excluded from continuing to work there after. Some had to emigrate to try to keep their skills valid as there was only one type of plane they were legally allowed to work on.

It is not as easy as just building one-, two- or three-bay hangars. Depending on what fits into the hangar, each plane brings its own speciality and licensing regime for those who would maintain it. If it is normal servicing - turning the plane around, looking after it and hosing it down - that can be done at any airport. According to the notes I have, an individual can benefit from a write-down of up to €1.25 million. Anyone investing that type of money is only building a shed to maintain his or her own aircraft. A company can benefit up to €5 million. For regional airports such as Cork or Ireland West, we are talking about a much larger scale. There would be a need to attract major business and not just small aircraft.

This is nothing but a tax relief or avoidance scheme that will attract the wrong element. The Taoiseach described whom he expects will benefit, but people have previously availed of
tax schemes such as this to the detriment of the Irish taxpayer. Tax relief is tax forgone. There is a negative side to it. If the Government gives €5 million in relief to a company, there is €5 million less in the Government’s coffers which could be spent on other more pressing concerns.

Deputy Kieran O’Donnell: I welcome this measure. I want to take up what Deputy Ó Snodaigh has said. This is very much an employment measure. In the context of Shannon Airport, our local international airport, we are promoting the area of aircraft maintenance. Leasing has been very much central to what is done at Shannon Airport on the industrial side.

The measure feeds in to job creation, which brings further revenues back to the Exchequer, which we use to provide the services we all want. The measure is very much welcome in the context of Shannon Airport in the mid-west. We have an industry up and running and this will further it in terms of job creation. It should never be lost.

The Taoiseach: This is about the construction of hangars for repair, maintenance, overhaul and dismantling of aircraft. It is therefore about job creation and attracting skilled people to work there. The limit is €5 million per project. A small hangar could cost €1 million, while a double or triple hangar could cost €10 million or more. The €5 million reflects the limit set out in legislation. It is the maximum amount the EU would permit under the de minimis rule, which could apply under state aid relief. That is set out clearly in the legislation.

On Deputy Ó Snodaigh’s point about private individuals, it would not make sense at all for a private individual to invest in a facility for his or her own use. It is much cheaper to pay for maintenance supplied by a centre of excellence, particularly where really skilled people would have to be employed to carry out that maintenance. This is not something that can be done by an apprentice mechanic. It has to be done by really skilled workers.

Question, “That Financial Resolution No. 2 be agreed to,” put and declared carried.

Financial Resolution No. 3: Tobacco Products Tax

The Taoiseach: I move:

(1) THAT for the purposes of the tax charged by virtue of section 72 of the Finance Act 2005 (No. 5 of 2005), that Act be amended, with effect as on and from 14 October 2015, by substituting the following for Schedule 2 to that Act (as amended by section 60 of the Finance Act 2014 (No. 37 of 2014))

“SCHEDULE 2

RATES OF TOBACCO PRODUCTS TAX

(With effect as on and from 14 October 2015)
Cigarettes  |
---|
Rate of tax at-(a) except where paragraph (b) applies, €271.96 per thousand together with an amount equal to 9.20 per cent of the price at which the cigarettes are sold by retail, or(b) €307.61 per thousand in respect of cigarettes sold by retail where the rate of tax would be less than that rate had the rate been calculated in accordance with paragraph (a).

Cigars  | Rate of tax at €315.359 per kilogram.

Fine-cut tobacco for the rolling of cigarettes  | Rate of tax at €291.683 per kilogram.

Other smoking tobacco  | Rate of tax at €218.783 per kilogram.

(2) It is hereby declared that it is expedient in the public interest that this Resolution shall have statutory effect under the provisions of the Provisional Collection of Taxes Act 1927 (No. 7 of 1927).

Financial Resolution No. 3 provides for excise duty increases on tobacco products with effect from midnight tonight. The increase amounts to 50 cent inclusive of VAT on a pack of 20 cigarettes in the most popular price category together with pro rata increases for other tobacco products. The price of a pack of 20 cigarettes is the most popular price category. Assuming the increase is passed through, the final retail price will increase to €10.50. The excise duty component of this price will be €6.41 and the total tax inclusive of VAT will be €8.37, which represents almost 80% of the price of a pack.

The price and the tax component of cigarettes in Ireland are among the highest in the EU. The high rates of tax prevailing here reflect the long-standing commitment by successive Governments to use tobacco taxation as an instrument to discourage smoking, particularly among younger people. We are making progress on this front. In 2011, 24% of people were daily smokers. The Health Ireland survey carried out this year for the Department of Health indicates that 19% of people are daily smokers now. The figure is still too high and the increase in excise duties announced this afternoon will ensure tobacco taxation continues to play an important role in discouraging the consumption of tobacco products. In the overall context of the budgetary measures introduced this year, there is still a need to raise revenue for the Exchequer. To that end, the increase in excise duty on tobacco products will contribute €8 million to the Exchequer in 2015 and €61.4 million in a full year.

Deputy Caoimhghín Ó Caoláin: Not for the first time have I made these points on the floor of this House. I believe that in the absence of complementary measures to tackle the illegal tobacco trade, this measure becomes simply a revenue generating measure and that while it might dissuade some from taking up smoking or continuing their habit, it will undoubtedly drive more into the hands of the criminal gangs engaged in the smuggling and sale of contraband and illegal imported tobacco products.

This measure should be a consideration primarily on health grounds. The serious cost that tobacco smoking exacts from our already stretched budget annually tells us that this is not just a revenue gained or revenue lost issue. The real cost is seen in the day-to-day efforts of health service providers as they battle to address the human ravages of tobacco smoking. Other issues include the suffering of the user and their family and loved ones and so often their grief.
We put forward a proposal for a 20 cent increase in our alternative budget proposals. We are committed to using every measure to dissuade people from continuing with the smoking habit or, God forbid, even taking it up. This is where we need to concentrate. We need to dissuade people, especially young people, from starting to smoke. It is essential that we balance that commitment by tackling the illegal tobacco trade in this country head on. I mean that in the strongest possible terms. It is essential we do not find ourselves putting 50 cent on a pack of 20 cigarettes and driving countless smokers into the hands of greedy criminals operating in and peddling their wares across Dublin city and other urban centres throughout the State.

