



DÍOSPÓIREACHTAÍ PARLAIMINTE
PARLIAMENTARY DEBATES

DÁIL ÉIREANN

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

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DÁIL ÉIREANN

Dé Céadaoin, 8 Meitheamh 2016

Wednesday, 8 June 2016

Chuaigh an Ceann Comhairle i gceannas ar 2.30 p.m.

*Paidir.
Prayer.*

Business of Dáil

An Ceann Comhairle: I understand the Minister of State, Deputy Regina Doherty, has a business proposal to put to the House before we commence Priority Questions.

Minister of State at the Department of the Taoiseach (Deputy Regina Doherty): It is proposed, notwithstanding anything in Standing Orders, that Leaders' Questions shall be taken today and shall also be taken tomorrow at 10.30 a.m., to be followed immediately by the Order of Business; that four Leaders' Questions shall be taken today and four shall be taken tomorrow; and that Leaders' Questions shall be taken today from Fianna Fáil, Sinn Féin, Anti-Austerity Alliance-People Before Profit and the Rural Alliance group, and tomorrow from Fianna Fáil, Sinn Féin, the Labour Party and the Social Democrats-Green Party group.

An Ceann Comhairle: Is that proposal agreed? Agreed.

Ceisteanna - Questions

Priority Questions

Agriculture Industry

46. **Deputy Charlie McConalogue** asked the Minister for Agriculture, Food and the Marine the urgent measures he will take to tackle the crisis in farm incomes and severe market volatility across most sectors; and if he will make a statement on the matter. [14834/16]

Minister for Agriculture, Food and the Marine (Deputy Michael Creed): As a small open economy which exports the vast bulk of its main agricultural commodities, Ireland will always feel the effects of volatility on world markets. However, there are some measures in place to help Irish farmers through these periods. Indeed, one of my highest priorities under the programme for Government is to develop an effective response to price volatility, including through initiatives with regard to access to finance and taxation.

I believe that moving up the value chain where possible, in terms of the type of products sold and how they are produced, is an important insulation against volatility. The Food Wise strategy for the sector contains detailed recommendations aimed at improving value added and productivity at farm and food industry level through a focus on sustainability, efficiency,

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knowledge transfer and innovation. I will chair the next meeting of the Food Wise high-level implementation group next week, focusing on the important topics of market development and access to finance. Direct payments estimated by Teagasc at an average of more than €17,000 per farm in 2015 provide a valuable source of farm income support and act as a hedge against price volatility.

With regard to farm borrowings, I will meet the CEOs of the main banks this month, all of whom, I know, are aware of price volatility issues. I will be pressing them for details on how they are handling current difficulties and their plans for the medium to longer term when liquidity difficulties may become more evident. Another important topic for discussion will be the cost of credit for lending to farmers.

My Department has also engaged actively with other financial institutions with regard to the development of innovative new lending products for the sector and is preparing to procure an *ex ante* evaluation for the introduction of financial instruments under the rural development programme. The Department will continue to engage with the Department of Finance on key agri-taxation policy objectives, including responses to income and price volatility.

At EU level, I have met Commissioner Hogan on several occasions recently and have proposed a plan of action to him for an EU response to the current market difficulties, including increasing the percentage of the €1.2 billion in Irish direct payments that can be paid in advance; the introduction of a targeted aid package similar to that provided last September; the removal of customs tariffs and anti-dumping duties on the importation of fertilisers, which issue comes within the remit of the trade Commissioner, Mr. Moscovici; a substantial increase in the volume limit for fixed price intervention for skimmed milk powder, which the Commission has now agreed; and the renewal of efforts to resolve the veterinary issues that have blocked exports to Russia. I intend to remain in close contact with Commissioner Hogan on these proposals over the coming weeks.

I also plan to chair an early meeting of the dairy forum to progress a number of specific initiatives in that sector.

Deputy Charlie McConalogue: I congratulate Deputy Creed on his appointment as Minister for Agriculture, Food and the Marine and wish him well in that role. I also congratulate Deputy Andrew Doyle on his appointment as Minister of State at that Department. The Department of Agriculture, Food and the Marine is a crucial Department, dealing with a sector that is important to our economy and to many working families. I wish the Minister and Minister of State well in their endeavours. As Fianna Fáil spokesperson on agriculture, food and the marine, I look forward to working closely with them to try to ensure agricultural incomes are protected and the sector thrives.

The question deals with income volatility, decreasing prices and the expectation in too many farming sectors of producing at below the cost of production, which issues are the cause of growing concern for farmers. The Teagasc annual farm survey, which is valuable in the significant contribution it makes every year to the debate on the state of the farming sector, showed an average increase in farm income last year of 6%, albeit from a very low base. I know the Minister, Deputy Creed, and the Minister of State, Deputy Doyle, are aware of the difficulties facing the dairy, beef and tillage sectors, among others.

I welcome the Minister's statement that he proposes to meet the CEOs of the financial in-

stitutions. Will he comment on the proposed establishment of a national food ombudsman to ensure a mechanism is in place through which primary food producers can get a fair price for the food they produce? Will the Minister also comment on convening a joint meeting of the existing beef and dairy forums and other sector representatives to discuss solutions to the current farm income crisis?

Deputy Michael Creed: I thank Deputy McConalogue for his kind remarks. I look forward to working with him and his colleagues during my tenure as Minister for Agriculture, Food and the Marine.

The Deputy referred to the recent Teagasc farm survey, which is a useful barometer but is somewhat behind the curve in so far as it deals with farm incomes for 2015. We are all aware that incomes in 2016 will be substantially different. It may not be widely understood outside the farming community that average farm incomes are still substantially below the average industrial wage. That should be borne in mind in the context of the broader debate on the economy. The Deputy said that the primary producer receives very little, and raised the prospect of a food ombudsman to address that issue. In the dying months of the last Administration the Government introduced a series of initiatives through the Department of Jobs, Enterprise and Innovation which brought greater clarity to the treatment of food producers by the multiples with regard to the inclusion of everything in the contract. We wait to see how effective that will be. It will require ongoing vigilance.

The Deputy may also be aware of an EU initiative under which Commissioner Phil Hogan expects a report before the end of the year on the supply chain and measures to improve the position of the primary producer. While I am open-minded about a food ombudsman, it would be useful to have information that is current and up to date to feed into a process before we make any commitments on that. I will be convening meetings this month of the dairy forum and, I hope, the beef forum to discuss the income crisis.

Deputy Charlie McConalogue: The Minister pointed out that the average farm wage is a good bit lower than the average industrial wage of €27,000 a year; it is €10,000 less, particularly in the beef and sheep sectors. The average income is approximately €16,000 per annum for sheep and €13,000 per annum for beef, which means that many farm families are struggling to make a real income from farming. A total of 40% of all farms in the country have an annual income of less than €10,000. Direct payments last year were down 10%. That is a particular difficulty facing those farms because of the reduced CAP pot, which impinges significantly on them as well.

Would the Minister meet the dairy forum and beef forum together and bring other actors and interests in the agricultural sector, such as those in industry and the financial sector, together at one meeting? That would be very useful and would reflect the fact that the Government understands the crisis facing farming, if indeed it does. It would also provide reassurance that it will look for solutions.

Deputy Michael Creed: Since my appointment I have been actively engaged in meeting all stakeholders in agriculture, primarily those inside the farm gate. I have met with the Irish Farmers' Association, IFA, the Irish Creamery Milk Suppliers' Association, ICMSA, and the Irish Cattle and Sheep Farmers' Association, ICOSA, and I propose to meet soon with the Irish Natura and Hill Farmers' Association, INHFA. I am acutely aware of the income crisis inside the farm gate and the fact that in many respects it is out of kilter with what is happening for

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those employed in the food industry generally, where returns are still quite handsome and profitable. I do not propose to convene a joint meeting. I do not see a useful purpose in meeting the dairy forum and the beef forum jointly, because the way they are constituted is to represent the issues in each of those sectors, which in many instances are separate and different issues. I propose to have a meeting of those forums very early this month.

The Deputy rightly identifies the sheep and beef sectors as being at the lower end of the farm survey by Teagasc. The Government is rolling out and hopes to finalise a submission on a €25 million sheep scheme to the European Commission. I would welcome the Deputy's input and that of other interested parties in the ongoing consultation.

Mortgage Book Sales

47. **Deputy Martin Kenny** asked the Minister for Agriculture, Food and the Marine the consequences for Irish farming of the sale by a bank (details supplied) of €100 million of agricultural loans to vulture funds, thereby removing this land from the control of Irish farmers; if he has met the bank to discuss this situation; and if he will make a statement on the matter. [14833/16]

(Deputy Michael Creed): Primary responsibility for banking policy lies with the Department of Finance. Officials from that Department have been in contact with the bank in question with regard to the details of the loan sale. The Minister for Finance has stated that the sale of a loan from one entity to another does not change the terms of the contract or the borrower's rights and obligations under the original contract.

Active engagement by indebted borrowers with their lender is key to achieving a sustainable resolution, and I would urge borrowers in arrears who have not already done so to take that first step by contacting their lender directly or contacting the Money Advice and Budgeting Service, MABS, for an independent assessment of their situation and advice on available resolution options.

In regard to the consequences for agriculture, my predecessor, Deputy Coveney, wrote to the bank in early April to express his concerns. The bank replied that a low number of agricultural customers were potentially affected by the sale and that it has proactively engaged and worked with such customers. It also stated that any potential sale of non-performing SME loans would only be done after the completion of an extensive review of each customer's individual circumstances. The bank gave assurances that throughout this process it remains fully committed to supporting all of its customers, including those in the agriculture and food sectors.

In addition to this correspondence, my officials have been in contact with the bank in question on a regular basis with regard to sale of these loans. I will meet the CEO of the bank later this month and this issue will be one of the topics on the agenda.

Deputy Martin Kenny: I thank the Minister, and I congratulate him and the Minister of State on their appointments. This issue cuts across many of the things that affect people the length and breadth of rural Ireland. Many people are in significant debt, aside from those in the agricultural sector. A lot of this debt, which may put large amounts of farmland under the hammer and allow it to fall into the hands of vulture capitalists, was generated not on farms but elsewhere. Unfortunately, in many cases farms were put up as collateral and are now falling

foul of such agreements.

While I welcome the Minister's proposal to meet the CEO of the bank concerned, I urge him, prior to the meeting, to write to the CEO and implore him not to proceed with any sale of land. Many of the people affected are seriously concerned that this agricultural land, which is valued at up to €100 million, will go out of the hands of people living in the State and be bought by vulture capitalists from other countries.

It is vital that the Minister take a hands-on approach. Agricultural land that belongs to the people of Ireland should remain in Ireland. Everything should be done to ensure that the land is kept in the hands of the people who currently own it. I call on the Minister to implore the bank to ensure that whatever can be done is done.

Deputy Michael Creed: I thank Deputy Kenny for his good wishes and look forward to working with him during my time as Minister. As I said in my response, I have arranged a meeting on 29 June with the new CEO of the bank in question, Mr. Mallon. I will raise all of the issues that affect farmers, including credit and the sale of loans. It is not a question of the bank selling land; rather, it is selling distressed loans. I take the Deputy's point. In many respects, these bad debts arise from off-farm investments rather than investments involving matters inside farm gates. That is a specific issue which I will raise with the CEO.

As I mentioned in my response, the previous Minister was in contact with the bank in April. I have already been in contact with it and have arranged a meeting. Officials in my Department are in continuous contact. It is important to emphasise that the sale of loans does not have an adverse impact on the rights contained in the original contracts between borrowers and lenders. A critical factor to note is that the same protections exist legally for borrowers in respect of the sale of loans to third parties.

Deputy Martin Kenny: I thank the Minister. I am glad to hear that, but many farmers are concerned that when loans are sold to entities outside the State they may not come under the same control and regulation as pertains to banks registered in the State.

The Minister is quite correct that many loans were generated from off-farm activities. I am aware of a farmer who had some money in his local bank during the boom, when everything was going well. He was called in to meet the bank manager, who told the farmer that he should invest money in something. He said that the bank had a particular set of investments available, and it would top up the farmer's savings by lending him money. It was through the encouragement of the banks that people got into so much debt. The bubble burst and the gravy train that banks set up for people at the end of their retirement or whatever all went wrong. People were left with significant debts and they are now under a threat in that their loans may be sold to vulture funds. Naturally, most people are very fearful that such funds would have no compassion for farmers living in rural Ireland and would sell their property. Many such difficulties have arisen in a particular set of circumstances, in many cases where banks were the key players in creating the debt in the first place.

Deputy Michael Creed: I am reminded of the words of Shakespeare, "Neither a borrower nor a lender be". Perhaps it would be good advice in respect of the parties involved. However, I take the point the Deputy raised. I do not think there is much difference between the approaches we take to the matter. My approach will be to assist, in so far as we practically can, farmers who are in that situation. We will impress on the financial institutions a requirement for forbearance.

We do not know whomever the purchaser of the loans will be, whether it is a fund outside of the State or within it. The loan book has not yet been disposed of, but in the context of the overall loan sale there is a small proportion of vulture funds, and I accept that is a worrying development for any individual farmer who is in that situation. For that reason I wish to reassure those individual farmers that their legal entitlement in respect of the sale of those loans to a third party is not impacted in any adverse way and remains unchanged. As Minister for Agriculture, Food and the Marine I will work to try to ensure there is a satisfactory outcome through the forbearance we can extract from the bank involved.

UK Referendum on EU Membership

48. **Deputy Willie Penrose** asked the Minister for Agriculture, Food and the Marine if he has assessed the effects of a British exit from the European Union on the food and agriculture industry, his progress in developing potential trade arrangements and minimising the disruption and negative impact on Irish producers and consumers; and the options for agriculture and the agrifood sector, given the extensive trade links between the two economies and the role of the European Union's Common Agricultural Policy. [14854/16]

Deputy Michael Creed: The UK is by far our largest single trading partner. According to CSO figures, in 2015 we exported almost €5.1 billion worth of agricultural products and imports from the UK were worth €3.8 billion. The prospect of a UK vote to leave the EU therefore has serious implications for the agrifood sector. That is borne out in the reports that have been produced in recent months on the potential impact of Brexit on Ireland. An ESRI report last year estimated that the potential reduction in bilateral trade flows could be as high as 20%, with an even higher impact on agriculture, food and beverages. Teagasc, at the request of my Department, carried out a deeper analysis on the Irish agrifood sector. It found that, depending on the assumptions made, the minimum impact could be a reduction of 1.4% or €150 million per annum in the value of Irish agrifood exports, with a possible worst-case scenario involving a reduction of more than 7%, or €800 million, per annum. However, it is important to note that there would be no dramatic change straight away and that the actual impact of Brexit would depend on the post-exit relationship that will have to be negotiated between the EU and the UK, should the UK decide to leave. The Treaty on European Union provides for a period of two years of negotiations, with extensions possible where agreement is not reached in the initial period.

My Department has been considering the likely arrangements to be made in the event of an exit vote. There are four main areas from an agrifood perspective, namely, tariffs and trade arrangements, the EU budget, standards and customs controls. Potential differences in tariffs after a UK exit could restrict trade in both directions and affect traditional supply practices, particularly for raw materials. Once the exit negotiations have been completed, the UK would be free to negotiate free trade agreements with other third countries. That is particularly relevant in relation to meat imports from South America.

The UK is a net contributor to the budget and a UK exit could result in a loss of the UK contribution of between 5% and 10%. Given that the Common Agricultural Policy, CAP, accounts for some 37% of the EU budget, we could expect additional pressure for further contraction in CAP funding in the years ahead. Currently, the EU operates a common regulatory regime and the rules of the Single Market allow free movement of goods between member states. While

the EU and the UK may wish to keep such arrangements in place for as long as possible, deviations between UK and EU standards could give rise to trading difficulties and additional costs.

Deputy Willie Penrose: I congratulate both the Minister, Deputy Creed, and the Minister of State, Deputy Doyle, who are both excellent and well deserved appointments. Both Ministers have served long apprenticeships and I have worked with them on the agriculture committees in recent years. As Labour Party spokesperson on rural affairs and agriculture, I look forward to working constructively with them.