It is inadequate as it stands. While the 50 cent increase may dissuade some because it might be particularly staggering, and I hope it is, as a measure designed to achieve what I believe we are all committed to achieving, it is fundamentally flawed because it is not the full package, no pun intended. It is essential that measures are introduced to tackle the illegal tobacco industry in all its guises and with the understanding that some of the world’s largest legitimate tobacco manufacturers might be involved in that trade. There is ample evidence to suggest that this is the case and at the end of the day, they will sell their wares either through retail outlets or on the streets of our capital city and will be at no loss. That is not good enough.

**Deputy Brendan Smith:** I support the measure. I refer in particular to the scourge of smuggling that existed with illicit products. Over the years, we have heard substantial coverage of the problems associated with the illegal trading of diesel along the Border and, in more recent times, stretched petrol. Some months ago, as the Tánaiste knows, I introduced legislation before this House that sought to amend the Protection of the Environment Act 2003. The purpose of that Bill was to propose the establishment of a cross-Border statutory agency to investigate and report on fuel smuggling and other criminal activity. I had the smuggling of other illicit products in mind as well, including cigarettes. What I had in mind at the time and what was included in the Fianna Fáil Bill was a forum that was representative of members of An Garda Síochána, the PSNI, the Revenue Commissioners and their counterparts north of the Border, the Environmental Protection Agency and the Department of the Environment, Community and Local Government. The relevant agencies would be involved in a forum that would deal comprehensively with the problems of smuggling and associated criminal activity. We are all aware of this activity that, unfortunately, exists in parts of our island. As a representative of two southern Border counties, I am especially conscious of the criminal activity involved, particularly in fuel smuggling and other illicit trade. We are well aware of the huge volumes of laundered diesel that have been a plague on-----

**An Ceann Comhairle:** We are dealing with cigarettes here.

**Deputy Brendan Smith:** Unfortunately, the illicit trade in tobacco goes along with that. We need a forum that will deal comprehensively with these smuggling problems. This activity deprives the State of much-needed revenue. I compliment the Revenue Commissioners and their officials on the ground who work in very difficult circumstances and who do a good job in tackling these issues, but they need more resources and a new statutory agency to co-ordinate their work.

**Deputy Billy Kelleher:** We will not be opposing this particular Financial Resolution. Any measure that discourages people from taking up smoking or that encourages them to give it up is welcome, but I do not think it can be taken in isolation nor can we continually raise the price without ensuring we have proper support services for people who are addicted to nicotine. At the outset, we must understand that this is an addictive substance. Most smokers would rather
not smoke and would prefer it if they could give up. We need an integrated plan across our health services and community settings and among our GPs to facilitate people who want to give up. While we increase the price of tobacco and cigarettes, we need a robust assistance scheme to allow people to give up cigarettes with replacement therapy and other therapies that assist people with this addiction. It is primarily an addictive substance.

When we look at what happens with the illicit trade, we need to accept that we have a huge problem with the smuggling of tobacco. The more we increase the price through Financial Resolutions in this House, the more we incentivise smuggling and make it more profitable for those involved in the illicit trade. There is a huge cost to the State in terms of lost revenue, but more important, when we look at this from a health perspective, we are not encouraging people by making legal cigarettes dearer and the criminal element comes in with illicit tobacco products. Hand in hand, we need a robust system to deal with this illicit trade. Retail Ireland has reckoned that it could cost the State up to €1 billion in lost revenue. That is a huge sum of money. We do not have a robust system in place through Customs and Excise, An Garda Síochána and other agencies charged with the responsibility of tackling this scourge in society. Day in day out on the streets we can see the illicit trade operating in the open. We support the measure, and anything that discourages smoking is welcome, but we must have a robust system for tackling the illicit trade and a humane system to encourage and allow people give up cigarettes through various therapies and supports provided by the HSE.

Deputy Denis Naughten: I welcome this measure but it is important that the funding is ring-fenced. Earlier today the Minister for Finance said the funding will go to the provision of child care supports. I welcome the investment being put into that area. As I have said before, however, reform of child benefit could be used for that purpose. I would like to see the money generated by tobacco sales used for long-term prevention within the health sector. We always look at the health service from the point of view of fire brigade action rather than considering steps we can take today that can have a long-term impact on the health of the nation. Increasing the price of cigarettes will have an impact because we hope it will have a deterrent effect on those who already smoke and on those who would take up smoking.

The money generated from this and specifically from the 50 cent increase should be ring-fenced for new preventative measures within the health sector. For example, there is a national car test, NCT, but we do not have a national health test for people. Why not introduce that once every four years, whereby everyone would have a free comprehensive health check that would identify diabetes, chronic obstructive pulmonary disease, COPD, and deal with them at a far earlier stage, which would save the health service an absolute fortune in the long term? That makes far more sense.

It is estimated that approximately €1 billion is being lost through the illicit trade in this country. That €1 billion would fund approximately 1 million additional medical cards across this State, which would have a major impact on improving health standards. Surely it makes sense to try to clamp down on the illicit trade.

Deputy Richard Boyd Barrett: I disagree with this. Of course we should encourage people to give up smoking. It is a bad and dangerous habit. I can say that as a smoker.

Deputy Joan Burton: Can we persuade the Deputy?

Deputy Richard Boyd Barrett: It is not good. My children are always trying to persuade
Dáil Éireann

me and we should encourage as many people to give up a very bad and dangerous habit as possible but for those on low incomes, who are already struggling and who happen to have this habit and addiction, this is just another tax on their income. A pensioner who has got a miserly €3 a week back in this budget will have that wiped out by this measure. That person will be down 50 cent a week. An unemployed person, a jobseeker, a lone parent or a carer, none of whom has seen any increase in their basic rate in this budget, will be down another €3. It is particularly a tax on the poor. It does not matter if a person is wealthy or well paid. It will make no difference to or impact one way or another on the predilection to smoke, and it will not for most people, but it will have an impact on their income. As we have in previous years, we will oppose this tax. This is a revenue-generating exercise, nothing else, and it always has been. In every budget in which it is put forward, there are plenty of places where the Government does not hit the well-off but where it could generate revenue through the corporate sector, financial transactions, the wealthy, and higher incomes. This is just another tax on the least well-off and I will oppose it for that reason.

Deputy Joe Higgins: It is 18 years since I first stood up in this Chamber on budget day to oppose this bit of annual hypocrisy by the parties in power, bringing in a punitive tax which particularly impacts on poor people under the guise of health. I am obliged to Dan Macguill at TheJournal.ie for some research on this, especially as I was taken up with the terrible issues of homelessness and other baneful effects of austerity in the immediate past.

Of course nicotine is a dangerous and destructive drug, not to mention the dozens of other chemicals included in cigarettes, and the cancer and heart disease to which they hugely contribute are horrific ills in society. I absolutely oppose the ruthless cigarette manufacturers.

Deputy Jerry Buttimer: No, the Deputy does not.

Deputy Joe Higgins: They should be nationalised. They should be a State monopoly.

Deputy Jerry Buttimer: How can they be nationalised?

Deputy Joe Higgins: Cigarette sales should be regulated and any excess should go into harm reduction and to major programmes to assist people in ending addiction. Prohibitionism on alcohol or tobacco does not work so how can we assist people in not smoking or drinking to excess? Jacking up prices is put across as an effective measure. That is now being challenged quite strongly. It is true that a graph in Euromonitor International shows that between 2004 and 2014 as the price went up, consumption went down, but it also showed that over that period the amount of untaxed cigarettes sold, those from the black market, rocketed. In fact, people are turning to untaxed cigarettes and probably even more unhealthy cigarettes.

In a 2013 budget debate, the Minister for Finance, Deputy Noonan, said:

Many issues arise with regard to the tobacco and cigarette business... I am not sure about the statistic that every €1 increase in the price of a packet of cigarettes reduces smoking. It is possible that what appears to be a reduction in consumption is simply a transfer of consumption to smuggled cigarettes.

The Revenue Commissioners made exactly the same point in a report in 2011. Nevertheless, we are here again under the guise of saying with certainty that this increase will reduce consumption, which is not the case.
I oppose this rise. It is a tax on poor people among whom cigarette smoking is unfortunately more prevalent, and it is regressive. We should have major investment in alternative ways of helping people to quit addiction.

Deputy Jerry Buttimer: I am disappointed by the tenor of the remarks of some of the Members opposite. They should read the Irish Heart Foundation’s pre-budget submission which speaks of lower income and price control measures. A total of 5,200 people in our country will die from tobacco smoke, which costs our State €1 billion. I challenge the Members opposite to read not just the Irish Heart Foundation’s submission, but also one from the Canadian Cancer Society where Robert Cunningham, a policy analyst, says price and affordability are the biggest influences and factors.

To refer to Deputy Higgins’ point, those at the lower level of income are the least likely to take it up, in particular young people. We all recognise that the tobacco industry is targeting young people because it needs new people to come in to the market every day. Let us be honest: this is not a question of raising income. We have a duty of care as health policy advocates to promote the achievement of a tobacco-free Ireland by 2025. That is what we must try to do. It requires a compendium of approaches. As Chairman of the Joint Committee on Health and Children, I would like to see some of the money being ring-fenced for cessation programmes and for retail. Deputy Ó Caoláin and I sat on the committee, which this year dealt with legislation around plain packaging. We must look at ways to support retailers to get alternative sources of income.

Deputy Joe O’Reilly: I share the view of Deputy Buttimer that there is a real link between the price of cigarettes and consumption. There are other extraneous factors at play such as health education and peer group habits, all of which impact, but price is at the centre. This is known from anecdotal evidence but also empirically from the kind of evidence cited by Deputy Buttimer and by the Taoiseach who, when moving the resolution, pointed to the drop in smokers in recent years from 24% of the population to 19%. He also spoke of the targeting of young people by cigarette companies.

Nobody should underestimate or should fail to restate the enormous suffering associated with the effects of smoking for individuals and families. It does not need chronicling now but none of us is unaware of it. We have all experienced it within our own families at some time or another. I take the point made by my two constituency colleagues that the illegal tobacco trade has to be tackled and extra resources are going into the Department of Justice and Equality for that purpose. It is important that extra gardaí are used to target the illegal tobacco trade and illicit smuggling trade.

There is merit in what Deputies Boyd Barrett and Higgins said about there being a number of poor people in a poverty trap because of addiction. For that reason it is great that patches are now available through the medical card. There should be a concentration on programmes to help stop smoking. I would like the Tánaiste to respond to this point.

An Ceann Comhairle: She will not get the chance unless the Deputy finishes. There are only seven minutes left and two other speakers have to speak before the Tánaiste.

Deputy Joe O’Reilly: We need to help people who are addicted and in a poverty trap and we need nurses and GPs at the coalface for that purpose.

Deputy John Halligan: I will support this measure but smoking is an addiction, which is
always very difficult to deal with. I agree with my colleagues, who are on my right but on the Left, that price increases certainly affect those on low income or no income at all. It does not affect those who are addicted to cigarettes and can afford to buy them and it has been shown, time and again, that if a person is addicted to a substance then irrespective of how much the price increases he or she will buy them anyway, as with drugs. I find it difficult not to support the measure, though.

There has always been a perception that this is a tax-collecting mechanism because we do not ring-fence the money. We should show people that the extra money collected is ring-fenced into the part of the health system that deals with people addicted to cigarettes. People would then be more inclined to support the measure, even those who are addicted to cigarettes.

Deputy Finian McGrath: I strongly oppose the measure to raise the tax on tobacco. Smokers, some 20% of the population, are a soft target and they are being hammered. There are no arguments with the health issue but the economic arguments have to be looked at. Colleagues spoke about lost revenue of up to €1 billion through smuggling and small retailers are telling us they are suffering very badly. Smuggling and gangland crime are even more serious issues and many drug dealers are moving into illegal cigarettes. They are getting away from drugs but making major money.