Is it not clear that the impact of Brexit will be significant? As the Minister said, the ESRI report referred to a reduction in trade of 20%. Greenland is the only country to leave the Union under an Article 50 procedure and it took more than three years. I have no doubt discussions following Brexit would take us into 2020. The negotiations would take longer than two years so we would have such a period of negotiation. Is it not the case that following Brexit, if the UK were outside the EU, tariffs could be imposed on Irish imports which would lead Irish food producers to seek out other markets for exports? That would likely result in reduced prices, which in turn would lead to downward pressure on prices paid to farmers for beef. That would be very significant. A total of 50% of beef exports currently go to Britain, worth €1.1 billion. Dairy exports, which are almost one third of our exports are worth almost €1 billion. Moreover, as Deputy O’Keeffe will be aware, 60%, or €330 million worth, of Ireland’s pig production goes to the United Kingdom, so that would have a huge impact. Is it not the position that there is no current provision for negotiating a special deal between Ireland and the United Kingdom in the event of a Brexit? Would this be important? As the Minister noted, the potential for the United Kingdom to negotiate external trade agreements with third countries would be a huge risk for Ireland. Would this not lead to displacement of Irish products on the UK market and have a significant negative impact on the Irish food industry?

Deputy Michael Creed: I thank Deputy Penrose for his remarks. Agriculture always has been close to his heart, and I look forward to working with him.

Brexit is an issue of enormous concern for the agriculture sector in particular and is exercising the minds of the whole of Government. While people ask themselves what they can do without being seen to meddle, there are 140,000 people in the State who are entitled to vote in that referendum, and many of us know people in those communities and should reach out to them. When the Mercosur trade agreement did not have an initial offer on beef, people breathed a sigh of relief. However, that achievement would pale into insignificance were the UK to leave the EU and be in a position to negotiate bilateral trade agreements with South America. This is possibly one of the first things the United Kingdom would attempt to do, and the Deputy rightly points out that slightly less than 50% of Ireland’s beef exports are on supermarket shelves in the United Kingdom. This encapsulates the scale of the potential crisis we face.

As I stated, this issue is exercising the whole of Government. My Department is feeding into a group within the Department of the Taoiseach that is assessing risks and strategies to deal with this issue. As Deputy McConalogue would be aware, a lot of milk is gathered in Northern Ireland to be brought south of the Border for processing. Given that this milk would now be crossing the border between the UK and the European Union, were Brexit to take place, issues would arise regarding border controls and so on. The Deputy raises an issue of enormous economic concern, a matter of which the Department is acutely aware.

Deputy Willie Penrose: Another potential impact is divergence of animal health and phy-

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tosanitary regulations, which are very important in terms of co-ordination and co-operation on animal health between Ireland and Northern Ireland and between Ireland and the European Union.

I ask the Minister also to consider the subject of energy supply. The cost of energy would loom large in the event of Brexit because Ireland imports 89% of its oil and 93% of its gas requirements from the United Kingdom, and in Ireland the agriculture sector spends approximately €500 million per year on energy. Would this not inevitably lead to increased production costs, which in turn would reduce our competitiveness? This would be a huge issue.

In the event of Brexit, Ireland would also lose an important ally in the European context for arguing its case. The Minister is correct in stating that 37% of the budget is devoted to the Common Agricultural Policy, CAP. As Britain is a net contributor, this is likely to have a significant negative impact on future spending on the CAP, particularly from 2021 onwards. This will be the kernel of the issue that people may not realise.

Deputy Michael Creed: There is absolutely no upside for this economy of a Brexit, and the Deputy has listed a series of risks, including the issue of energy supply. There are existing cross-Border interconnectors and so on, and all of these arrangements would come under the microscope in the new dispensation that would apply. I refer to the uncertainty that would follow in the context of two years of negotiations, which would halt investment and damage confidence and would lead to fluctuations and currency movements that would create greater disadvantages for products from Ireland. I will take up with my Cabinet colleagues the issue of energy supply in particular.

The Deputy also raised the issue of animal and plant health regulations and standards. It would obviously be open to the United Kingdom to change the standards.

Deputy Willie Penrose: Yes.

Deputy Michael Creed: While there is an expectation that they may remain the same for some time, there will at least be a once-off requirement for veterinary certification if there is a change. These are all additional costs that will place Ireland's products at a disadvantage relative to other similar products on supermarket shelves in the United Kingdom. As I stated, there is no upside to a Brexit, and I implore all parties in this House that share the view that Ireland's interests are best served by the UK remaining in the European Union to reach out to those communities that are entitled to vote in the referendum.

Greenhouse Gas Emissions

49. **Deputy Charlie McConalogue** asked the Minister for Agriculture, Food and the Marine the steps he will take to ensure that Ireland's grass-based agriculture, forestry and boglands are taken into account as methods of carbon sequestration in upcoming European Union discussions on 2030 emissions targets; and if he will make a statement on the matter. [14835/16]

Deputy Michael Creed: Ireland has adopted a whole-of-Government approach to developing climate policy. The Government has engaged in intensive discussions with the European Commission for some time now to highlight the importance of ensuring a coherent approach to the twin challenges of food security and climate change.

3 o'clock

As part of our ongoing engagement at EU level, my colleague, the Minister of State, Deputy Naughten, and I met recently with Commissioner Miguel Arias Cañete, the European Commissioner for Climate Action and Energy, to discuss proposals on the EU's effort-sharing decision and on land use, land-use change, and forestry, LULUCF.

The meeting provided me with an opportunity to restate the commitment of the Irish agriculture sector to improving efficiency and driving down emissions, and to re-emphasise the importance of reflecting the 2014 European Council conclusions in the proposed effort-sharing decision, particularly in terms of their recognition of the low mitigation potential of the sector and their reference to the inclusion of afforestation and LULUCF as part of future climate and energy policy.

Afforestation, the creation of new forests, is included as a specific mitigation measure in paragraph 2.14 of the Council conclusions. This is important for Ireland as afforestation is the main cost-effective land-based climate mitigation tool available to us. Climate change mitigation by forests, forest fuels and wood products is one of the principal drivers of the policy to expand forest cover out to mid-century.

Annual estimates of the current level of uptake of carbon dioxide by forests are provided by my Department to the Environmental Protection Agency. Projected levels of uptake in forests and storage in solid wood products out to 2020 have been provided to the European Commission under Decision 529/2013 on land use, land-use change and forestry.

We will continue to work closely with the Commission prior to the launch of proposals for an effort-sharing decision, which are expected later this summer. It should also be noted that Ireland is one of a small number of EU countries to have elected to report on cropland and grazing land management activities under the Kyoto Protocol. This would allow Ireland to take advantage of any sequestration benefits that may be allowed in the future from these activities.

Deputy Charlie McConalogue: I thank the Minister for his response. The EU's discussions on how we will meet our emissions targets for 2030 represent a big challenge for Irish agriculture. This represents a key issue for the Minister's Department in the coming years and for the Irish team negotiating with their European counterparts.

Outside New Zealand, Ireland has the largest proportion of emissions in the world coming from agriculture. One third of all Irish emissions are from agriculture, whereas the average figure across Europe is 10%. Any issues, therefore, concerning emissions targets for agriculture which are debated at European level are much more challenging for us than for anywhere else.

It is crucial for the Minister to note, and our negotiators must be strong on this point, that the production of agricultural produce in Ireland is much more energy and carbon efficient than elsewhere. On average, it is about one third less. A key point in these negotiations is to ensure that when it comes to setting technical targets for methane and ammonia, a false economy is not brought into play by setting high targets. That would mean that other countries would end up producing more agriculture which is less carbon efficient, while the pressure is on Ireland.

I ask the Minister to comment further on what he expects and how confident he is that agriculture will be protected in these negotiations.

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Deputy Michael Creed: I confess that I did not quite grasp the level of achievement by the Irish agriculture sector until I was appointed as Minister. It is not widely understood that we are the most carbon-efficient producer of milk, bar none. In addition, through the beef data and genomics programme we are targeting the beef sector to lighten its carbon footprint.

Deputy McConalogue said that agriculture accounts for 30% of our carbon emissions, while the figure is 10% across the rest of the EU. That is factually correct but in a sense he is comparing apples with oranges, as I am sure he will appreciate. This is the message we must sell to the European Commission. We never had the industrial revolution here, so we do not have a history of heavy industry. However, we do have the most carbon-efficient industrial sector inside the farm gate. We are involved in measuring the carbon footprint of every individual farmer in the country. We have to sell that message and get it across forcibly.

I salute what has been achieved to date by the farming community. We are not seeking special exemptions because most of the required efforts are cost-reduction measures. The key is the Council conclusions which said that there is a limit to what agriculture can achieve in terms of reducing the burden of its carbon footprint. However, we also must have sustainable food production practices. Given the growing population, there will be 9 billion people to feed by 2050. Is it not far better to have food produced in an intensive way here, with a low carbon footprint, rather than having carbon leakage from across the seas with beef coming in from South America, for example? These are the salient matters we must convey in that debate.

Fishing Licences

50. **Deputy Pat The Cope Gallagher** asked the Minister for Agriculture, Food and the Marine when he will amend Statutory Instrument No. 125 of 2016 and introduce a system where no penalty points will be applied to an owner's licence until the matter has been completed in the courts; and if he will make a statement on the matter. [14836/16]

Deputy Michael Creed: The Deputy will be aware that Statutory Instrument No. 125 of 2016 - European Union (Common Fisheries Policy) (Point System) Regulations 2016 - implements the required EU points system which applies to the licence holder of a sea-fishing boat when a serious infringement of the Common Fisheries Policy is detected within the exclusive fishery limits of the State or for an Irish vessel, wherever it may be.

The concerns of the fishing industry on this matter are reflected in the programme for partnership Government which provides that, "Subject to legal advice and review, the penalty points statutory instrument will be amended to reflect the concerns raised with regard to the assignment of points following the completion of the prosecution process, while ensuring that Ireland is fully in compliance with its obligations under EU law."

Upon taking office, I requested that the Attorney General consider, and advise me on meeting, this programme commitment.

I have now received this advice and have considered the issues arising. I am satisfied that I am in a position to move on the introduction of a system for the sequential application for EU points in conjunction with the prosecution process, thus fulfilling the ambition outlined in the partnership programme.

I also met with representatives of the fishing industry last week to discuss a wide range of issues, including their concerns about the implementation of the EU points system and have updated them on this matter.

This new arrangement is subject to addressing some important legal and administrative issues in order to ensure compliance with EU law. I intend to report back to the Oireachtas as soon as I have finalised a way forward in the context of dealing with the relevant legal and administrative matters. However, I am confident that these matters can be dealt with in a collaborative and constructive manner with all stakeholders.

In the meantime, it is important that the 2016 statutory instrument remain in force so that Ireland remains in compliance with the legal requirement to implement the EU points system. Accordingly, I do not propose to revoke the statutory instrument until a revised system can be put in place. The Deputy will be aware that the European Commission is empowered to commence infringement proceedings against member states that are not implementing EU law. A negative judgment from the European Court of Justice in this context could cost the State significantly in lump sum and ongoing fines. There would also be serious potential implications with regard to the release of funding for the fishing industry under the European Maritime and Fisheries Fund, EMFF.

Deputy Pat The Cope Gallagher: I am pleased that the Minister was able to meet the industry and respond to the views of Members from various parties on this side of the House. However, I am somewhat disturbed to learn that the Minister is not prepared to revoke the statutory instrument. Had we known that, we could have made the Minister's job simpler. We could have secured a majority in this House to revoke it because a majority oppose it. If it was not legal then, it is not legal now. Perhaps the Minister would clarify and deal with this as quickly as possible.

For the information of those Members who do not understand, penalty points for any infringements are put on one's licence and the highest court in the land cannot change that. I am pleased the Minister is changing it, but I still believe he should consider revoking it and put in place the template that is acceptable to the European Union, which is the one in the UK. Finally, although it might be too early to respond to this, does the Minister expect to do this by way of primary legislation or another statutory instrument? To be fair, the Minister acted very quickly and we are pleased with that. However, we are a little concerned that he has not revoked it.

Deputy Michael Creed: I thank Deputy Gallagher for his comments on this issue. I appreciate that it is a matter of concern for Deputies representing all coastal areas from Malin Head to Mizen Head and, indeed, on the eastern seaboard. I could not revoke the existing statutory instrument without being in a position to replace it immediately with something else because that would have attracted the attention of the European Commission to the fact that we did not have an effective dissuasive legal instrument in place. I am committed to acting to address that anomaly at the earliest possible date.

In my initial response I referred to legal and administrative issues. The legal issue is to determine, as the Deputy mentioned, whether it will be done by way of an amendment to the existing statutory instrument, a new statutory instrument or by primary legislation. I am awaiting final clarification from the Attorney General on that point.

In respect of administrative issues, it aims to ensure that whatever we put in place to replace

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the existing statutory instrument meets the EU administrative requirement because a substantial amount of EU funding is riding on this issue under the EMFF. The funding is €240 million, some of which has already been committed in projects in the Deputy's constituency and elsewhere. I am anxious to ensure I move effectively in a manner that, in the interim, does not have a cost impact for the Exchequer.

Deputy Pat The Cope Gallagher: It is not intentional on the part of the Minister but for him to say that €240 million is riding on the back of this is almost scaremongering. I am quite sure he did not intend it that way. The UK and the Republic of Ireland are in the same Union and, hopefully, this will remain the case after the referendum. What is acceptable in the UK when there are millions riding on it does not seem to be acceptable here. If the Minister comes back with primary legislation, we will have an opportunity to discuss it. If it is done by way of statutory instrument, will the Minister provide us with an opportunity to discuss it with him in advance?

Deputy Michael Creed: In respect of the latter issue, I will come back and consult with the House. Under the EU requirements, the system must be effective and dissuasive. That is the lingo that is used at EU level. The difficulty in terms of the legal process here versus the legal process in the UK, to which the Deputy alluded and which has points consequential on conviction, is that there can be a long delay in this jurisdiction between the detection of an offence and bringing it to court. The only part of that process that is within my jurisdiction in the Department is the Sea-Fisheries Protection Authority. I will ensure that it is in a position to fulfil its part of that process as efficiently and effectively as possible. I will also be in contact with the Minister for Justice and Equality in respect of the other matters. I am committed to points consequential on court conviction and that is a commitment I have given to the principal officers with whom I have met. I acknowledge the contributions of other Members of the House, including Deputy Gallagher who raised this matter repeatedly.

Other Questions

Agrifood Sector

51. **Deputy Bernard J. Durkan** asked the Minister for Agriculture, Food and the Marine how markets for Irish products will be positively or negatively affected by a British exit from the European Union or by the Transatlantic Trade and Investment Partnership, his plans to address these issues to ensure the viability of the food producing sector and its unimpeded access to world markets and if he will make a statement on the matter. [14488/16]

Deputy Michael Creed: I did not realise the Acting Chairman was in a position to question me.

Some 800,000 jobs are directly or indirectly dependent on trade in the Irish economy. Accordingly, free trade and free trade agreements are very important to us. Historically, the negotiation of access to new markets has been a big driver of economic development in Ireland.

It is commonly recognised that 90% of the growth in the world economy will be outside Europe in the years ahead. I believe we have to negotiate better access and become more commit-

ted to those markets where growth will occur in the future. Indeed, Food Wise 2025 highlights the need to expand current markets and develop new ones if we are to achieve the potential growth that the strategy foresees over the next ten years.

This is true also of the potential of the EU-US trade corridor. About one third of all world trade occurs on that corridor so it has significant potential importance for Europe and for Ireland. The US is one of our leading trading partners and we have a large and growing agrifood trade surplus with it with exports of €869 million last year compared to imports of €271 million.

Ireland has significant offensive interests in the TTIP negotiations. For example, we see worthwhile opportunities in the US for cheese, powdered milks and sports products and further opportunities for branded packaged butter if we can remove some regulatory barriers. Prepared consumer foods and fish could also benefit from trade liberalisation. Beef is a unique sector in that we have both offensive and defensive interests. In the long term, any significant increase in beef imports to the EU could have adverse effects on the Irish industry.

In respect of Brexit, it is clear that there are considerable potential negative implications for the Irish agrifood sector, as evidenced by the reports that have been conducted by the ESRI, Teagasc and others. The UK is by far our largest trading partner and there is a general consensus across all the analyses that a UK exit would have the greatest impact on the agrifood sector. However, much of these analyses have been based on a “worst case” scenario and it is very difficult to estimate the actual impact an exit will have on the agrifood sector prior to any post-exit negotiations that must take place between the EU and the UK should the UK decide to leave.