We need a strong health education programme. Addiction is a problem in this country - I am one of the smokers and I accept that. However, when one sees people on wheelchairs being wheeled out of hospital to the edge of the hospital grounds to have a smoke, or mental health patients getting very stressed over the fact that they cannot have a cigarette, then we have to look at what is happening in society.

I strongly oppose this measure because it is picking on an easy target. It is claimed it will raise €61 million but in reality it is losing up to €1 billion.

Tánaiste and Minister for Social Protection (Deputy Joan Burton): We have had this debate on cigarettes on many occasions in the House. I have been at odds on many occasions with Deputy Finian McGrath but I favour measures to cut down smoking to the maximum level possible as a society. Anybody who visits hospices and sees the suffering, the pain and the difficulties people go through would certainly see that smoking causes extraordinarily difficult health problems for people, ranging from treatable issues like emphysema to more serious issues such as lung cancer. I agree with those Deputies who said we should make every effort to bring this to an end. I also agree with Deputies who suggested we should be much tougher in our efforts to bring an end to cigarette smuggling. Quite a lot of work is being done in that area, including a number of cross-Border and international initiatives to use big data and intelligence operations to make the campaign against smuggling more effective.

Deputies Smith and Ó Caoláin proposed that the spend on deterrent measures be commensurate with the amount raised but such is the cost of smoking in the health service that we would need to raise a great deal more than we are raising with this measure. It indicates a great determination of many Members of the House to encourage as many people as possible to abstain from smoking throughout their lives. Many people enjoy cigarettes and probably control their consumption but the overall impact on public health is pretty devastating. The biggest risk is when young teenage children get involved in smoking and, by the time they are 21, it is extraordinarily difficult for them to give it up. Some succeed but a lot do not.
Deputy Boyd Barrett mentioned lone parents and I mentioned lone parents in the budget. I do not know if the Deputy has had the chance to study it yet but a lone parent with two children will get a Christmas bonus of €185.70, while a lone parent with two children will get an extra €120 per year in child benefit and a lone parent with two children will get a fuel allowance of €2.50 per week. I am therefore very happy to say that in this budget lone parents-----

Deputy Richard Boyd Barrett: There is no change to the core payment.

Deputy Joan Burton: On those ones alone it comes to €270, which is more than €5 a week. The Deputy is clearly locked in here in the Leinster House bubble and has not seen that there are significant improvements. We have not made all the improvements that we would like. That is on the increases in payments alone.

Deputy Richard Boyd Barrett: There is no change to the basic payment.

Deputy Joan Burton: In addition, for people who are on FIS there is an increase of €5 for the first child and €10 for the subsequent children. We also have the disregard for the jobseeker’s transitional arrangements. So there are very specific measures. I would certainly hope that as little as possible of the increase in payments to lone parents or anyone else on social welfare would be spent on cigarettes and tobacco. People are free to spend their money in whatever way they wish. I acknowledge the Deputy’s stance on cigarettes over many years. From a public health point of view, and for the sake of children in a household where there is smoking and who are exposed to passive smoke, I concur with the Deputies who said that as a society and as a Parliament we should do all we can to deter people from smoking. Pricing is a deterrent.

There is a problem with smuggling.

Deputy Joe Higgins: There is no research-----

Deputy Richard Boyd Barrett: There is.

Deputy Joe Higgins: -----on the transfer to smuggled cigarettes.

An Ceann Comhairle: Sorry, we are over time.

Deputy Joan Burton: Pricing is a deterrent and the more people we can deter from smoking, the better for everyone involved.

Deputy Finian McGrath: On a point of order-----

Deputy Joe Higgins: We need to have research to see what Revenue says. The Government’s own Revenue organisation said it.

An Ceann Comhairle: As the time allowed for the debate has expired, I must now put the question.

Question put: “That Financial Resolution No. 3 be agreed to.”

<p>| The Dáil divided: Tá, 112; Níl, 22. |
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| <strong>Tá</strong>          | <strong>Níl</strong>         |
| Bannon, James.  | Broughan, Thomas P. |
| Barry, Tom.     | Collins, Joan.   |</p>
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Stagg, Emmet.
Stanton, David.
Timmins, Billy.
Tuffy, Joanna.
Twomey, Liam.
Varadkar, Leo.
Wall, Jack.
Walsh, Brian.

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

Question declared carried.

Financial Resolution No. 4: Income Tax

Minister for Jobs, Enterprise and Innovation (Deputy Richard Bruton): I move:

(1) THAT, for the purposes of the employment and investment incentive and seed capital scheme, Part 16 of the Taxes Consolidation Act 1997 (No. 39 of 1997) be amended with effect from, and in respect of shares issued on or after, 13 October 2015 as follows:

(a) in section 488(1)—

(i) by deleting the definitions of “average relevant amount” and “average threshold amount”,

(ii) in the definition of “eligible shares” by substituting “the relevant period” for
“the period of 3 years beginning on the date on which they are issued”,

(iii) by substituting the following for the definition of “qualifying employee”:

‘qualifying employee’, in relation to a qualifying company, means an employ-
ee (within the meaning of section 983), other than a director, of that company—

(i) who throughout his or her period of employment with that company is
employed by that company for at least 30 hours duration per week, and

(ii) his or her employment is capable of lasting at least 12 months;”,

and

(iv) by inserting the following definitions:

“‘qualifying nursing home’ means –

(a) a nursing home within the meaning of section 2 of the Health (Nurs-
ing Homes) Act 1990 and which is registered under section 4 of that Act, and

(b) where applicable, a qualifying residential unit constructed on the site
of, and operated by, a nursing home within the meaning of paragraph (a),

but does not include any nursing home or qualifying residential unit which
is subject to any power on the exercise of which the nursing home or residen-
tial units, or any part or interest in the nursing home or residential units, may
be revested in the person from whom it was purchased or exchanged or in any
person on behalf of such person;

‘qualifying residential unit’ means a house which—

(a) is constructed on the site of, or on a site which is immediately adjacent
to the site of, a registered nursing home,

(b) is—

(i) a single storey house, or

(ii) a house that is comprised in a building of one or more storeys in
relation to which building a fire safety certificate under Part III of the
Building Control Regulations 1997 (S.I. No. 496 of 1997) is required, and
prior to the commencement of the construction works on the building, is
granted by the building control authority (within the meaning of section
2 of the Building Control Act 1990) in whose functional area the building
is situated where—

(I) the house is, or (as the case may be) the house and the build-
ing in which it is comprised are, designed and constructed to meet the
needs of persons with disabilities, including in particular the needs of
persons who are confined to wheelchairs, and

(II) the house consists of one or two bedrooms, a kitchen, a living
room, bath or shower facilities, toilet facilities and a nurse call system
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linked to the registered nursing home,

and

(c) is comprised in a development where—

(i) those units are operated or managed by the registered nursing home and an on-site caretaker is provided, and

(ii) back-up medical care, including nursing care, is provided by the registered nursing home to the occupants of those units when required by those occupants;

‘relevant amount’ means total emoluments (other than non-pecuniary emoluments) paid by a qualifying company to qualifying employees as referred to in the definition of employment relevant number, in the year of assessment in which, in relation to a subscription for eligible shares, a relevant period ends;

‘threshold amount’ means the total of the emoluments (other than non-pecuniary emoluments) paid by a qualifying company to the qualifying employees referred to in the definition of employment threshold number, in the year of assessment preceding the year of assessment in which the subscription for eligible shares was made but where there was a general reduction in the basic pay rate of qualifying employees then the threshold amount shall be reduced accordingly;”;

(b) in section 489 –

(i) by substituting the following for subsection (1)(b):

“(b) those shares are issued to the individual for the purpose of raising money by a qualifying company where that money was used, is being used or is intended to be used by the qualifying company –

(i) for the purposes of carrying on relevant trading activities,

(ii) in the case of a company which has not commenced to trade, in incurring expenditure on research and development within the meaning of section 766, or

(iii) in the case of a company that owns and operates a qualifying nursing home, for the purposes of enlarging the capacity of the qualifying nursing home, and”,

and

(ii) by substituting the following for subsection (10)(a):

“(a) (i) the employment relevant number exceeds the employment threshold number by at least one qualifying employee, and

(ii) the relevant amount exceeds the threshold amount by at least the total emoluments of one qualifying employee in the year of assessment in which the relevant period ends,
(c) in section 494 –

(i) by inserting the following after subsection (4):

“(4A) A company that does not meet the requirements of paragraphs 5 and 6 of Article 21 of Commission Regulation (EU) No 651/2014 of 17 June 2014 shall not be a qualifying company.”, and

(ii) by inserting the following after subsection (7):

“(7A) A company whose relevant trading activities includes operating a qualifying nursing home and is engaged in enlarging its capacity pursuant to section 489(1)(b)(iii) shall cease to be a qualifying company unless it has expended all of the money subscribed for eligible shares on such activities, within a period ending 30 days before the end of the relevant period.”.

(2) THAT, for the purposes of the employment and investment incentive and seed capital scheme, section 27 of the Finance Act 2014 (No 37 of 2014) be amended with effect from, and in respect of shares issued on or after, 13 October 2015 as follows:

(a) in subsection (1)(a)(ii)(d) by deleting the word “average”;


(c) in subsection (2) by substituting the following for paragraph (b):

“(b) Paragraphs (a) and (c) to (g) of subsection (1) have effect in respect of shares issued on or after 13 October 2015.”.

(3) IT is hereby declared that it is expedient in the public interest that this Resolution shall have statutory effect under the provisions of the Provisional Collection of Taxes Act 1927 (No. 7 of 1927).

The purpose of the resolution is to extend the scope of the employment and investment incentive scheme and it will take effect from today. This change required state aid approval from the European Commission, which has been obtained, which is why we are now moving the resolution.

As Members are probably aware, this is an incentive scheme that allows investment in initiatives within companies that promote research and development, marketing, more employment and missions abroad - measures that will help a company to grow and expand its employment base. Under the changes proposed, the ceiling for investment in an individual company is being doubled to €5 million per year, with a lifetime cap of €15 million.

9 o’clock

The scheme offers tax relief to investors of 30% upfront and an additional 10% after three years if extra employment has occurred or if the money all has been spent on research and de-
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This is a useful scheme that has started to grow. Last year, approximately 1,400 companies availed of the support of the scheme and it helped them to grow their employment base. One additional provision here is that an extension is being made to cover nursing homes in respect of extensions they undertake. Up to now, nursing homes were covered in respect of the operation and management of the nursing home but from now on, an extension, as well as a refurbishment, can be acceptable under the terms of the scheme. This proposal was recommended by economic consultants who reviewed the operation of the scheme on behalf of the Department of Health. It is a useful instrument for improving access to finance for smaller and medium-sized enterprises and I hope it commends itself to the House.

An Leas-Cheann Comhairle: Before calling on Deputy Sean Fleming, I ask Members who are having conversations to do so outside the Chamber.

Deputy Sean Fleming: I seek further information from the Minister on this proposal. I was intrigued by his final remark in which he stated the scheme has been extended in view of expansion works or extensions to nursing homes following a review of the operation of the scheme by consultants and the Department of Health. However, the essence of his comments in the first half of his remarks was that the scheme was introduced in budget 2015 and, now that it has got EU approval, is being commenced tonight. How could a review of the operation of the scheme be carried out in respect of nursing homes if the scheme has not been in operation at all and is only commencing tonight? Was this review conducted in respect of a different set of tax reliefs into nursing homes? It cannot have been on the operation of the employment and investment incentive because-----

Deputy Richard Bruton: No, the extension is the new piece.

Deputy Sean Fleming: The extension is the new piece and as the Minister noted, it was introduced as a result of a consultants’ report in which they examined the operation of the scheme. However, the Minister has told Members the scheme has not yet been in operation. This new scheme only received EU approval as a result of last year’s budget. This measure was included in last year’s budget, the Minister stated it now is being commenced and according to the note in the Minister’s statement, the scheme is being commenced today. How has the Government been carrying out a review of something that has not even been commenced? Was that review into-----

Deputy Mattie McGrath: It was 20:20 vision.

Deputy Jerry Buttimer: Who copied Deputy Mattie McGrath’s speech?