While it may be difficult to predict with certainty what the impact on the agrifood sector would be, impacts are foreseen in a number of areas such as tariff and trade arrangements, the EU budget, standards and customs controls. Potential differences in tariffs could restrict trade in both directions and affect traditional supply practices, particularly for raw materials. As a net contributor to the EU budget, a UK exit will result in a loss of the UK contribution to that budget of between 5% and 10%, with consequential implications for CAP spending in the years ahead.

Deputy Martin Heydon: I congratulate the Minister and Minister of State on their new roles.

If Brexit were to happen, a weakening of sterling would be a considerable concern for us in the short term. There are broader issues, which the Minister has outlined. There would be challenges to Ireland as the food nation and food island, with our counterparts in Northern Ireland, and I ask the Minister to use his good offices to address those challenges. There are approximately 900,000 citizens with a vote in the UK who have Irish connections and while it is a choice for them, as the Minister, Deputy Charlie Flanagan, has outlined, we should use our good offices here to portray to them that it would have a negative impact on our country. We should also examine any potential positives of a Brexit and how they would feed through.

In terms of TTIP, low commodity prices, which are a very significant concern for the primary producer at present, are an issue and access to the markets is absolutely crucial. As part of TTIP we should make sure we do not trade beef off against other commodities but anything that opens up new markets is a positive.

Deputy Michael Creed: Much of the public commentary on these trade agreements is slightly worrying because it does not seem to acknowledge that if we do not trade we will have

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ten year old bullocks roaming the highways and byways of west Cork and other parts of the country. We need to export 90% of what we produce on the island. We can feed 50 million people with the exports we produce here to a high quality and standard. Trade is our lifeblood but it is trade on our terms in a way that protects our primary producers. The more markets we have, the better prices we can extract. I acknowledge that a Brexit would be particularly devastating for the agrifood sector. In consultations with the stakeholders I have met since my appointment I have emphasised that they have skin in the game in this debate and in whatever way they consider appropriate they should reach out to people they can influence, whether it is the 140,000 people living here, the very significant Irish expat population in the UK or many of the major agrifood players who have operations in the UK. They should try to influence that debate in whatever way they can.

I acknowledge the point made by Deputy Heydon on TTIP. We have both offensive and defensive interest in this regard and we need to make sure that any negotiation is concluded in terms that are beneficial to us. We never get everything we want in negotiations but we should not compromise on the standards of food production or on the safety of the food we produce in any way. They are cornerstones of negotiations that will not be compromised.

Live Exports

52. **Deputy John Brassil** asked the Minister for Agriculture, Food and the Marine the steps he is taking to open new export markets given the sharp drop in live exports in 2016; and if he will make a statement on the matter. [14477/16]

(Deputy Michael Creed): I view live exports as serving a vital purpose as a means of satisfying market demand for live animals and providing alternative market outlets for Irish cattle farmers. I attach major importance to the live cattle export trade, and my Department, along with Bord Bia, has been proactive in encouraging and facilitating such exports.

Last year saw high levels of exports of cattle to both Britain and Northern Ireland, largely driven by favourable currency rates, which made cattle from this country very competitive in those markets. However, as a result of a closer euro versus sterling exchange rate, exports to the UK this year are lower by approximately 50%. Exports to Italy, however, are up by almost 20% and exports to Spain have grown by 11%.

The markets currently open to live cattle from Ireland include Lebanon, Libya, Morocco, Tunisia, Egypt, Serbia and Algeria, in addition to other member states of the European Union. Animal health restrictions and geopolitical instability have impeded previously large-scale exports to Belgium and north Africa respectively.

In this regard my Department has agreed health certificates for the export of live cattle to Egypt, Serbia and Algeria in 2016 and is currently investigating the possibility of bilateral health certificates for the export of cattle to Kazakhstan, Montenegro, and Turkey as well as breeding cattle to Morocco. My Department recently hosted a veterinary inspection by the Turkish authorities and is awaiting a report from that exercise.

The exploitation of market outlets, once opened, is a commercial matter for the live export sector and is affected by the usual variables, including the cost of animals at marts, domestic demand for live cattle, the relative cost of beef on the domestic and international markets, cur-

rency exchange rates, transport costs and other factors.

There is a strong demand for meat globally and my role as Minister is to facilitate market access and enable Irish exporters to take advantage of the opportunities that arise. My Department engages on an ongoing basis with many third countries, in collaboration with Bord Bia, the meat industry, the Department of Foreign Affairs and Trade and the European Commission on various market access issues.

Last year was a very successful year for meat exports and, according to Bord Bia, overall exports of beef, sheepmeat, pigmeat and poultry increased by €140 million to €3.5 billion. Although exports to the European Union account for the majority of meat exports, increasingly, third country markets are an important alternative outlet for the industry.

I will continue to ensure that Irish meat and livestock producers have the option of exporting to as many global markets as possible.

Deputy Charlie McConalogue: I thank the Minister for his response. He outlined the importance of the live sector trade to the agriculture industry and ensuring there are alternatives available for producers. It is concerning to many of those to see that the numbers of live exports declined sharply in 2016. The reports indicate that live trade numbers are down by over 20% in 2016, and that decline has accelerated in quarter 2, with a decrease of more than 30%. In a recent reply to a parliamentary question I tabled, the Department indicated that exports to the United Kingdom this year are lower by approximately 50%, although I know sterling has an impact in that regard.

Many of those involved in the export of animals to Turkey have purchased thousands of live stores in the expectation that the Turkish market would be open. However, they are now particularly worried that additional delays in market access will result in the weanlings missing the specifications required for this overseas market. The Minister indicated that is something that is on his table. Will he give an outline as to how quickly he expects that market will be reopened to ensure there is not any unnecessary delays regarding the export trade to Turkey?

Deputy Michael Creed: On the latter, the truth is that the ball is in the Turkish court at this stage. The Turkish veterinary delegation were here inspecting a number of our plants, processes and so on. A substantial number of plants have expressed an interest in this trade. We must wait until such time as the members of the Turkish delegation come back to us with their proposals and we then finalise the administrative arrangements. We must await the response of the delegation who visited here. There is no delay on the Irish side, and I assure the Deputy that once we get feedback from the Turkish delegation, we will move as quickly as is humanly possible to deal with the matter. I acknowledge that live exports are down in some markets this year but that is a factor I reference in my reply in the context of there being many variables. What the State can do is open markets, and the State has opened a substantial number of new markets, but it is up to the industry to respond in terms of availing of those opportunities contingent on the prices that are available for cattle in the factories here, currency fluctuations and a range of variables that impact on whether it is profitable for those exporters to avail of those markets.

With regard to the point the Deputy made about people purchasing cattle at this stage for Turkish specifications that we have not yet had sight of, that would appear to be premature, but we await feedback from the Turkish and will not be found wanting in terms of the speed of our response.

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Deputy Charlie McConalogue: Can the Minister indicate a timeline as to when he expects the Turkish authorities to revert to him? I am sure his Department officials are in ongoing contact with them. Have they indicated anything to them in that regard?

Also, with regard to the opening up of live exports to Egypt, Algeria, Kazakhstan and Montenegro, can the Minister give a timeframe for arrangements to be established for those markets?

Deputy Michael Creed: The Egyptian market is already open. I will revert to the Deputy with the details for the other areas. I cannot say definitively when the Turkish authorities will come back to us. It is approximately two weeks since they left here and I understand from the officials in my Department that they were quite impressed by what they saw in terms of the specification of animals that would suit their market demands, but we await their response and we will not be found wanting on our side in terms of opening up that market for live exports. There is significant opportunity there because of an outbreak of bluetongue in France, where they traditionally source cattle. We are hoping to be able to capitalise on that opportunity but it is contingent on the Turkish veterinary authorities responding favourably to what they saw here and doing so in a timely manner that will help the industry. Once we complete all the necessary paperwork, the industry must step in and determine whether this is a viable market in which to operate.

Targeted Agricultural Modernisation Scheme

53. **Deputy Declan Breathnach** asked the Minister for Agriculture, Food and the Marine the number of applications received, approved and that have received payments to date under the targeted agricultural modernisation scheme, TAMS II; and if he will make a statement on the matter. [14480/16]

Deputy Michael Creed: During 2015, six new schemes were announced under the targeted agricultural modernisation scheme, TAMS II. These schemes were launched under the new rural development programme for 2014 to 2020 and are co-funded under the European Agricultural Fund for Rural Development. The financial allocation to each scheme for the full rural development programme period is as follows: the young farmer capital investment scheme has €120 million; the dairy equipment scheme has €50 million; the organic capital investment scheme has €8 million; the animal welfare, safety and nutrient storage scheme has €170 million; low-emission slurry spreading has €4 million; and the pig and poultry investment scheme has €17 million.

The schemes are open for applications in rolling three-month tranches. Approvals and part-approvals have issued in respect of 1,300 cases. Approvals are now issuing on an ongoing basis. The numbers of applications received in the first two tranches are as follows: the young farmer capital investment scheme saw 513 applications for tranche 1 and 620 applications for tranche 2; the dairy equipment scheme saw 1,088 applications for tranche 1 and 595 applications for tranche 2; the pig and poultry investment scheme saw 57 applications for tranche 1 and 38 applications for tranche 2; the scheme for low-emission slurry spreading saw 194 applications for tranche 1 and 263 applications for tranche 2; the animal welfare, safety and nutrient storage scheme saw 939 applications for tranche 1 and 607 applications for tranche 2; and the organic capital investment scheme saw 192 applications for tranche 1 and 99 applications for tranche 2. The total for tranche 1 is 2,983 and the total for tranche 2 is 2,222. When the number of applications received in tranche 3 to date are included, the total number of applications to

date is 5,342. The TAMS information technology payment claim system is being finalised and payments will be made once the system is in place. I hope that will be ready to run in late July.

Deputy Charlie McConalogue: Will the Minister clarify the total of part-approvals for the TAMS II applications? Based on a parliamentary question I submitted to the Minister last week, the figure was just over 1,100 part-approvals from a total of over 5,000 applications.

Deputy Michael Creed: It is 1,300.

Deputy Charlie McConalogue: From a total of just over 5,000 applications, 1,300 is a very poor approval rate for a scheme that has been open for more than 12 months now. Many farmers were planning on investing this summer and getting works under way. They have been hampered by the fact that approvals have not been forthcoming and they are currently waiting for the Department to get back to them. The process has been much too slow and it has put the farming sector and those who are keen to invest in a position that leads to exceptional frustration. It is also putting additional pressure on farmers in trying to get works completed in a timely fashion. The work is backing up when it could be done in a more orderly way in line with the applications coming into the Department. The figure stands at 1,300 now, but when does the Minister expect the farmers who have applied to at least get initial approval so they can commence a process of investment?

Deputy Michael Creed: I acknowledge that this has not been our finest hour, but the Deputy should consider this. It was the legitimate ambition of the Department to try to roll out as many schemes as possible at the earliest possible dates, which put significant stress on the administrative capacity of the Department. For example, it would have been easier to defer a number of these initiatives to 2017 and handle the process in a more measured way. Ambition is not a fault, and we are effectively now catching up with the backlog. There are 1,300 approvals from a total of 5,342 applications, but the applications in tranche 3 were only recently submitted. We are rolling out approvals all the time and the first payments will go out late in July. I acknowledge that in an ideal world we would have had the systems in place to deal with all the schemes from day one, but there was much pressure from individual farmers who wanted to carry out investment in early spring on dairy schemes, milking parlours and so on. In so far as it was possible, the Department tried to accommodate all of them. It would have been easier and maybe in hindsight it was the right thing to do. I am not sure. I think it was right to have the ambition to try to bring the scheme to as many farmers as possible. We are playing catch-up but we are getting there.

Deputy Charlie McConalogue: A particular problem arose under previous farm investment schemes whereby, as it came close to the end of schemes, there was a backlog in terms of the work that had to be carried out and in terms of meeting deadlines. That led to a very pressurised environment for farmers with regard to being able to get contractors and others who were required where building work was necessary. We are obviously at a different stage in terms of TAMS in that we are at the beginning of the scheme. Having said that, there are many farmers who had expected to have initial approval at this stage. It was a fair assumption for many of them to make. I acknowledge that the Minister is saying the Department has been slower than he had hoped in being able to give those approvals. What assurance can he give those who are waiting on approval at this stage that they will get it promptly? For example, where does he expect to be come July or August in respect of approvals and what assurances can he give those awaiting approval?

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Deputy Michael Creed: The Department is endeavouring to deal with this backlog sequentially, but if there are individual cases where, for particular reasons such as animal welfare, a job needs to be plucked out of the system and brought forward, the Department will look favourably on that. If there are individual cases, I am sure the Deputy would find a willing ear in the Department to deal with them. We are working through this sequentially and we are catching up with the backlog.

I suspect we will not have the type of problem Deputy McConalogue alluded to because anecdotally I am hearing that a number of people who have approval under TAMS are postponing investments for which they have approval because of the difficulty in the commodity markets, particularly in the dairy sector. Therefore, I do not expect that problem of many approved farmers chasing a limited number of contractors to occur in the short term. I do not anticipate it but it is an area that will require constant vigilance and I assure the Deputy that will be forthcoming from me and from my Department.

Fisheries Offences

54. **Deputy Martin Kenny** asked the Minister for Agriculture, Food and the Marine to annul SI No. 125 of 2016, which imposes penalty points on sea fishery licences. [14502/16]

Deputy Michael Creed: The Deputy will be aware that Statutory Instrument No. 125 of 2016, European Union (Common Fisheries Policy) (Point System) Regulations 2016, implements the required EU points system, which applies to the licence holder of a sea-fishing boat when a serious infringement of the Common Fisheries Policy is detected within the exclusive fishery limits of the State or, for an Irish vessel, wherever it may be.

The concerns of the fishing industry on this matter are reflected in the programme for partnership Government, which states that, “[s]ubject to legal advice and review, the Penalty Points Statutory Instrument will be amended to reflect the concerns raised with regard to the assignment of points following the completion of the prosecution process, while ensuring that Ireland is fully in compliance with its obligations under EU law”. Upon taking office, I requested that the Attorney General consider and advise me on meeting this programme commitment. I have received this advice and have considered the issues arising. I am satisfied that I am in a position to move on the introduction of a system for the sequential application of EU penalty points in conjunction with the prosecution process, thus fulfilling the ambition outlined in the partnership programme. I also met representatives of the fishing industry last week to discuss a wide range of issues, including their concerns about the implementation of the EU points system, and have updated them on this matter.

This new arrangement is subject to addressing some important legal and administrative issues to ensure compliance with EU law. I intend to report back to the Oireachtas as soon as I have finalised a way forward in the context of dealing with the relevant legal and administrative matters. I am confident, however, that these matters can be dealt with in a collaborative and constructive manner with all stakeholders.

In the meantime, it is important that the 2016 SI remain in force in order that Ireland remains in compliance with the legal requirement to implement the EU points system. Accordingly, I do not propose to revoke the SI until a revised system can be put in place. The Deputy will be aware that the European Commission is empowered to commence infringement proceedings

against member states that are not implementing EU law. A negative judgment from the European Court of Justice in this context could cost the State significantly in lump sum and ongoing fines. There would also be serious potential implications with regard to the release of funding for the fishing industry under the European Maritime and Fisheries Fund, EMFF.

Deputy Martin Kenny: I am aware that this question was put by Deputy Pat the Cope Gallagher, but I have a couple of small points to make on it. Since that court case, which took place a couple of months ago, things have been up in the air somewhat. Perhaps the Minister could clarify whether, in the interim, there has been implementation of the statutory instrument and whether penalty points have been placed on licences of fishermen?

Deputy Michael Creed: I am not aware of the answer to that-----

Deputy Martin Kenny: Was it in operation?

Deputy Michael Creed: The revised statutory instrument came in, to the best of my knowledge, on 1 March. Deputy Ferris might be able to confirm that. I am unsure if there would be any prosecutions taken under it. There are some administrative sides to that statutory instrument which have not been put in place by my Department. I am moving to a new system and I intend to replace that statutory instrument. The legal and administrative issues I have raised in my reply relate to whether the new system will be an amendment to that statutory instrument, if it will be a new statutory instrument or if we will proceed by way of primary legislation. All of this is predicated on meeting the EU administrative requirement that the system must be seen as an effective and dissuasive instrument to the fishing community. I have some hurdles to jump yet, but the principle of penalty points only being applied consequent upon a conviction is conceded and is something we are committed to delivering. However, I cannot say whether there have been any convictions or points applied. I suspect not since the introduction of this statutory instrument, which was only signed in March 2016.