Deputy Sean Fleming: Perhaps the review carried out by those consultants on behalf of the Department of Health was a review that saw a gap that should have been included or dealt with in the first place or perhaps it was a review of another tax relief for the operation of nursing homes and this is an opportunity to broaden it here. The Minister might clarify this point.

Furthermore, does this proposal include retirement villages on the grounds of nursing homes because if it does, it is getting into a bigger area? I get the feeling it does because I am looking at the wording of the resolution. The Minister will understand that when an amendment is being made to a section, and when Members only have the amendments in front of them, it is hard to know what is behind it all. However, it refers to work being carried out on a single-storey
house or a house that is comprising a building of more than one storey. If there are houses in such a village and they are not exactly single-storey houses, are they included or excluded from the scheme? Will some of this be necessary as a result of HIQA requirements for standards, perhaps on foot of HIQA reports? How many nursing homes are expected to benefit from this and who contacted or lobbied the Government in respect of this amendment?

Deputy Caoimhghín Ó Caoláin: The Minister described it as a useful instrument and I have no doubt but that benefits can accrue through the creation of capacity. However, I could be forgiven for thinking it is a useful instrument for the Government, which is failing in its duties to provide public nursing home capacity. That is the real failure and even considering the budget measures before Members today, they are quite pathetic - that is not too strong a word to use - with regard to the additional commitment to health for 2016. After taking in the Supplementary Estimate to the end of this year, one is only looking at €18 million in real additionality for the provision of general practitioner access for children up to 12 years of age and certain therapy supports for children. There is no other new commitment and yet, time after time, Members have spoken of the real capacity crisis within the health system. A particular component part of the range of measures that must be taken to address the build-up, the delayed discharges and the considerable crisis in emergency departments and through the hospital sector is the provision of public nursing home capacity, of which there is not enough. There has been no building programme in that regard. There is a continued dependency on the private sector to bail out the Government, which is clearly failing in its responsibilities and duties to provide for the needs of a particular sector of the population, not least for older citizens who most definitely need the option of care in a residential setting at some point in their later years.

It is most regrettable that as a society we continue to depend only on the initiative and entrepreneurial spirit of some and we fail societally in our responsibility to provide for citizens. This is exactly what has happened again with budget 2016. The Government has failed to provide for the needs of older citizens, particularly with regard to safe care and appropriate settings when that is the unquestionable need of the person concerned, who is no longer able to live alone or in the circumstances he or she has known as home for many years previously. It is a most worrying indication of where the Government is at and while I can appreciate this might be the natural penchant of the Minister, Deputy Bruton, in this regard, it strikes me as strange that the Labour Party would be a party to this continued failure to address the needs of senior citizens, particularly at present when there is an upturn in the economy. I must record great concern regarding the measure as presented for the reasons I have explained.

Deputy Billy Timmins: On measures such as this, it is very important that the Minister should outline all the detail of the change and the reasons behind it. I join with Deputy Sean Fleming in asking the Minister who lobbied on this or who sought this change. Did other organisations seek a similar change? As a concept, I welcome any reliefs that are put in place to ensure the quality and standard of nursing homes will improve. Equally, the case could be made for student accommodation in this regard, which could go some way towards addressing the shortage of student accommodation across the city. Were other sectors or sections given consideration for inclusion in this provision? There also may be scope in respect of nursing homes that are as yet incomplete, of which I am aware of a few. Perhaps this is something on which the Government could move with the National Asset Management Agency, NAMA, or with financial institutions. While it is not strictly the Minister’s area, based on my reading of the five or six year capital expenditure programme launched a few weeks ago, projected capital expenditure on health for 2016 is €414 million but projected capital expenditure on health for
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2016 under last year’s programme was €450 million. The Minister for Health, Deputy Varadkar, might take up that point during his contribution over the next few days. Perhaps Deputy Butttimer, as the chairman of the Joint Committee on Health and Children, will indicate if I am wrong that allocated capital spending on health of €450 million has been reduced. He might also clarify, if that is the case, what projects, which the HSE had in mind, have been shelved or delayed?

Will the Minister, Deputy Bruton, clarify if the EIS scheme, which follows on from the BES scheme, is limited to a geographic area? I think I am correct in saying that mid-east Dublin and Cork city, excluding the docklands, were not included in the EIS scheme. In other words, is this scheme geographic neutral? Does it apply right across the country or is there any area excluded? In responding to that question, the Minister might also indicate if sanction has been received from the EU in respect of the tax relief announced for Georgian properties in designated areas of Dublin, Galway, Kilkenny and Limerick?

Deputy Denis Naughten: I welcome this initiative. The Minister said in his contribution that to date 1,400 companies have availed of this scheme which was originally launched in November 2011. What has been the employment impact to date of the scheme and what is the projected impact of the scheme when fully operational? I am open to correction but my understanding is that this particular measure was originally announced in 2012 as part of budget 2013. It took the Department eight months to submit the original application for approval to the European Commission. Sanction has now been obtained and this measure will become operational from tonight, which is three years on from its initial announcement. Perhaps the Minister will clarify if that is the case and outline why it has taken so long to get approval for a measure that will have a significant impact on employment and on encouraging investment into business in this country.

My second question relates to the retirement villages aspect of this proposal. As the Minister will be aware, under the current restrictions only people over the age of 55 years or persons under the age of 55 years with a medical need can avail of accommodation in these retirement villages. I have a problem with this particular provision. I have been approached by a young man with a physical disability who cannot access bungalow-type accommodation which is wheelchair accessible in the private rented sector in County Roscommon. He wants to live independently but because he does not have a medical need at this point in time, he cannot access that accommodation, which means he is marooned in a house in a rural part of County Roscommon with no access to public transport. Another person, a young woman, who has a mental health disability cannot access apartment-type accommodation because she does not have an ongoing medical need. This provision needs to be reviewed. There are people with health needs who are being restricted from accessing these particular facilities.

While it may not be the case in other areas, in my area many of the rental properties in the retirement villages are unoccupied. Elderly people in rural areas will not sell their houses - many of which are three and four bedroom houses and are much needed in the housing market - to move into a town where all the services are available unless they have security of tenure. It is alien to people of that generation who own their properties to rent accommodation. This issue needs to be addressed. A scheme that allows them to purchase that property needs to be put in place, perhaps on the condition that it is sold back to the retirement village company when they no longer require it. The lack of security of tenure is, I believe, causing difficulties in terms of the release of rural properties. The introduction of this type of scheme could be of huge benefit.
in terms of the release of family-type homes in many parts of the country. Elderly people are wary of moving to rented accommodation. This particular issue needs to be resolved.

An Leas-Cheann Comhairle: There are four Deputies offering and as time is running out, I ask for brevity.

Deputy Mattie McGrath: On face value, this initiative is welcome. I understand it was first announced in last year’s budget. Like the Fianna Fáil spokesperson, I am interested in hearing from the Minister on what basis it was reviewed given it was only recently sanctioned by the EU.

There are many issues arising regarding nursing homes. There is no doubt that we need additional nursing homes. We all know from our constituency work that earlier this year and last year, it was taking 18 to 24 weeks to access beds under the fair deal scheme. We also witnessed the onslaught on public nursing homes, including in my own constituency, many of which are old institutions and find it very difficult to meet the Health Information and Quality Authority standards. There are huge delays, including in relation to St. Theresa’s hospital in Clogheen in my constituency. Some €250,000 has been voluntarily raised for a hospice but the Department of Health has not appointed architects to design and build it. There is huge bureaucracy in this area.

The Government is farming out health service provision in order to lessen the number of people on trolleys. While I welcome any initiative that will assist in reducing the number of people on trolleys, we must be careful we do not limit provision in that regard to private developers of nursing homes and retirement villages who are not experienced in the area of nursing home management and so on. These privately built facilities do not provide the same level of care provided by district hospitals in terms of the training and supports available therein. While this initiative is, as I said, welcome, there are many aspects of it that have to be frowned on. The experience to date in respect of large nursing homes and the retirement villages attached to them is that they are not very good at their job.

I agree with Deputy Naughten that it is very hard to get elderly people in Ireland to sell their homes. Home ownership is systemic in Ireland. While a person’s house may not be wonderful, it is his or her home and castle. This is a particular issue in the voluntary sector. I am disappointed that there is no aspect of this initiative which deals with voluntary groups as they have a proven track record in this area because they are not-for-profit and are of the people and the communities. They have done great work in this area. It is unfair that they are excluded from this initiative because they are the ones who often have no problem acquiring sites or getting planning permission. While they are developers in their own right, they are volunteers operating on a not-for-profit basis in the provision of rest homes and retirement homes and catering for people deemed not to be in need of hospitalisation but capable of living in these facilities with the help of a visiting nurse and so on. There is room for extension of this scheme to the voluntary sector. It has a track record in this area and it can and will deliver projects within 15 to 20 months. We should not be waiting for private developers to decide whether they will build.

The Minister mentioned that private developers have welcomed this scheme, for which they lobbied. I note he also said that it commends itself to the House rather than that he commends it to the House. Perhaps it was just phraseology and the Minister did not mean anything by what he said. However, he indicated that it commends itself to the House rather than that he
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commends it to the House. There is a need for this measure. It must be properly managed and policed. I would like it to be expanded into the voluntary sector - the not-for-profit sector - in order that the latter might build a facility because it would want to keep people in the community, it would want them to feel safe in their own homes and it would want there to be a community feel to it, rather than it being a big nursing home with an extended holiday village. While I welcome this measure, it needs careful examination, careful observation when it proceeds and a review mechanism after six, eight or nine months to monitor how it working. Perhaps the management of this could be transferred to the voluntary sector where there is no element of greed involved and where those who work in the sector do so to serve the community and our older and vulnerable people.

Deputy Thomas P. Broughan: I wish to echo some of Deputy Ó Caoláin’s comments on this financial resolution. The health capital budget and the entire capital programme up to 2020 was extremely disappointing vis-à-vis the amount we could spend up to the time of the decision by the Minister and his party to support to the disastrous blanket guarantee for the banks. Fianna Fáil and Fine Gael together brought the relevant legislation before this House and left us with billions of debt to repay year in, year out. Therefore, the size of the capital budget is very disappointing.

There are schemes in the constituency the Minister and I represent which require funding. For example, there is a crying need for a new accident and emergency unit at Beaumont Hospital and I understand this matter has been brought to the Minister’s attention. There is no indication of provision being made for this new unit in either the budget or the capital programmes. It has been very much placed on the long finger. An approach could have been taken to have a serious State programme to develop the nursing home places that we need. Analogous to the Government’s decisions regarding social housing, it continues to leave the vital area of health infrastructure largely in the hands of the private sector. I would have reservations about that.

Specifically, I would like to know the cost of the scheme. We will be dealing with the Finance Bill next week. Previous Finance Acts provided for a range of ongoing tax expenditures which have continued for decades and of which the general public have almost no knowledge. We do not receive detailed information on exactly what will be the impact of this and the other resolutions. That is rather insulting to the House and to us, as representatives. We need more nursing home places, although in the constituency that the Minister and I represent, at least one very large nursing home is about to open shortly and many others are planned. Some people have said that, in light of the current situation, housing is perhaps a greater necessity at present and perhaps these buildings should be utilised to house families. I would like to know the cost of this scheme, the ongoing cost involved and, basically, for the Government to come clean on tax expenditures.

Deputy Jerry Buttimer: I thought the Leas-Cheann Comhairle had forgotten about me as I have been here from the start. It is important to recognise that what is being provided builds on the capital plan. Deputy Mattie McGrath failed to make reference to the fact that the capital plan announced last week will provide moneys for the refurbishment of the old county homes or old hospitals and thereby become HIQA compliant.

Deputy Timmins raised an interesting point in respect of student accommodation, with which I agree. There is a need to examine how we can build student accommodation. Tax reliefs and incentives were in place in the past for developers but that was not enough in terms of the development of student accommodation in, for example, areas such as Cork city where
there is a high demand for such accommodation. We should examine this measure as a means to address that. I would be happy to debate that at another time.