Deputy Martin Kenny: There is some comfort in that. I have two more points. Could the Minister indicate a timeframe for getting to that final goal? If there are penalty points in the meantime, would the Minister be prepared to rescind those penalty points?

Deputy Michael Creed: It is not from me to trespass on the law. There is a separation of powers between the Executive and the Judiciary. I cannot interfere in that sphere, as the Deputy will appreciate. However, it is my ambition to deal with this as conclusively and as quickly as possible. I did give that commitment in my earlier reply. I have given it to the producer organisations with which I have already met and I do not intend to have this issue hanging around too long.

Deputy Martin Ferris: My understanding, from speaking to the Minister, is that a person would have access to the courts. Could that be applied retrospectively if penalty points had been imposed on somebody's licence?

Deputy Michael Creed: Sorry?

Deputy Martin Ferris: Could access to the courts be applied retrospectively if the points had occurred under the current statutory instrument?

Deputy Michael Creed: I suspect that prosecutions would be difficult under the current statutory instrument. I will revert to the Deputy with details. That would be trespassing on the

legal issue and I would have to get direction from the Attorney General's office, but I suspect not.

Hare Coursing Regulation

55. **Deputy Clare Daly** asked the Minister for Agriculture, Food and the Marine to amend the Animal Health and Welfare Act 2013 to prohibit hare coursing. [14455/16]

Deputy Michael Creed: Under the provisions of the Greyhound Industry Act 1958, the regulation of coursing is chiefly a matter for the Irish Coursing Club, ICC, subject to the general control and direction of Bord na gCon. The welfare of greyhounds involved in coursing is provided for in the Welfare of Greyhounds Act 2011 which, *inter alia*, requires that persons who course greyhounds must have regard to the code of practice in the care and welfare of the greyhound, developed jointly by the ICC and Bord na gCon. The ICC has assured my Department that it has extensive systems and practices in place to underpin the welfare of hares and greyhounds involved in coursing and that it goes to great lengths to ensure the highest standards of welfare are adhered to.

A monitoring committee on coursing is in place, comprising officials from my Department, the ICC and the National Parks and Wildlife Service to monitor developments in coursing and the situation is kept under constant review to ensure that coursing is run in a well controlled and responsible manner.

Hares may only be collected for coursing by clubs affiliated to the ICC in accordance with the terms of licences granted by the Department of Arts, Heritage and the Gaeltacht. These licences contain 26 conditions which have been refined over the years, the majority of which are central to hare welfare and include a variety of measures, such as a requirement that a qualified veterinarian attends at all coursing meetings to report on the health of the hares, a prohibition on the coursing of hares more than once in the same day, a prohibition on the coursing of sick or pregnant hares and a requirement that hares be released back into the wild during daylight hours.

Coursing clubs are required to comply fully with directives, instructions and guidance notes issued by the ICC in all matters relating to the capture, keeping in captivity, tagging, marking, coursing and release of hares, and the muzzling of greyhounds. I have no plans to ban hare coursing but I have no hesitation in saying that it is critically important that those involved in the sport must operate in accordance with the regulatory framework and with the welfare of both hares and greyhounds in mind at all times.

Deputy Clare Daly: This is another sort of Irish solution to an Irish problem, because the rules belie a reality that is very different. We have an incredible contradiction where, on the one hand, hares are protected under the Wildlife Act but, on the other, under the Animal Health and Welfare Act all animals are protected with the exception of hares to be coursed. This resulted, in 2015, in a situation where 7,000 hares were taken from the wild to be used in live coursing events. We are one of a minority of countries which allow this barbarity to continue. Contrary to the Minister's statements on the conditions hares face, the reports from the National Parks and Wildlife Service, which is employed to monitor this situation, tell us that only 17 of the 75 events held in the country last year had National Parks and Wildlife Service officials in attendance and the state of many of the hares requiring assistance, which were released back to

the wild distressed, is evident in its reports, which refute the information given to the Minister by Bord na gCon.

Deputy Michael Creed: It is an Irish solution to an Irish problem. I am not sure if Deputy Daly is suggesting that we should have an imported solution to an Irish problem. I highlight that a very high proportion of hares netted for hare coursing were returned successfully to the wild. For example, at the end of the 2014-15 season, 99.3% of hares captured were released in a healthy condition back after coursing. We have moved some distance in respect of where coursing was some years ago in terms of the monitoring and high standards of welfare we apply in terms of both the greyhound and the hare, something to which all parties involved can be paid tribute, including Bord na gCon, the Irish Coursing Club, the National Parks and Wildlife Service and my Department. For that reason, we have now reached a situation where we have a sustainable industry and I do not propose to ban the industry.

Deputy Clare Daly: My solution is to ban coursing outright. I speak as a Deputy who represents the only part of Dublin where this practice still continues. The Irish Council Against Blood Sports has a video of this barbarity in Balbriggan, which is in my constituency. It shows agitated hares running up and down within the confines of a coursing field while coursing members shout and scream at them in that enclosure. With regard to the number of hares released back to the wild, many of those hares are in a very distressed state and die afterwards. This has also been stated by officials from the National Parks and Wildlife Service. In Nenagh, for example, some of those released included heavily pregnant hares, which the Minister has told us are supposed to be protected. The rules do not serve to protect the hares in that regard, and how could they when we have greyhounds weighing 60 to 88 lbs and travelling at 43 mph, which can do a hell of a lot of harm, even if they wear a muzzle, to a hare that weighs approximately 6 lbs. The protections are really not worth what is claimed, and this is one of the reasons the Irish hare - a unique race of mountain hare - is now becoming extinct, even though on one hand we say it should be protected.

An Ceann Comhairle: The Minister to conclude, please.

Deputy Michael Creed: I have nothing to add to what I have stated already. We have travelled some distance in respect of the supervision of hare coursing and I do not have any plans to ban it. Equally, however, I would add that all parties involved in hare coursing must operate within the law and the terms of licences issued to them in respect of hare capture and so on.

Greyhound Industry

56. **Deputy Maureen O'Sullivan** asked the Minister for Agriculture, Food and the Marine to intervene in the crisis surrounding Irish greyhounds being transported to China; and if he accepts that he has a specific role to play in prohibiting Irish greyhounds from being transported to countries where they face cruelty and abuse, given his funding of Bord na gCon. [14518/16]

An Ceann Comhairle: Parliamentary Question No. 56 is in the name of Deputy Maureen O'Sullivan and it is being taken by Deputy Clare Daly.

Minister of State at the Department of Agriculture, Food and the Marine (Deputy Andrew Doyle): All exporters of dogs are required to provide animal health and welfare certification in respect of compliance with identification requirements, fitness for the intended journey,

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health status and rabies vaccination requirements. Once these animal certification requirements are met, dogs, including greyhounds, may be exported internationally. Exporters are also required to comply with the provisions of Council Regulation (EC) No. 1 of 2005 on the protection of animals during transport.

I am aware that a very small number of greyhounds have been exported to Macau in the past two months. I understand that Bord na gCon, which is responsible for the governance, regulation and development of the greyhound industry in the Republic as well as the well-being of greyhounds, has developed a code of practice on the welfare of greyhounds. This sets out specific standards that all individuals engaged in the care and management of registered greyhounds are expected to meet. The code emphasises that owners and keepers must take full responsibility for the physical and social well-being of greyhounds in line with best welfare practice.

Oversight mechanisms in place regarding greyhound exports include inter-agency co-operation, co-operation with fellow members of the International Greyhound Forum and mechanisms relating to intelligence and information which is received from welfare officers during the course of investigations carried out under the Welfare of Greyhounds Act 2011. Where any breaches of welfare standards are identified under that Act, Bord na gCon takes stringent actions and prosecutions ensue in accordance with the Act.

Officials of my Department have recently met with representatives of Bord na gCon and the welfare members of the International Greyhound Forum - represented by the ISPCA and Dogs Trust here in Ireland - to consider the issues surrounding the export of greyhounds. Bord na gCon advises all owners involved in the export of greyhounds to export only to destinations with high animal welfare standards and that provide the expected levels of greyhound care and management as defined under the code internationally, and I endorse this view. I point out, however, that international trade takes place in a legally complex environment and that national legislation is not legally binding on activities in other states.

Deputy Clare Daly: If the Minister of State has met representatives of the ISPCA, he will know that it, the Irish Blue Cross and Dogs Trust are implacably opposed to the export of greyhounds to China. The Minister of State's response today is contradictory, as were the responses of his predecessors. On the one hand, as the Minister of State has tried to do today, we have been told previously that once the appropriate animal health and welfare certificate requirements are met in transit it does not really matter what happens to them at the end of their journey. However, contradicting that is the fact that in March of this year the Department blocked the Irish Greyhound Board from exporting dogs to China because of animal welfare concerns.

The reality is that the practice, which poses significant danger to the dogs involved, is continuing. The practice has been highlighted internationally by animal welfare organisations and has got quite a lot of global attention. Deputy O'Sullivan's question is seeking the intervention of the Minister of State in this situation and for him to play a role. To be honest, he can, because his predecessor has done it before, and the circumstances mean he should do it in this case, particularly to be in line with the Welfare of Greyhounds Act 2011. This Act states that anyone who trades, transports, rears or trains a greyhound has to have due regard to a code of practice. It includes situations where they are being traded and transported, so the final destination is key. If they are going to end up at a destination where they are going to be discarded, mauled and end up undoubtedly dead, we should stop that practice.

An Ceann Comhairle: As the time available has elapsed, I ask the Minister of State to correspond with the Deputy on the question

Adjournment Debate Matters

An Ceann Comhairle: Before proceeding to Leaders' Questions, I wish to advise the House of the following matters in respect of which notice has been given under Standing Order 23(3) and the name of the Member in each case: (1) Deputy Caoimhghín Ó Caoláin - resourcing the Cavan-Monaghan drug and alcohol awareness services through increased funding and staffing; (2) Deputy David Cullinane - an urgent and targeted response to the Central Statistics Office's quarterly household survey for the first quarter of 2016, which shows unemployment in the south east at 12.5%; (3) Deputy Marc MacSharry - over-afforestation and the future of traditional farming and rural residential clusters and villages in County Leitrim; (4) Deputy Gerry Adams - the Government's 100 day commitment to producing its action plan on housing; (5) Deputy Jan O'Sullivan - maintenance of jobs and payment of entitlements to workers in the TicToc child care services in County Limerick following the sudden closure of services with 55 children at risk of having no places under the early childhood care and education scheme in September 2016; (6) Deputy Thomas P. Broughan - pollution of beaches and bays from raw sewage seepage such as that at Doldrum Bay, Howth, County Dublin; (7) Deputy Seán Haughey - continuation of further education and training courses at the Trinity Adult Resource Group for Education and Training centre in Donaghmede, Dublin 13; (8) Deputy Donnchadh Ó Laoghaire - funding and delivering the Cork Events Centre; (9) Deputy Mary Butler - the need for the Minister for Transport, Tourism and Sport to outline what action he will take to support Waterford Airport following the ending of the Waterford-Luton service; (10) Deputy Mick Wallace - to discuss the impact on NAMA in the Republic of Ireland in light of the recent arrests by the National Crime Agency in Northern Ireland; (11) Deputy Willie O'Dea - to ask the Minister for Health the efforts that are being made to secure a favourable outcome for the staff of the Central Remedial Clinic who have been affected by the sudden closure of their pension scheme and if he will make a statement on the matter; (12) Deputy Mattie McGrath - the urgent need for the Minister for Children and Youth Affairs to direct Tusla to review its application of the 40 year age gap with respect to foster parenting and foster children; (13) Deputy Paul Murphy - the recent reports of over 500,000 patients waiting procedures in hospitals; (14) Deputy John Lahart - to ask the Minister for Health to make a statement regarding tonsillectomy waiting times at Tallaght hospital; (15) Deputy James Browne - the need for the Minister for Health to outline what action will be taken to address the recruitment and retention of psychiatric nursing staff and to avert industrial action by nursing staff concerned about the matter; (16) Deputy Brid Smith - the issue of soaring costs in bin charges affecting many areas that have seen a 300% increase for some people; and (17) Deputy Clare Daly - to discuss the pension situation at the CRC.

The matters raised by Deputies Caoimhghín Ó Caoláin, Paul Murphy, Marc MacSharry and Jan O'Sullivan have been selected for discussion.

Leaders' Questions

Deputy Micheál Martin: This morning, I believe, the Cabinet allocated an additional €500 million to the health service, which is extraordinary in itself in so far as it illustrates what we had all been saying at the time of the publication of the health service plan at the beginning of this year and prior to the election, which was that the budget for health was insufficient and represented a massaging of the figures before the general election. I pointed out that the figures

were grossly inaccurate. The CEO of the HSE said that the health service was under a death sentence and that the level of money provided in the budget was wholly inadequate and had left a significant shortfall. The then Minister for Health, Deputy Varadkar, had indicated that there was a sufficiency of funding available to the health service.

If one goes back over the past three to four years, every year at budget time we essentially got false figures on health. They could never have stood up and subsequently did not, including the infamous €680 million supplementary provision for 2014. We now know because it was stated by the former Minister for Health, Deputy Reilly, that he knew the game was up when he lost the battle on that particular budget. Last year, a €600 million supplementary provision was provided.

The head of the HSE said that the current budget would only meet existing levels of service, that is, the level of service provided in 2015. Will the Taoiseach indicate if the €500 million allocation announced today will result in additional home care packages and mental health services and address acute hospital waiting lists and the shortage of funding in acute tertiary hospitals? The Taoiseach will be aware that the figures for May show that there are 509,000 people on the outpatient waiting list and that there are approximately 75,000 people waiting for surgery, which is a 50% increase on the 50,000 figure for 2014. These are extraordinary figures by any yardstick. They illustrate a failure over recent years to provide any meaningful health service provision. Will the extra €500 million provide additional services or is it a sticking plaster to enable delivery of current levels of service across the board?

The Taoiseach: I thank Deputy Martin for his question. While we must work together in the interests of the country, Deputy Martin knows well the difficulties often encountered in health and that, as history has shown, throwing money at a problem is not the answer. The Government is being criticised for making an adjustment to the health budget of more than €400 million and a further adjustment to the justice budget. We are in a position to do this because of the strengthening of the economy and growth in the economy. One of the lessons we have learned in the recent past is that, where possible, we should spend money from that growth on areas of social need and, in this case, health need. The extra allocation in terms of the adjusted Estimates, in respect of health in particular, is to deal with inadequacies, over-expenditure and much-needed investment in particular sectors. The Minister's top priority is immediate address of some of these problems within 100 days. Today's announcement confirms provision of additional funding for a winter initiative, about which the Minister has spoken, to help address overcrowding in emergency departments, which is always a cause of stress for people. As an integral part of that particular initiative the Minister will increase resources for home care services, including home help packages and so on.

The Minister, in conjunction with the Minister of State, Deputy McEntee, will utilise the Revised Estimate to restore the full ring-fenced mental health budget and provide more training to school-leavers with disabilities, which are two important and sensitive areas raised occasionally by many people. Both Ministers will outline the detail of how that extra allocation will be spent to ensure delivery of services for people in those areas. Also, the Government made clear this morning that this is not a case of throwing money at the problem as demand and expenditure continues to rise and expecting to continue as before. The Government expects senior HSE personnel to be personally responsible for the management of their budgets and to ensure additional resources provided because of the strengthening economy are used to best effect in the interests of the patient they are supposed to serve. We have demanded a different range of governance and better accountability from the HSE and so health service management will be

responsible for performance of their budgets, including any additional resources. It is in the acute hospitals that the Government sees the real possibility of greater returns. It is hoped that these additional allocations will benefit the people they are intended to benefit, namely, patients.

Deputy Micheál Martin: The reason for the allocation announced today is because the budget provision at the commencement of the year was inaccurate and false. This was pointed out before the election, including by the HSE chief executive officer when he said very explicitly that there was an under-provision for the health service, which has been under a death sentence for a number of years in terms of a lack of planning or vision. They are the words of the CEO of the HSE, not mine, as stated in the context of the health service plan.

The winter initiative is a hardy annual which had been announced already. I am still not clear on whether the €500 million will cover the overruns about which we learned when we met the health officials during talks prior to the formation of Government. These officials were estimating dramatic increases in the first two months of the year above allocated levels and projecting a significant deficit by the end of the year. This all points to a fundamental lack of transparency around health budgeting. The last three budgets have not provided the Dáil with an honest portrayal of health service requirements and needs.

An Ceann Comhairle: Does the Deputy have a question?

Deputy Micheál Martin: Given the under-provision of €680 million in 2014, the under-provision of €600 million last year and the current additional €500 million now being allocated despite that we have not yet reached the halfway point of this year, there is no conclusion a person can come to other than that this is the result of bad planning and is resulting in extraordinary pressure on many services. I get no sense that there is the added value emanating from this that the Taoiseach mentioned.

An Ceann Comhairle: The Deputy must ask a supplementary question now as his time has expired.

Deputy Micheál Martin: Is it the Taoiseach's view that the €500 million is to cover existing pressures on hospitals, or are there, line by line for each €10 million, additional services to be recognised over and above what was provided for in the health service plan?

The Taoiseach: When we were spending almost €15 billion in the health system, we had serious overruns, a lack of accountability, a lack of transparency and a lack of effective management. The programme for Government commits to the establishment of a performance management unit which will require managers of individual hospitals to work with the Health Service Executive and the Department of Health to achieve an effective return on the moneys they receive. The extra allocation of more than €400 million is for the maintenance of existing services, to address overruns that have occurred, particularly in acute hospitals, to deal with what the Deputy called a hardy annual, namely, the winter initiative, which is an important element of health care, and to provide for school-leavers with disabilities, home care packages and full restoration of the intended allocation for mental health services, which money was not allocated in the manner it should have been.

I expect that following organisation next week by the Whips of Dáil business, there will be ample opportunity for Members of this House to tease out the details of these issues in plenary session and in committee. As I indicated, the Minister for Health, Deputy Harris, and the Minister of State, Deputy McEntee, will spell out the details of what is involved in terms of

additional services for mental health and in respect of school-leavers with disabilities who need these extra funds.

Deputy Gerry Adams: Last week, I raised with the Taoiseach the need for a full investigation into the sale and purchase of NAMA's Northern loan book, Project Eagle. As the Taoiseach avoided my question, I propose to put it to him again. Some of the allegations are shocking. Between May 2010 and November 2013, a member of NAMA's advisory board is alleged to have been charging a fee for advice about NAMA. It is further alleged that the same individual had an unethical working relationship with a senior NAMA officer who gave him access to additional and sensitive commercial information. It is also alleged that he was lobbying on behalf of clients to reduce loan repayment demands and in return he would secure cash payments, so-called fixer fees which were shared with the senior NAMA officer. When NAMA decided to sell its Northern loan book to the US vulture fund Cerberus, this individual was offering to disclose information relating to the value of the loans to a bidder called PIMCO.

4 o'clock

It is alleged that PIMCO discovered that payment of a fixer fee of £15 million was requested, to be paid if PIMCO was successful. PIMCO reported this to NAMA and withdrew from the process. According to the response to a Sinn Féin freedom of information request, the Minister for Finance, Deputy Noonan, was updated by the NAMA chairman regarding these transactions. It is still unclear why the Minister did not intervene to exercise his general powers of direction over NAMA to suspend the sale's process until these matters were fully investigated. If found to be accurate, these are serious allegations of financial corruption and insider trading from which the taxpayer has suffered a huge loss. Since 2005, this State has had a market abuse regime and regulations which provide for the prohibition of insider dealing and market manipulation. These are criminal offences. Will the Taoiseach explain why he will not establish a full investigation into these matters? He has refused to do so thus far. I and others have been asking for a very long time that he would at least do us the courtesy of explaining to us why he will not set up such an investigation.

The Taoiseach: Commissions of investigation in this jurisdiction operate in this jurisdiction. If the Deputy wants to give me evidence as to why there should be a commission of investigation in this jurisdiction, I would be quite prepared to listen to it.

Deputy Gerry Adams: I have just given it.

The Taoiseach: I hear allegations, rumours and speculation, but that is not the basis for setting up a commission of investigation on any particular matter. The Minister for Finance dealt with the question of a company that was in a tender position here which was not proceeded with when the question of a fixer's fee arose. If the Deputy has other information beyond that, he knows to bring it to the fraud squad and the Garda Síochána. He should produce evidence to me here in the House as to why a commission of investigation should take place in this jurisdiction when there are legal cases being pursued in Northern Ireland where a commission of investigation set up here would not have jurisdiction. The principal personnel with NAMA were in front of the relevant committees here. They gave long and detailed explanations. Nobody has presented me with evidence of wrongdoing by NAMA in this jurisdiction. The allegations the Deputy makes-----

Deputy Mick Wallace: They did not say anything.

The Taoiseach: -----relate to other areas. I am quite prepared to receive from the Deputy, or anybody else, evidence as to why the Government should consider something else.

In so far as these are serious matters, and they are serious matters, there is no allegation or evidence of wrongdoing by NAMA in this jurisdiction. If that is not correct and somebody has evidence to the contrary, I would be happy and would like to see it.

Deputy Clare Daly: It has been given already.

Deputy Gerry Adams: All accusations are allegations until proven. That is a distraction. These are allegations and I have been very careful to couch them in that way. The Taoiseach speaks of rumours. I have not put any rumours to him. It is very precise. A member of NAMA's advisory board is alleged to have been guilty of malpractice and possible criminal offences, aided and abetted by a senior officer with NAMA. Why will the Taoiseach not set up such an investigation when called upon to do so? NAMA is an arm of the State. It is not the Taoiseach's money and it is not my money; it is the people's money. NAMA should be accountable and the Government should be transparent, open and accountable as well.

We have never been given an explanation for the failure by the Minister for Finance, Deputy Noonan, to intervene to suspend the sales process when he was informed that a fixer's fee of £15 million was requested. That is very straight and direct. I am giving the Taoiseach the substance of these allegations. We are concerned that taxpayers are not getting full value. This includes the tens of thousands of families struggling to pay mortgages. The money the Government is not putting into health services could have gone into these other people's pockets and bank accounts. The homeless and the citizens lying on hospital trolleys are the victims of this type of behaviour. Will the Taoiseach commit to the establishment of a commission of investigation into the sale of Project Eagle? The Taoiseach should not fob me off by saying it is happening in another jurisdiction. This is a national issue. NAMA's Northern portfolio is a national asset belonging to the people of this State.

The Taoiseach: The Deputy can believe me that I have no intention of fobbing off anything that is happening here or in any other jurisdiction, unlike some of the stuff that I hear. I believe, and my understanding is, that this loan was executed in a proper manner and that despite all the confusion and conflation, there has been no allegation of wrongdoing made against NAMA down here.

Deputy Clare Daly: The Taoiseach should read the Official Report of the Dáil.

The Taoiseach: The loan portfolio was sold following an open process to the highest bidder for what it was worth. NAMA paid no money to and had no relationship with any party on this loan sale against whom allegations of wrongdoing are now being made.

Deputy Mick Wallace: Not true.

The Taoiseach: Deputy Adams did raise the point here-----

Deputy Clare Daly: Was it only people who worked for it?

The Taoiseach: -----that there were two individuals arrested on 31 May in respect of the UK's National Crime Agency's investigation into the sale of Northern Ireland assets owned by NAMA. I understand that several investigations are going on, as Deputy Adams is probably aware, including those with the UK National Crime Agency, NCA, the Department of Justice

and the Law Society of Northern Ireland. We welcome those investigations.

Deputy Gerry Adams: Not here.

The Taoiseach: The allegations are being pursued by the authorities of the jurisdiction in which they are being followed through. NAMA continues to co-operate with-----

Deputy Mary Lou McDonald: The Government has jurisdiction over NAMA.

The Taoiseach: -----the NCA and other relevant authorities in respect of those investigations.

Deputy Mary Lou McDonald: The Government is responsible for NAMA.

The Taoiseach: The Department of Finance has not had any direct contact with the National Crime Agency but it is willing and available if required. The Department of Finance has made all relevant information in respect of Project Eagle publicly available on its website and, separately, the Comptroller and Auditor General is examining the disposal of the loans of Northern Ireland debtors. The Comptroller and Auditor General is independently positioned to comment on this if necessary. The officials at the Office of the Comptroller and Auditor General have confirmed that given their independent role, any queries related to the timing, content or any other specific aspects of their reports have to be directed to their office.

Deputy Bríd Smith: Will the Taoiseach please respond to the news that the Psychiatric Nurses Association, PNA, has voted by a staggering 87% to take strike action over staff shortages in the mental health services, particularly among psychiatric nurses? The famous report, A Vision for Change, dates back to 2006 and recommended an increase of 1,800 staff in mental health services. By 2012, we were 23% below that recommendation. In 2014, the suicide rate was 475. That figure does not include the numbers who attempted to take their own lives or did themselves harm because of the continuing deprivation in mental health services.

The reason the PNA gives for this serious ballot on strike action is that there is no clear plan from the Health Service Executive, HSE, on how to address this staffing crisis. Staffing levels in child mental health services are down 50% and the staffing level in adult mental health services is only 75% filled. The PNA says that there are 600 vacancies for psychiatric nurses and there will be another 400 within the next year because of retirements. To stay at the current level would require an extra 1,000 nurses in the mental health services. That does not include child psychiatrists and other therapists required.

The Taoiseach will be asked many questions later about the programme for Government, but I want to use this opportunity to ask what the programme intends doing in this regard because in the mental health section it states it will implement A Vision for Change. Given the level of crisis in terms of staff shortages and funding for mental health services alone, can the Taoiseach outline for the House what answer he will give to the Psychiatric Nurses' Association, PNA, the mental health services generally and those who require mental health services to address the chronic shortage in the service? It seems to me that the programme for Government and HSE are failing to address this urgent crisis.

The Taoiseach: Deputy Smith has raised an important question. That is why the Government made clear this morning that the extra allocation to the Estimate for the Department of Health and the HSE will restore in full the ring-fenced moneys for mental health services. The

details of how they are to be located and spent will be outlined by the Minister of State, Deputy McEntee, and the Minister, Deputy Harris, over the course of the discussions on the Estimates next week and the week after.

It is fair to say that there are some serious recruitment issues in respect of the problem to which the Deputy referred. The Minister and Department are examining that question. I can stand here and say that because of the increased strength in the economy, an adjustment will be made to deal with what was set out in the programme in terms of the allocation for the mental health area.

I spoke to people the other day with regard to the Department of Children and Youth Affairs. I find there is always a complication between psychologists and psychiatrists working for the HSE and Tusla when children might need services and things are to be contracted again. The legal costs arising in areas surrounding children are always significant.

Suicide and self-harm are very traumatic and sensitive issues that exist not just in any particular location in the country, but across every area. The clinical programme for the assessment and management of self-harm in emergency departments provides a skilled response to people presenting with self-harm issues or suicidal ideation, as it is called, in emergency departments through a network of self-harm psychiatric nurses. Some 24 of the 35 additional nurses available have been recruited to this programme and trained for the role, and are doing a very important job, as the Deputy is aware.

The HSE is committed to further developing early intervention and prevention services. I hope the extra allocation being made to the health area and the restoration of funding for the mental health area will benefit these persons greatly. The details will be outlined by Ministers over the next week or so.

Deputy Bríd Smith: The period I outlined, in which there was an ever-increasing shortage of staff in mental health services, was also a period of austerity, when economic hardship and worries such as where to live, job losses, putting a roof over one's head, sending children to college, etc., put a major stress and strain on people, which led to further loss of mental health in families, the self-employed and unemployed workers.

The period to which I referred, when there was a reduction in psychiatric nurses in particular, is the one on which the PNA is focusing. The Taoiseach has failed to address my question. If the PNA takes strike action on the issue of nurse shortages and the need to recruit at least 375 extra psychiatric nurses per year for the next few years, where will the money and determination come from?

The Taoiseach answered Deputy Martin's question about the extra funding that has been allocated to health, and said it would be allocated to existing services, overruns in acute hospitals, disability, home help services and mental health. Many areas require funding before one even begins to examine the need to engage an extra 1,000 psychiatric nurses, according to the PNA, which is taking strike action because of that fact.

The Taoiseach: I apologise to Deputy Smith for not addressing her question. Obviously, I hope industrial action will not take place. The Minister for Health met the association last Friday and is engaging with it. Some of the issues that are being considered are the possibility of more training places for psychiatric nurses, bringing back a number of recently retired psychiatric nurses and continued efforts to attract nurses who have been working abroad back to Ireland

This is a genuinely serious problem and one that the Minister is working hard to grapple with.

In 2015, almost 30,000 people were offered a first appointment and seen under A Vision for Change, the mental health strategy. As Deputy Smith is aware, every emergency department has 24-7 access to mental health services. Consultant psychiatrist and non-consultant hospital doctors in psychiatry working in general adult and old age psychiatric services, together with liaison psychiatry medical staff, provide an on-call service outside normal working hours. It is largely focused on people presenting with urgent mental health problems.

The Government made a decision to adjust the Estimate in respect of the health Vote. Funding for the mental health area is being fully restored. Details will be outlined by Ministers and I am quite sure that the Deputy's input will be valuable to what is a serious argument.

Deputy Michael Collins: As of 2015, more than 500,000 people aged over 65 are living in Ireland. In the next 30 years this figure will double. It is vital that the current Government prepare for our ageing population. It has been Government policy since 1960 to support older people to stay at home for as long as possible. However, a recent report carried out by Age Action, the Alzheimer's Society of Ireland and UCD, Meeting Older People's Preference for Care, found that acute hospitals and nursing homes are being prioritised over the kinds of community services that enable older people to remain in their homes.

The report estimates that half of the older people spoken to in long-term residential care could live at home. The number of people in nursing homes in Ireland is 35% greater than the EU average. The report also states that community supports are disorganised, fragmented and underfunded. It found that across all areas, the home help service available was minimal and ranged from less than an hour to a maximum of five hours a week, usually between 9 a.m. and 5 p.m. The current programme for a partnership Government promises increased State support for the elderly and aims to keep older people independent and active while living in their communities. It promises to improve supports and services for older people to enable them to live independently in their homes. It aims to increase home care packages and home help hours every year. In sharp contrast to these promises, the HSE said on 24 May 2016 that funds are now being rationed and more people will wait longer for home supports. This is due to overspending on home help and home care packages in the first quarter of the year in order to free up beds and ease the pressure on hospital emergency departments.

There is an added fear that home help will be privatised. I ask the Taoiseach to confirm whether this is the case. I strongly disagree with privatisation on the grounds that it is a business, rather than a care, model. In other countries, such as Sweden, the privatisation of home help was found to have a negative impact on the standard of care provided, as the need for profit prevailed.

The current programme promises additional funding for the nursing home support scheme in order to keep the waiting period for the fair deal scheme at approximately four weeks. However, new figures from Nursing Homes Ireland revealed that waiting times for nursing home funding have doubled over the past three months. Long waiting times can leave families struggling with a bill of €15,000 before any funding is received. This is completely unacceptable. If waiting lists are not dealt with, I urge the Taoiseach to backdate payments for care from when an application was received until when it was approved.

The Taoiseach: The general principle outlined by Deputy Collins is important. It is the

wish of the vast majority of people that they will be able to stay in their homes until such time as they have to become institutionalised. That is why there has been a move from institutional and hospital care to community care. That is why home care packages are so important and why the waiting list initiative and the fair deal scheme received substantial moneys in 2015, which resulted in a reduction in waiting list times from 18 to four or five weeks.

Deputy Michael Collins is correct in pointing out that the demographic pressures will increase in the future. In fact, the population is projected to increase by 4% between 2016 and 2021, with the number of people in the 85 plus age group expected to rise by 4% between 2015 and 2016 alone. As Deputy Collins is well aware, that cohort, or those much younger, can require extensive and expensive care. That is the reason it is important for us to focus on primary care centres, community facilities and home-care packages that allow people to stay in their own homes as long as possible.

Some time ago, Deputy Michael Healy-Rae made a point to me about the availability of Sunday care under home help and home care packages. That is an issue the Minister will consider in the context of the extra adjustment made to the health budget. I do not think anybody in the House would disagree with the concept of people being able to stay in their own place in their senior years for as long as is possible. Why would that not be the case? That is where the continued effort of Government will be. The approach must take into account the pragmatic understanding that the population of the country is ageing and that every year brings a new cohort of those aged over 70 - as I pointed out in the context of those aged over 80, the consequences of that can be expensive - but it is very important that the State provides the very best level of support to people in their homes for as long as that is possible. Advances in the treatment of chronic disease and expensive medical technologies can ease the discomfort of people and make it somewhat easier for them to stay at home for longer periods. That is where the focus of the Government must be for that cohort.