In the context of the health budget, Deputy Timmins will note that today we heard that €13.2 billion is to be given to the Department of Health. That allocation is up to the 2008 level. I am sure the Deputy will welcome that expenditure as part of a progressive health system.

**Deputy Billy Timmins:** I would like to see results.

**Deputy Jerry Buttimer:** Nursing homes are pivotal and critical in changing the health landscape. They face challenges with the registration process. Deputy Ó Caoláin failed to recognise that, under the fair deal scheme, 200 beds have been freed up, 173 community beds have been freed up and 65 beds are being provided at Mount Carmel. That means that 238 new beds, as of today, have been provided. I know the Deputy will join with me in welcoming that as part of the clearing of the backlog.

We need to have a debate on a wider level around the provision of retirement villages. I am familiar with two complexes in my constituency. The Lyons Club in Bishopstown has a retirement housing scheme and Aras Leon, or Lyon House, in Douglas provides independent living for people of a certain age. That raises a question in the context of the HIQA protocols to which Deputy Naughten referred regarding people with a disability and those under a certain age. We must think differently and be creative in how we can challenge each other to come up with different models of living for elderly people and for those with disabilities who can live in independent settings. The Government has provided €74 million in additional funding to provide long-term home care places and transitional care beds, which has not been acknowledged. Extra beds are being freed up. In welcoming this resolution, we need to invest in our nursing home sector and that means speaking to Nursing Home Ireland.

**Deputy Paul Murphy:** I join Deputy Broughan in asking what will be the estimated cost of this extra tax expenditure. I presume the Minister is not talking about a huge amount of money but for me this is a microcosm of the approach of the Government on a range of issues, which is to go for corporate welfare as opposed to public investment in services. The total corporate welfare bill is conservatively somewhere around €15 billion a year in terms of tax breaks and expenditure aimed at corporations. This will increase it somewhat. We would like to see the figures to see how much it is. It is based on the logic of Thatcherism, which is to run down public services and then to use that as an excuse to say we do not have nursing homes so we have to give them tax breaks in order to extend nursing homes to have appropriate nursing homes, as opposed to publicly investing in building public nursing homes in the first instance. It sums up the Government’s approach to the budget and its claim to the effect that it has restored health spending to pre-crisis levels. It is evident that the latter is not the case and that the amount involved is still €3 billion below pre-crisis levels. The Government’s response in the context of this budget has been to opt for tax incentives as opposed to public investment.

**An Leas-Cheann Comhairle:** I call the Minister to reply.

**Deputy Richard Bruton:** I thank the Deputies for their contributions, which were pretty wide-ranging in nature. Perhaps I did not explain the position adequately. The original employment investment incentive, EII, was approved in 2012 and came into effect at that time. However, changes were announced last year which are only now coming into effect and that is what triggered the need for these new changes. One of the issues negotiated during the course
of the year was to have the employment investment incentive scheme, EIIS, included in the global block exemption. By doing that, we have bypassed the concern that Deputy Billy Timmins expressed to the effect that certain parts of the country were excluded from its remit. The changes being introduced today mean that medium-sized companies in non-assisted areas can now qualify for the employment investment.

The extension to the nursing home element comes about on foot of a decision taken earlier this year, not last year. This extension is possible because of the global block exemption that has been agreed. The backdrop to this was that consultants were appointed to review nursing homes and this is a specific recommendation with which they came forward. They obviously had stakeholder consultations ahead of making the recommendation to the Minister for Health who, in turn, has supported the amendment that is being made.

Deputy Ó Caoláin raised the issue of why would we not build public nursing homes. This co-funding will make it cheaper for the Exchequer to provide the service of nursing homes. Access to the nursing homes is on a single basis under the fair deal scheme, so the same terms of access apply for a patient entering either a public or a private nursing home. People can choose their nursing home and get the same level of support. If you like, the private sector is providing the nursing home, but access to it is dictated by Government policy and administered on an equal basis to all concerned. It is not giving people some inside track in getting access to nursing homes. The cost of the changes being made to the scheme through this resolution is estimated at €3 million.

I may have inadvertently given an incorrect figure earlier when speaking about the employment and investment incentive scheme. Fourteen hundred was the number of investors who qualified for relief last year. Since the new scheme came in, the number of companies involved has been 507. The typical amount of investment was just under €250,000 in each company and the relief was under €70,000 for each company. It is a way of getting access to credit and finance for small and medium-sized enterprises to make investments that have an impact on employment. At this point, we do not have an estimate of the jobs impact in the 507 companies involved, as sought by Deputy Denis Naughten. However, the scheme provides that there must be an employment impact for the full benefit to be derived. Clearly, this is a scheme that can be subjected to review, like any other. It was subject to review several years ago and was seen to be beneficial in terms of its impact, while many of the property-based reliefs were not. Property is excluded from eligibility under the scheme, ensuring that it cannot be used for buying land or solely developing or building a home. It can only be for extensions to improve or expand the operation of an existing nursing home.

To take up Deputy Mattie McGrath’s point, in principle, there is no reason investors in not-for-profit institutions could not qualify for tax relief on their investments. I will bring this to the attention of the Minister for Finance, Deputy Michael Noonan, who will examine whether this would be a worthwhile change in the forthcoming finance Bill.

Deputy Denis Naughten: Was it in 2012 that this provision was initially announced?

Deputy Richard Bruton: No. It was last year. The revision of the employment incentive scheme was introduced in 2012. The change announced last year was the increase in the threshold for investment to €5 million. I understand the extension of the scheme to include extensions to nursing homes was promulgated as a proposal in August 2015.
Deputy Sean Fleming: What about retirement villages?

Deputy Richard Bruton: The scheme states that the investment must be for a nursing home or a residential care unit associated with a nursing home.

Question, “That Financial Resolution No. 4 be agreed to,” put and declared carried.

Financial Resolution No. 5: General

Minister for Jobs, Enterprise and Innovation (Deputy Richard Bruton): I move:

THAT it is expedient to amend the law relating to inland revenue (including value-added tax and excise) and to make further provision in connection with finance.

Debate adjourned.

Written Answers follow Adjournment.

The Dáil adjourned at 9.35 p.m. until 10.30 a.m. on Wednesday, 14 October 2015.