Deputy Michael Collins: Could the Taoiseach again clarify whether it is the intention of the Department of Health to privatise the home help service in the future? I urge the Taoiseach to support the home help service as we know it. The workers involved have tirelessly cared for the elderly. Many of them only get 30 minutes to deal with an elderly person on a daily basis, to carry out numerous tasks and take many phone calls during the day in order to look after those in their care. They are fighting a major battle against banked hours. They have no work payment for the time spent going from client to client, even though a recent European ruling stated they should be paid for that time. The home help service is willing to work days, nights and weekends but staff are refused hours and those hours are being given to private companies instead. I and many others believe there should be a review of the management of the home help service in this country. I call on the Taoiseach to start the process and by doing so to protect the future of the home help service and its delivery.

The Taoiseach: There is no question of there being any intention of privatising the health service at all. In some cases it can be very difficult to get personnel to manage the home care packages, depending on the nature of the complication or circumstances of individuals in need of home care. The intention is to increase the extent of home care packages so that more people can stay out of hospital and be in their own place - kitchen, sitting room and bedroom - while they do not have to be institutionalised. Everybody can agree with that approach.

If it is of interest to Deputy Michael Collins, I am sure the Minister can arrange a briefing for him in respect of the area he represents and the particular issues to which he referred from

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first-hand knowledge. The Minister will make that arrangement for the Deputy if he wishes to take him up on the offer.

Ceisteanna - Questions (Resumed)

Cabinet Committees

1. **Deputy Richard Boyd Barrett** asked the Taoiseach if he will re-establish the Economic Management Council. [10153/16]

2. **Deputy Richard Boyd Barrett** asked the Taoiseach the Cabinet sub-committees he will establish. [10154/16]

3. **Deputy Micheál Martin** asked the Taoiseach the number of Cabinet committees he has established since the Government was formed. [11436/16]

4. **Deputy Gerry Adams** asked the Taoiseach the number of Cabinet sub-committees he has chaired since the beginning of 2016. [11758/16]

5. **Deputy Gerry Adams** asked the Taoiseach the programme of Cabinet sub-committee meetings he plans before the summer 2016 recess. [11759/16]

6. **Deputy Gerry Adams** asked the Taoiseach the number of previous Cabinet sub-committees he will retain and the new committees he will establish. [12984/16]

7. **Deputy Micheál Martin** asked the Taoiseach the Cabinet sub-committee that will be responsible for arts and culture. [12877/16]

The Taoiseach: I propose to take Questions Nos. 1 to 7, inclusive, together.

In response to Question No. 1, the Economic Management Council is not being re-established.

In response to Questions Nos. 2, 3 and 6, all Cabinet committees stand dissolved at the end of every Government's term in office. The new Government has, therefore, established Cabinet committees on housing; health; social policy and public service reform; justice reform; European affairs; and regional and rural affairs. At this morning's Cabinet meeting, the Government established three more Cabinet committees on the economy, trade and jobs; infrastructure, environment and climate action; and arts, Irish and the Gaeltacht.

In response to Questions Nos. 4 and 5, I have chaired six Cabinet committee meetings to date in 2016. In January, I chaired a meeting of the committee on justice reform. I chaired meetings of the Cabinet committee on housing on 12, 20 and 26 May and 2 June, and a meeting of the committee on health on 12 May. The Cabinet committee on housing is scheduled to meet again tomorrow, 9 June. Further Cabinet committee meetings will be scheduled over the coming weeks.

In response to Question No. 7, the Government is setting up a new dedicated Cabinet committee which will deal with arts, Irish and the Gaeltacht. It will be separate from the Cabinet committee on regional and rural affairs. Therefore, in addition to being part of a larger Department headed by a senior Cabinet Minister, arts and culture will now have a separate dedicated

Cabinet committee. Some people seem to think otherwise but that is the way it is going to be.

Deputy Micheál Martin: I take it that approximately ten or 11 Cabinet committees have been established. Could the Taoiseach indicate whether that is more than was the case in the previous Government and by how many?

The Government's response has been to establish a Cabinet sub-committee for the arts, Irish and the Gaeltacht because it has been rightly stung by the very sharp reaction from the arts community to what it sees as a consistent relegation and downgrading of the arts in public policy and Government policy in recent years, culminating in the formation of a very broad-ranging Department covering regional and rural affairs, the arts and the Gaeltacht. The arts community further sensed that represented a yet greater diminution of the arts. The idea of an arts, Irish and Gaeltacht sub-committee is clearly a response to that. I welcome that in itself but it is a long way short of giving proper executive authority at ministerial level for the arts. It is only a number of years ago that the arts had its own Department and portfolio. That was something we celebrated as a country. It was also something that had an impact on public policy itself. It is fair to say that the arts today has a lower status in Government than at any time in more than three decades.

I mentioned the fact that previously the arts had a Minister at senior level but now it is in a Department that is swamped by significant other duties in a wide range of areas. The arts has been ignored at junior ministerial level. Tens of thousands work in the arts sector, which is of extreme importance in terms of our values as a society. It is also economically important. I recall that at the first Global Irish Economic Forum in Farmleigh, all of the Irish CEOs who came from all over the world said that the one distinctive and distinguishing feature of Ireland was the arts and literature in terms of opening doors for trade, business and for the economy. The Taoiseach must give the arts significant, direct ministerial representation in government. It was a very serious omission and the Government is running to catch up now in terms of responding to the real sense of neglect that is felt. It is not just about structures of Government, because in terms of arts policy in recent years and the centrality of the arts, there is a real sense that the arts have been left behind.

In the context of the Cabinet sub-committee on health, it is difficult to understand what the health committee of the previous Cabinet did. It presided over an overarching policy strategic objective and, at the end of five years, was obliged to admit defeat and state it did not really know what it was about for five years. It was called universal health insurance and at the end of the five years, the Cabinet sub-committee on health was obliged to admit it did not know what it was talking about and did not have a clue regarding universal health insurance. It was an abject failure and it dispensed with the policy.

In many ways, the previous Cabinet sub-committee was a work of art in itself in avoiding action on delivering in any meaningful way the Government's programme for health as laid out in the programme for Government. One hopes the newly formed Cabinet sub-committee on health will have a far more energetic and proactive content to its work. The Taoiseach may recall the Government published a White Paper on health insurance, which went through the previous Cabinet sub-committee on health. Can he indicate whether that White Paper on health insurance still is or remains official policy? Alternatively, is it essentially being ditched and is the Government going back to the drawing board?

Three years ago, the Taoiseach announced he was taking over direct responsibility for

health. He made that announcement here in a ringing declaration during Leaders' Questions on one occasion.

The Taoiseach: I said I would take a real interest in it.

Deputy Micheál Martin: The Taoiseach actually stated he was going to take over health.

The Taoiseach: No, I was never Minister for Health.

Deputy Micheál Martin: The Taoiseach was never Minister but he declared to me in this Chamber that, and I believe the wording was, he was going to be taking personal responsibility for health.

The Taoiseach: It was a big readjustment.

Deputy Micheál Martin: Admittedly, it was at a difficult moment in the tenure of the then Minister, Senator James Reilly, and the Taoiseach was exasperated at that point in time. It appears to me as though the Taoiseach did not take personal charge of health for far too long.

This has already been discussed during Leaders' Questions but the very fact the Government was obliged to produce €500 million today, in the first week of June, illustrates real problems in policy formulation and policy-making in respect of health. In 2014, there was a supplementary provision for €680 million. I called that a fraudulent budget in 2014, when a deliberately false budget was put before Members. Moreover, Senator James Reilly himself subsequently more or less admitted that when he stated that the game was up for him when he did not win the battle at Cabinet on that health Estimate. Last year, the supplementary provision was €600 million.

This year, before the health service plan was published, the chief executive officer of the Health Service Executive, HSE, stated the HSE was under-provided. The chief executive officer had sought €2 billion in the lead-in to the Estimates and he stated the health service plan was under-provided, the HSE could not deliver additionality in services and all the health service could do would be to deliver 2015 levels of service. I pointed out all this to the Government before Christmas. I also pointed out in January that there would be real problems in the health service unless something gave. Something has given today, with the provision of €500 million.

I still am unclear as to whether this is a sticking plaster of €500 million that will deal with the pressures outlined at the beginning of the year or whether there will be additionality of services above 2015 levels of services in acute hospitals and so on. It shocked me that such language stating that all that could be done in 2016 was to provide 2015 levels of service was used. That has never happened before in any previous health provision or health Estimate. It always was and by definition must be above the previous year's delivery of service for demographic reasons alone, never mind any additional services across the board.

On the housing committee, the Minister, Deputy Coveney, has confirmed that some targets will not now be met within the first 100 days. There was a commitment to examine existing housing stock. When will this be concluded? How many houses will be renovated or refurbished by the end of the year to allow families to be moved out of hotels? How often has that housing committee met and how regular will be its meetings? The Dáil committee under the chairmanship of Deputy Curran has done some good work. It is nearing completion and the Taoiseach might indicate whether it is the Government's intention to fulfil and support, by implementation or by executive action, the recommendations of that all-party committee on

housing. I refer in particular to its intention of supporting the Ireland Strategic Investment Fund to do that.

I welcome the abandonment of the Economic Management Council, EMC, which is long overdue.

The Taoiseach: Its demise, rather than abandonment. It is not left there just rusting.

Deputy Micheál Martin: The Taoiseach might explain that. He is a man of greater literary competence than am I and he might illustrate the difference between the two. I suggest its demise as a consequence of its abandonment by the Government.

The Taoiseach: It is not a rusting carcass.

Deputy Micheál Martin: I wonder how the former Tánaiste, Deputy Burton, thinks now. She was a great advocate of its removal a few years ago-----

The Taoiseach: Yes.

Deputy Micheál Martin: -----but the Taoiseach steadfastly refused to countenance that at the time. In many ways, it is questionable as to whether it was ever constitutional. In many ways, it was a kind of Cabinet cartel between the Tánaiste of the day, the then Minister, Deputy Howlin, the Minister, Deputy Noonan, and the Taoiseach. The rest of the Cabinet did not get to see much until it was a *fait accompli*. It was an extraordinary way of doing business that essentially sidelined the Cabinet and one purpose it served was to shield from disclosure discussions on important matters of public interest. Given its disappearance, demise, or whatever, will the Taoiseach undertake to review its documentation? Will he agree to release to the public the documentation the EMC considered on subsequent budgets and so on?

The Taoiseach: On a number of occasions, the Deputy raised - rightly from his point of view - the way in which questions were being answered in this Chamber. He stated they all were being lumped and grouped together and that he was not getting satisfactory answers. I must state to Deputy Martin that he has asked questions on the first group of questions but also has strayed into the second group of questions, as well as the third group of questions Deputy Adams has tabled on health.

Deputy Micheál Martin: No, Question No. 3.

An Ceann Comhairle: Will you let the Taoiseach answer please?

The Taoiseach: Deputy Micheál Martin has covered the entire spectrum here today. He started off with the arts question and I respect that completely.

Deputy Micheál Martin: Question No. 7.

The Taoiseach: He then moved into health and then he moved into housing. The second group of questions are about these separate issues.

Deputy Micheál Martin: No, the Taoiseach is wrong in this regard. Question No. 3-----

The Taoiseach: There is nothing wrong. I simply am making the point that----

Deputy Micheál Martin: The Taoiseach should read out Question No. 3.

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The Taoiseach: I was just making the point-----

An Ceann Comhairle: No, we are not going to get into all that.

The Taoiseach: I know that-----

An Ceann Comhairle: Please, Taoiseach, can you deal with the questions?

The Taoiseach: -----but there are separate questions on housing and mortgages and then on health. Anyway-----

Deputy Micheál Martin: The Taoiseach should read Question No. 3.

The Taoiseach: I read it already.

Deputy Micheál Martin: That is the context in which I asked all the other questions.

The Taoiseach: I wish to say to Deputy Martin-----

Deputy Micheál Martin: And the Taoiseach's answer told me how ignorant-----

An Ceann Comhairle: Deputy Martin, please.

Deputy Micheál Martin: I apologise, a Cheann Comhairle.

The Taoiseach: The previous Government had the Department of Arts, Heritage and the Gaeltacht and that was accepted, in so far as that was important. When I came into the Chamber on the day the Government was appointed, I read out that because of all the pressure before the elections about rural affairs and regional affairs, that this should be reflected at Cabinet level and that this Department was one where that would be suitable. Given that I read it out in that order, people suddenly assumed that the arts were gone, sunk without a trace. Nothing could be further from the truth.

The Department is to be the Department of Arts, Heritage and Regional, Rural and Gaeltacht Development. Consequently, those who have been writing to me, those who have been sending me texts and those who have been decrying the demise of the arts in Ireland at every opportunity should look again at the fact there now is more money in this Department, as well as more allocated to it, than for many years. When I listen to all the learned people of creativity and imaginative vision speaking abroad about the demise of the arts in Ireland, I respectfully disagree. This Department has a senior Cabinet Minister and a dedicated Cabinet sub-committee. It has no Minister of State because of its importance and has more allocated to it than previously.

Moreover, why would it not be important that regardless of whether one goes to Tory Island, Cill Rialaig, Dooagh down in Achill or any place else, that the capacity for people to be able to expound on their creativity and their imagination in the arts should be as prevalent as in any city centre or any major urban area? The issue of rural development and regional development might be lost on some of those who espouse the vision about art because the young people are now displaying their artistic qualities in the schools and in the homes. It might not be all on sketches or crayons or paints; it could be in many other artistic forms. However, the Government must develop that regionally, locally and nationally and that is why more money has gone in here than previously. In fact, the Government has increased funding for the Arts Council year on year since 2014, when the economy began to improve, to €60 million now.

Deputy Martin's question is valid. The programme for Government contains an important commitment to increase funding for the arts progressively with specific reference to the Arts Council and the Irish Film Board. I have had the privilege of meeting some of the global leaders in the film sector. Many of them say that Ireland has an enormous capacity and potential in this area. That is why the Government changed the rules in respect of the taxation system, the school of graphic design, and the capacity to produce major movies in studio, given that technology has changed greatly from what it was in the past.

The outgoing Government commenced a €30 million plus investment in the National Gallery a number of years ago. One can see that the cranes have come and gone. They have had to pile the entire foundations underneath and it will be a marvellous job when it is finished. There was a further €10 million investment for the National Library in Kildare Street, which was badly needed. In addition, there was a €9 million investment for arts and cultural centres, to run over the next three years, which is focused on increasing the number of arts and cultural centres.

It is heartening and encouraging to work with local authority arts officers and see artistic centres throughout the country. The scale of what they put on there locally, regionally and nationally is first class and to be much admired. That scheme will target improvement of existing facilities.

As Deputies know, a serious investment of €32 million was made this year in the Military Archives, the development of the GPO interpretative centre, Kilmainham courthouse and the tenement buildings in the context of the comprehensive 1916 commemorations. Much of that was related to the arts and artistic endeavour, so I do not accept the argument that the arts are being done down by the Government or that we have shown no interest in their potential and quality.

A key theme of the centenary programme is re-imagining, which is a rallying call to re-imagine Ireland's future over the next 100 years. That kind of conversation can be driven by our heritage and culture. In tandem, the Government will prioritise the publication of Culture 2025, which is this country's first ever national cultural policy.

On the second last occasion I was in New York, I visited an arts centre for a fund-raising event. Let me assure those in the artistic community, both here and the many abroad with Irish connections, that this Government is fully committed to the arts. In so far as we can, we will continue to fund that kind of imaginative vision that so many people have.

A health question was mentioned and the new Minister has already set out a ten-year vision for the health service, for which he has obtained agreement from the House. I hope that strategy will take significant elements of the raw politics out of this because everybody is interested in people having a proper health service as close to them as possible. The initial advance of getting valid views from everybody about how this can operate is an important element of a national response to a health situation which has always been in crisis at one time or another. We now face demographic problems with an ageing population and chronic illnesses. People are living longer because of newer and better treatments. Given the rising population of 4.7 million, there is therefore an increased cost.

The Minister for Health will continue to roll out primary care centres, while mental health issues and other elements are also important. Deputy Martin referred to other issues. Additional Exchequer funding of almost €817 million was made available to support health and

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social care services in 2016. That included an extra €100 million to maintain existing services and €99 million for new services which cover therapy services for young people. It includes speech and language therapy which is an issue that people have constantly raised, as well as the Creating a Healthy Ireland programme. It also concerns building capacity for our emergency and acute services, improving waiting times for hospital procedures, reforming the HSE into a more efficient, transparent health service for patients and staff, and developing a new funding model for health services.

Deputy Martin asked if the health system will stay within its budget for 2016, which is a valid question. I hope so. There is a far greater emphasis now on accountability, transparency and effective management from senior HSE personnel, particularly those working in acute hospitals where overruns have been a constant issue.

In addition to providing speech and language therapy services for young people, further development of mental health services will be undertaken. Primary care, including provision of free GP care for six to 11 year olds, will also be provided along with the development of maternity services, ambulances and hospital projects. Deputy Martin is aware of the development of the new national children's hospital, as well as efforts to resolve the dispute in respect of the National Maternity Hospital, along with an extensive capital programme for better facilities in many hospitals throughout the country. These are all important matters.

Deputy Martin mentioned the Economic Management Council or EMC. Just over five years ago when the previous Government was elected, the economic situation was catastrophic. One of the things we felt strongly about, which was no reflection on Deputy Martin-----

Deputy Micheál Martin: The Taoiseach told me for five years it was.

The Taoiseach: -----was the need for a far closer conversation between the Department of the Taoiseach and the Department of Finance of the day. For whatever reason - I am not going to cast aspersions on anybody - that was not happening. The Government I led from 2011 comprised two parties and therefore there were different views on various things. Given the scale of the economic situation we faced, it was necessary to talk about things daily. The EMC was never a Cabinet in itself, but it was a way of short-circuiting arguments into a cohesive proposal that had to be accepted or rejected by the Government afterwards.

The publication of all these papers will come as a measure of the shortened time for the publication of Cabinet papers anyway. It is therefore not necessary now to have an Economic Management Council, as the country is not in an economic crisis. We are heading towards deficit and debt reduction, rising employment, and much lower interest rates available to us to borrow money. In that sense, I have no intention of restoring, nor do I wish to bring back to life, the Economic Management Council. It has gone; it is history. It played an important part in the vehement and difficult discussions on decisions that were to be made concerning both budgets and the situation that applied at European level. That is one the Deputy does not have to worry about for the future. The papers and decisions arising from recommendations of the EMC of those years will be published in due course. There is now a shortened time for the publication of Cabinet papers.

Deputy Gerry Adams: Táim buíoch den Taoiseach as a fhreagra. He obviously believes the system of Cabinet sub-committees is an important structure to help to develop policy and give political direction to the Departments involved. I can see why that is the case. I myself

believe that a core group or a focused approach by those who know the ins and outs of the particular issue at hand could help to drive policy. Is that the record, however, and is that how it has worked out?

I am very taken by this notion of the health committee. In the last days of the previous Government, the money which we were told was ring-fenced for the mental health budget was taken away. I know it has been restored and I welcome that, but it was actually taken away then. Where was the health committee dealing with this issue? The then Minister of State, former Deputy Kathleen Lynch, railed against it, but it was still taken away from the people who deserve even more in terms of resources, structure and policy direction. Here is the rub: the Taoiseach uses Cabinet confidentiality to not answer my question about that. Was that issue discussed at the health sub-committee? Did it take the decision? Who took the decision? Was it the Cabinet? That is a very serious, recent and timely example of the track record of one of those committees.

I also take issue with the Taoiseach railing eloquently against those who he says have said that the arts are in decline. I never heard anybody who is interested in the arts say that. The arts are not in decline. The issue is that they are not given the required priority, funding or resources in terms of Government and public policy. That is the rub. It is no accident - I applaud this and get great enjoyment from it, as do most people - that when we wish to showcase the Centenary celebrations or anything else about this island, we do so artistically. We involve our best creative and visual artists, singers, songwriters and musicians. The Taoiseach frequently draws on some of our great poets. In flights of fancy he will draw on sections from our literature or drama. We all try to do it in a way, because that is part of what we are and part of our expression. As the arts bring enjoyment, uplift people and let people live in their imagination, they should be supported. There is a need for a dedicated Minister, even a Minister of State, to have that responsibility.

The arts are also an economic driver across a range of areas. The vast majority of people do not visit this country to look at great factories or the signs of industrialisation that might exist. Some people might come here to look at farms or agriculture, but most people come to this country to look at heritage or historical sites. When they want a night out they go to the theatre, a book reading, a ballad session or a concert. All of that can drive the economy and generate a real return. I must declare an interest as I am a voluntary director of Féile an Phobail, which has uplifted the people of west Belfast both in terms of the creative genius of those people and also in terms of outreach to people of different views across Belfast. It also provides a platform whereby artists can come into the community and engage with it. Many young people from west Belfast are now earning a living through the arts. There is no point in the Taoiseach being dismissive of our concerns. The real concern is that the Government is not giving the arts or heritage the type of priority and importance they deserve.

In the context of trying to ascertain the detail of what takes place in these sub-committees, does the Government intend to retain the use of Cabinet confidentiality? There is a big difference in how often Cabinet sub-committees meet. The Taoiseach told us several years ago that when he became Taoiseach he found that Cabinet sub-committees used to meet on an irregular basis, so he decided to allocate one day per month exclusively for Cabinet sub-committees. Is it his intention to continue that practice? I can understand that a sub-committee with responsibility for dealing with an emergency situation might need to meet more often. However, the Cabinet sub-committee on Irish and the Gaeltacht met on only two occasions in the first six months of 2014. The Taoiseach is i bhfad níos líofa ná mise and has a fluidity in Irish that I ad-

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mire. Given that he is a fíor-Ghaeilgeoir, I cannot understand why the Government is not more active on the Irish language issue and, in particular, on the economic regeneration of Gaeltacht communities, which are the cultural well of our language.

Does the Taoiseach intend to continue the practice of devoting one day per month to the Cabinet sub-committees and will he respond to the other issues I have raised, particularly relating to the work of the outgoing health committee, which presumably allowed, or was not consulted on, the removal of money that was ring-fenced for mental health services?

The Taoiseach: The Minister made his case for an adjusted Estimate and is restoring in full the amount of money originally allocated to the mental health area. There was an issue with the recruitment of personnel and their availability. Some of them could not be recruited in the timescale that was originally set, and that is the reason the money was diverted, but it has now been restored. The Minister of State, Deputy McEntee, will outline the details of that-----

Deputy Gerry Adams: My question was about whether the health sub-committee dealt with that issue.

The Taoiseach: The health sub-committee would have dealt with the question of mental health and mental health services-----

Deputy Gerry Adams: No. I am referring to the money that was ring-fenced.

The Taoiseach: No, it would not have been a decision of a Cabinet sub-committee to transfer or divert money from one section of a Vote to another.

Cabinet sub-committees are treated as smaller versions of the Cabinet, as it were, and confidentiality is supposed to be adhered to. However, I notice that there are questions in the House that ask very directly about issues that were discussed at Cabinet sub-committee meetings, and I cannot not say that these issues were not raised or discussed.

I agree with the Deputy about the arts. Einstein said that imagination is the greatest force, and it is true that that is how we project Ireland on the international stage or for ourselves. Is it not the excitement of the hurling or football match that creates a passion among Irish people? I recall attending the Eurovision Song Contest years ago, when Riverdance was presented in its final magnificence. There was a stunned silence before an explosion of welcome for something that was as old as Ireland but had been translated into a modern presentation of something we are ourselves. That was an expression of art that was viewed by 200 million people in China, and by many others when Michael Flatley, Jean Butler and all the other dancers and backup groups did their thing on the world stage.

We provided €500,000 last year for the Yeats centenary in Sligo. Consider the numbers who came there from abroad because of the power of that person to write what people were thinking - their thought streams addressed in a way that they might not be able to do themselves but in a way they could understand. That is a part of Irish art as well. Walk through Cill Rialaig on a bad day to Bolus Head and feel the power of the environment, the artists who worked there and the light streaming through the windows and the roof. These are things we present to China, Japan, America and other countries. I had the privilege a few weeks ago of launching the Ireland 100 in the Kennedy Centre in Washington before 2,500 people. Some of our country's most artistic singers, dancers, creators and musicians were presenting their ability to the world. Of course we present these things. Why would we not? I agree with the Deputy. The first word in

this Department title is “Arts.”

Deputy Michael Healy-Rae: We have no Minister.

The Taoiseach: It is the Department of arts.

5 o'clock

Let nobody say that this is being shoved aside or into an alley way. We want more and more young people to learn from their elders and connect with their peers around the world through the Internet. Is that not why we need broadband in rural areas? It is so they can talk to schools in Auckland, Alaska or South America and ask students there about their music, games, food and dress and what they do. Is this not where the young Irish stand on a stage without peers? It is so we can stand with our young people and tell them they can more than compete with anything else the world has to offer.

This is why regional and rural affairs are and should be part of the artistic community. It is in there that the educational forces will give vent to those young people’s imagination and inspiration. Long after we are all gone our way out of this House, that legacy will continue to flourish - “full many a flower is born to blush unseen, and waste its sweetness on the desert air”.

An Ceann Comhairle: I think Deputy Bríd Smith feels like bursting into poetry.

Deputy Bríd Smith: I want to lower the tone of the House a bit. The Taoiseach went through a list of the sub-committees. Is that the full list?

The Taoiseach: Yes.

Deputy Bríd Smith: Did he mention one on waste management?

The Taoiseach: That will be dealt with under the Cabinet sub-committee on economic infrastructure and climate change.

Deputy Bríd Smith: We will need one because the issue of charges for green bins came up in the House less than a month ago. This is the waste that generates profit through recycling. The proposal was then retracted by the new Minister with responsibility for housing, planning and local government. We now find that the big cartel companies, Thorntons Recycling and Greyhound Recycling, are doubling and tripling the standing annual charge for households to have their bins collected. I have e-mails from workers in Ballyfermot and Crumlin who have received e-mails from Greyhound and Thorntons asking them to pay three times what they paid previously in the annual standing charge to have their bins collected. Customers pay that regardless of whether they ever put out a bin, when they put out a bin or what it weighs. In addition to pay by weight, which will be introduced on 1 July 2016, these new charges will be introduced on that date. These two companies operate like a cartel because if they were genuinely in competition with each other, they would not put up the prices in exactly the same manner at exactly the same time. James Gandolfini has been dead for nearly three years but Tony Soprano is alive and well in the waste management industry.

We will see many of these issues arise because of the privatisation of an essential service. This is what one gets when one commodifies the application of an essential service, and the collection of rubbish is essential to the running of any country. It was introduced in the 1800s because of the widespread incidence of cholera in our cities so we had a public waste management

service. We now have a private waste management service. Illegal dumping is increasing and will increase even further with these costs because people are put to the pin of their collar just to have their bins collected. This is outrageous and must be illegal. We need a waste management sub-committee to look at this and the planned building of incinerators in Poolbeg and Cork.

This issue is pressing and we need to deal with it. Somebody needs to grab these companies, bring them in and tell them that they cannot bring in a 200% or 300% cost increase for something that is essential for people to live. Otherwise, illegal dumping will increase and it will be the local authorities who will pick up the tab, not the private companies who are making the profit. This is why we argue that we need to rescind the section of the Waste Management Act that allowed the privatisation of waste management. We should bring it back into public control and ensure that even if it is paid for, it is monitored and regulated and companies like this cannot behave in a Soprano-like fashion, do what they like with the bin service and charge people an arm and a leg. I would like the Taoiseach to comment on it and I sincerely urge him to consider having a Cabinet waste management sub-committee even for a limited time.

The Taoiseach: Waste management will be part of the discussions that will take place anyway at the Cabinet sub-committee. I do not have the details referred to by the Deputy but with the indulgence of the Ceann Comhairle, she might raise the matter on the Adjournment and get a direct response from the Minister. I know that the proposed extra charges for green bins by weight was recently reversed by the Minister. If the Deputy puts a direct question or raises it on the Adjournment, the Minister will be happy to respond. If she wants to send me copies of the e-mails she received, I will be happy to receive them.

Programme for Government Initiatives

8. **Deputy Richard Boyd Barrett** asked the Taoiseach his plans to implement the Programme for Government; and if he will make a statement on the matter. [11576/16]

9. **Deputy Bríd Smith** asked the Taoiseach his plans for implementing the programme for Government and if he will make a statement on the matter. [14505/16]

The Taoiseach: I propose to take Questions Nos. 8 and 9 together.

The programme for a partnership Government published on 11 May sets out an ambitious programme of work to build a strong economy and to deliver a fair society. Implementing the programme over the lifetime of the Government will involve a range of activity involving all Departments. My Department is engaging with all Departments at present to identify individual commitments and determine responsibility for these actions. These will be published in due course by each Department in their respective statements of strategy.

As part of the process, I am meeting with individual Ministers to agree their priorities for the coming year taking into account the actions and ambitions in the programme for a partnership Government. To date, I have met with eight Ministers and I will meet with a further two tomorrow. The programme for a partnership Government sets out a new and collaborative approach in doing business not only including the partners of Government, but the Oireachtas and wider society.

There are many challenges ahead, including areas such as housing and homelessness, edu-

cation and health, broadband and rural development. The Government is committed to tackling these challenges head on to ensure that we build a society where the recovery is felt by every individual and family around the country. The programme for Government office in my Department will monitor the implementation of the programme and report to me and to the Cabinet on progress across all Departments. An annual report will be published after the first year outlining progress made.

Deputy Bríd Smith: I want to ask the Taoiseach about one section of a programme for a partnership Government, a point I raised when it was first published in April or March. I am still really confused and am getting more confused by the day as to whether this section is to be implemented. It concerns the linkage of child benefit with school attendance. I raised the issue earlier because I was shocked to see such a right-wing proposal in what is being called a “new politics” programme for Government that would penalise people who rely on child benefit to send their children to school and remove it if their children do not attend school. There is a lot of evidence to show that children do not attend school for many reasons. It is not because their parents are spending the money in the gambling shop or pub and do not give a damn about them. It is often because they have issues relating to disability or are being bullied or because their special needs are not being met at school. They are often related to economic and developmental problems in the family. Penalising those families by removing child benefit will do little or nothing to address the attendance of children at school.

I was shocked to see it. Subsequently, I think the Minister for Social Protection said in this House - he certainly said it in front of me on RTE - that he was not in favour of this measure. I believe he then said in this House that the measure would not be implemented. This morning's edition of the *Irish Daily Mail* reported that the Minister with responsibility for communications, climate change and natural resources, an “Endependent” whose baby this is because he is the one who has been promoting it, said that this is not going away, that he is going to put it to the floor of the House and that he believes he has enough support among Deputies, parents and teachers to implement it. I am particularly concerned that he believes he has the support of a majority of teachers. I do not know from where he gets that evidence.

Could the Taoiseach, the Minister for Social Protection or the Minister with responsibility for communications, climate change and natural resources clarify who is telling the truth here? Will the measure to link school attendance and child benefit be implemented under the programme for a partnership Government? Will the Minister with responsibility for communications, climate change and natural resources pursue this issue on the floor of this House despite the Minister for Social Protection's pronouncement that it will not be pursued?

The Taoiseach: School attendance is a very important element of a child's education. The best education that can be given to children and young people gives them the best opportunity to find a pathway out of difficult circumstances and poverty, a route to find a job and, therefore, the ability to live a life. There was misinterpretation involved here. The intention is not to take child benefit away from people; it is to ensure that children, in whatever circumstances, are enabled to have the same opportunity as anybody else. The Deputy is quite right that in many different circumstances in places around the country, it is not as simple as it looks. There may well be personal, family, partner or extended family issues. It may be personal to the child and his or her difficulties and no service is being made available to that child. The important point, which was highlighted by the Minister, Deputy Naughten, is that child benefit is a fundamentally important element of welfare in Ireland - the Minister for Social Protection has made it that way - but so is school education. Therefore, supports need to be available so that every

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child can have the opportunity to go to school to learn and to better himself or herself. That requires, in many cases, dealing with a situation where, for whatever reason, some children do not attend school.

Deputy Bríd Smith: Will the Taoiseach please answer the question?

An Ceann Comhairle: No, time has lapsed. We have to proceed.

Deputy Bríd Smith: The question was not about how important schooling is to a child's education; it was whether this issue is being pursued.

An Ceann Comhairle: Deputy Smith, we have concluded.

Deputy Bríd Smith: Will the Taoiseach please answer the question?

Deputy Willie O'Dea: The answer is "Yes" or "No".

An Ceann Comhairle: I am afraid we have no way of forcing any Member to answer a question to the Deputy's satisfaction.

Deputy Bríd Smith: The Ceann Comhairle can force us to ask a question and if we want to talk, he says "No, ask the question, Deputy".

An Ceann Comhairle: We are proceeding to the Order of Business.

Written Answers follow Adjournment.

Order of Business

The Taoiseach: It is proposed to take No. a11, motion re Standing Order 41 (Priority Questions Rota); and No. 5, Single Resolution Board (Loan Facility Agreement) Bill 2016 - Order for Second Stage and Second Stage.

It is proposed, notwithstanding anything in Standing Orders, that No. a11 shall be decided without debate; Private Members' business, which shall be No. 71 – motion re motor insurance, shall be also taken tomorrow after the Order of Business and shall be brought to a conclusion after 90 minutes and the following time limits and sequence of speakers shall apply: proposer, 40 minutes; Government, 20 minutes; Sinn Féin, 20 minutes; Labour, ten minutes; AAA-PBP, ten minutes; Independents 4 Change, ten minutes; Rural Alliance Group, ten minutes; Social Democrats-Green Party group, ten minutes; proposer, 20 minutes; Government, 20 minutes; and proposer, to reply, ten minutes.

An Ceann Comhairle: There are two proposals to put to the House. Is the proposal for dealing with item a11, the motion regarding Standing Order 41 (Priority Questions Rota) without debate agreed to? Agreed. Is the proposal for dealing with Private Members' business today and tomorrow agreed to? Agreed. I call Deputy Micheál Martin on the Order of Business.

Deputy Micheál Martin: In the programme for legislation this session, which was published this morning, and in the confidence and supply agreement to facilitate a Fine Gael-led minority Government between Fianna Fáil and Fine Gael it was very explicitly stated: "The Government will, within six weeks of its appointment, introduce and support legislation in the Oireachtas to suspend domestic water charges for a period of nine months from the end of the current billing cycle." The programme for legislation on the Water Services Bill proposes "To

suspend the water charges for nine months and establish an External Advisory Body”, and it states “Pre-Legislation Scrutiny to be determined”. The establishment of an external advisory body in the same legislation as the suspension of water charges is not part of the original agreement. Will the Taoiseach confirm to the House that it is the Government’s intention to fulfil the letter and spirit of the agreement and that the legislation to suspend domestic water charges for a period of nine months will be introduced to deal with the current billing cycle and will not have any other additions? If the provision to “establish an External Advisory Body” is put in, it will delay unnecessarily the legislation to suspend water charges and it will not happen within the six week timeframe. Whatever the Department or anybody else wants, there is a very clear political agreement in terms of legislation to suspend water charges for a period of nine months and I would appreciate the Taoiseach’s confirmation that it is the Government’s intention to do that.

There is also a commitment in the programme for Government that “Full regard will be had to any new evidence which emerges which would be likely to definitely establish the cause of the fire at Stardust”. That is the Stardust fire inquiry. Will the Taoiseach confirm if there is any new evidence available and if there are plans to commence an inquiry because the language in the programme for Government is extremely difficult to understand? It is difficult to ascertain what direction it is pointing towards.

The national disability inclusion strategy is in the programme for Government. Will the Taoiseach confirm whether it has commenced and what format it will take? The disability sector is in a huge state of crisis in terms of access to services. All the providers are in dire straits in terms of financial allocations, moneys available to them, respite, residential and day cases, and the provision of therapies. It is in a crisis and I do not think there is an appreciation of that at Government level.

We wish all students who have commenced the leaving certificate and junior certificate examinations our best wishes and every success and that they achieve their best within their potential. There have been cuts applied in recent years in DEIS schools which resulted in more vulnerability in students in disadvantaged areas. There is an interesting commitment in the programme for Government, on which the Taoiseach might throw some light, “to narrow the gap between DEIS and non-DEIS schools, and examine how students outside of DEIS can be better supported”. Will the Taoiseach indicate what the Government has in mind for that?

The Taoiseach: In respect of Deputy Martin’s first question, let me say that the Government is committed to legislating for both the suspension of charges for nine months and the establishment of an advisory board for Irish Water. In view of the timeframe, the impending legislation will concentrate on the suspension of water charges as per the programme for Government and as per the agreement with Deputy Martin’s party. The impending legislation will concentrate on dealing with the question of the suspension of the water charges for nine months and the Government is fully committed to legislating for the external advisory body.

Deputy Martin mentioned disability which is covered on page 70 and 71 of the programme for Government. The Minister of State with responsibility for disability issues, Deputy Finian McGrath, has a very extensive budget and will obviously deal with the issues that Deputy Martin has quite rightly raised. I will have the Minister for Education and Skills respond to Deputy Martin on the narrowing of the range between DEIS and non-DEIS schools.

Deputy Gerry Adams: The programme for Government commits to developing and pub-

lishing “an updated National Heritage Plan that sets out policies for the protection and promotion of our built and natural heritage”. The High Court ruled on Moore Street three weeks ago and the order will come into full effect in two weeks unless the Minister or developer appeals the decision. The court recognised, as has the National Museum, the historic importance of Moore Street. There is growing concern that the Minister is planning to appeal the High Court decision. Will the Taoiseach make clear that will not be the case? Will he ask the Minister to ensure the battlefield site is part of any updated national heritage plan? Will he state the Government’s opposition to any proposal to extend planning permission to any developer?

The programme for Government states the Government will “honour our commitment to recognise the State of Palestine”. The Taoiseach will recollect the Oireachtas voted in accordance with that commitment. Last week, the Minister for Foreign Affairs and Trade, Deputy Charlie Flanagan, participated in a conference in Paris to prepare for a peace conference later this year. That is just a little flicker of hope against a background of a peace process which really does not exist. The conditions for Palestinian families in the West Bank and Gaza are worsening. The recent reports have exposed the use by the Israeli forces of forced expulsions, home demolitions, thefts and settlement construction. In the first three months of 2016, the number of demolitions per month of either private property or international or EU-funded projects increased to 165. We need to show leadership on this issue. I have said this many times. Will the Government recognise the state of Palestine now and not at some vague point in the future? Will the Taoiseach ask the Minister for Foreign Affairs and Trade to brief Opposition spokespersons on the Paris conference?

The Taoiseach: I will ask the Minister for Foreign Affairs and Trade to brief the Deputy and anybody else on that. It might be no harm if we had a debate on the Palestinian situation in due course. It is an issue of considerable importance to Irish people. I was in New York when the Palestinian flag was flown over the United Nations headquarters for the first time. Obviously, most countries recognise a two-state solution to the conflict, which has gone on since 1948 or shortly thereafter. The boundaries have changed and are being changed on a fairly regular basis. I will ask the Minister to brief Deputy Adams.

The Deputy mentioned the Moore Street monument. The judge has given his verdict in this case, and it is a long judgment. The Minister has not decided to appeal the case, but it might be necessary to seek clarification on one element of the judgment not about the right of the State or the Minister of the day to declare an entity a national monument, but about the judge’s finding on what the State’s rights are in carrying out work on a national monument in terms of restoring it, rectifying it or whatever. As I understand it, it is not a matter of wanting to appeal the case. There is a requirement for clarification in order for the State to do work it might wish to do in respect of any national monument - not just the one on Moore Street - and that is an issue the judge identified in his judgment. That needs to be clarified in the interest of the State’s being able to do work, and fund it, on any monument in the time ahead. When I get an absolute decision, I will advise the House.

Deputy Brendan Howlin: Functions vested in Departments cannot, under the Ministers and Secretaries Acts, be carried out under the direction of two different Ministers at the same time. With regard to two functions of Government, namely, the post office network and the national broadband service, what exactly is the Government’s intention? Will statutory responsibility for those two programmes - post offices and broadband - be vested in the Department of communications, climate change and natural resources or the Department of rural development, rural affairs, arts and the Gaeltacht? If not, and if the Minister for communications, climate

change and natural resources is to continue to be responsible for these matters, as I believe the Ministers and secretaries legislation requires him to be, what role then is envisaged for the Minister for rural development, rural affairs, arts and the Gaeltacht, Deputy Humphreys? Is she to exercise any authority under law or is she simply to have some sort of mock title with no resources, no staff, no Vote and no statutory responsibility for these issues?

I asked the Tánaiste last week about the second matter I want to raise, which is becoming more urgent. Will the Government produce a stability programme update, SPU? Will an SPU be submitted to the European Commission? This morning, the Irish Fiscal Advisory Council, IFAC, commented on the April SPU, which the Taoiseach will recall was simply an “as you are” SPU devised by the outgoing Government, with no policy decisions because we could not make them. Increases in Estimates have been made to Departments, so if changes are to be made in the parameters of the budget, will an SPU be submitted, and when will we have sight of it? We do not know what the Estimates for this year are, although the SPU is devised to represent the parameters for next year’s budget. If we are to have any input into the budgetary cycle for next year, we must have detailed debate on the budgetary proposals for this year. When will those Estimates and a Revised Book of Estimates be presented to the House?

The Taoiseach: I expect that the adjusted Estimates being published now will be debated here next week in plenary session and in committees in the House.

Deputy Brendan Howlin: Sorry, have the Revised Estimates been signed off?

The Taoiseach: For 2016.

Deputy Brendan Howlin: They have been signed off by the Government?

The Taoiseach: They were signed off by Government this morning. Those details will now become available and will be debated here in plenary session or in committee, as is appropriate.

Deputy Brendan Howlin: When will we see those?

The Taoiseach: They will be published now, I expect. The Minister has signed off on them and Government has signed off on them.

Deputy Brendan Howlin: Is it a new Revised Book of Estimates-----

The Taoiseach: Yes.

Deputy Brendan Howlin: -----or is it individual Estimates?

The Taoiseach: Individual Estimates but with the overall figures included.

Deputy Brendan Howlin: So it is a new Revised Book of Estimates?

The Taoiseach: Yes, sanctioned this morning by the Cabinet. That is for 2016. The national economic discourse will take place on 24 or 25 June in Dublin Castle, hosted by the Ministers for Finance and Public Expenditure and Reform, and with a full debate here as well. The preparation for the 2017 Estimates and the budget for 2017 will commence after the Estimates have been signed off for 2016 and voted through the House.

Second, on the question Deputy Howlin raised about broadband with respect to the two Ministers, he is quite correct. The position is that the management of the tender and the contract

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for the State to supply broadband services throughout the country is the responsibility of the Minister for Communications, Energy and Natural Resources, and will remain the responsibility of that Minister. When the contract has been awarded, the emphasis shifts to the Minister for regional and rural affairs, who will have responsibility for the roll-out of task forces in each local authority to make that happen. The responsibility for the contract, the tender and all of that work lies with the Minister for communications, while the roll-out of the contract and the task forces in each local authority area will be the responsibility of the Minister for regional and rural affairs.

An Ceann Comhairle: I call Deputy Coppinger.

Deputy Brendan Howlin: And the post offices?

The Taoiseach: The post offices are the same; they will be in the Department of the Minister for Arts, Heritage and the Gaeltacht, Deputy Humphreys.

Deputy Brendan Howlin: The post offices are shifting from the Department of Communications-----

An Ceann Comhairle: Please, Deputy. I call Deputy Coppinger.

Deputy Brendan Howlin: I did not hear it. I cannot hear the Taoiseach.

An Ceann Comhairle: The Deputy cannot hear the Taoiseach.

The Taoiseach: I have explained about the tender and the awarding of the contract.

Deputy Ruth Coppinger: Now you know what it is like for us.

The Taoiseach: Responsibility for the post offices shifts to the Minister for regional and rural affairs.

An Ceann Comhairle: I call Deputy Coppinger. My apologies for that.

Deputy Ruth Coppinger: Can the Taoiseach tell the House when the Minister for Education and Skills will introduce the Bill on school patronage that he spoke about? He must agree that the expectation and demand among a growing number of people is for equality in education, and one would have thought that the priority of the Minister would be to outlaw discrimination against children on the basis of their religion. I wonder if the Taoiseach read Colette Browne's article. I am not one for plugging the *Irish Independent*, but I do on this occasion. The headline states that children will pay the price for surrender on the baptism barrier. I ask the Taoiseach to re-examine that, because the Bill we are hearing about would lead to the segregation of children several times a week - at least once a day - for religious instruction. It has been well proven that this carries into the playground, where children cluster into groups with those of their own ethnic background. Is the Taoiseach going for the easy option in regard to this, the one he believes the Catholic Church will accept and that will not rock its boat? Is he aware that only two schools were divested by the Catholic Church since this entire process was mooted under the former Minister, Ruairí Quinn? It would seem there is no appetite on behalf of the Catholic Church to surrender control, but it is accepting this as the best situation it can get, and it seems to be well disposed to it. However, it has been pointed out by Atheist Ireland that the consequence of the Bill is that it could make the situation worse because some Catholic schools would become less Catholic-----

An Ceann Comhairle: We cannot go into a debate on the potential of the Bill.

Deputy Ruth Coppinger: I am concluding, a Cheann Comhairle. Other schools will become more Catholic, but what we could see is schools not being available to those who have no faith. I ask the Taoiseach to reconsider going down this road and allow for the fact that there is now huge diversity in this country. He should move with the times.

Deputy Joan Burton: On the same issue, with regard to the priority legislation listed for publication this session, there is the Education (Admission to Schools) Bill, which is about the provisions regarding the enrolment of pupils in schools and a requirement for schools to operate enrolment policies in a transparent fashion. The pre-legislative scrutiny took place in March 2014, but from the conversations and interviews given by the Minister in public, it sounds as though this is potentially entirely new legislation.

An Ceann Comhairle: Let us hear from the Taoiseach.

Deputy Joan Burton: Only last week we were given the list of legislation so will the Taoiseach clarify exactly what is happening? It is a really important area as it concerns the type of access that children, including those who may not have been baptised and whose parents do not profess a particular religious faith, will have, if any, to the local school system.

The Taoiseach: This divestment of patronage in schools was initiated by a former Minister for Education and Skills, former Deputy Ruairí Quinn. The Archbishop of Dublin pointed out that the Catholic Church has too many schools and wishes to divest numbers of these to other patrons, whether that was Educate Together or whatever. That process did not measure up to the targets that the Minister had in mind because of practical difficulties and circumstances in different places around the country.

It is perfectly in order for any patron to express the wish to have its ethos in its own school. It is important to note that is the issue here. The basic aim of the Government is to use economic success to create a fair and compassionate society, and education is involved as one of the areas in that regard. The Government is anxious to provide more choice for parents and we are determined to make it easier for parents, particularly parents whose children are not Catholic, to enrol their children in multidenominational schools where they wish to do so. That is why the programme for Government commits to reaching 400 non-denominational and multidenominational schools by 2030. That is an ambitious target and it represents more than a tripling of the current rate of transfer of Catholic schools to multidenominational patrons.

The Minister, Deputy Bruton, has articulated a strategy for how he plans to deliver on that and he wants to implement it. Providing additional multidenominational schools is the quickest and most straightforward way of dealing with the very complex issue of providing choice for parents. It is important to note that this issue only arises in respect of 20% of schools that are oversubscribed.

Deputy Ruth Coppinger: It does not.

The Taoiseach: We have chosen to go down the road of dealing with this by providing more multidenominational schools. For the information of Deputy Coppinger, we are advised that there would potentially be very significant constitutional issues in terms of the rights of religious expression in attempting to require through legislation that a Catholic school would admit a non-Catholic ahead of a Catholic. Therefore, rather than risk lengthy legal challenges

in the courts and a potential referendum, adding multid denominational schools would be a much easier way to deal with this right of choice for parents.

Deputy Ruth Coppinger: There is nothing against that in the Constitution.

An Ceann Comhairle: The Deputy will have to find another way to address the issue.

The Taoiseach: The Minister, Deputy Bruton, will discuss this with the Oireachtas committee. The Bill introduced by the former Minister, Deputy Jan O'Sullivan, some time ago did not deal with this issue. It is an element that the Minister, Deputy Bruton, would be quite happy to discuss with the Oireachtas committee.

Deputy Ruth Coppinger: On a point of order-----

An Ceann Comhairle: There is no point of order on the Order of Business.

Deputy Ruth Coppinger: You allowed the Taoiseach say something completely wrong last week and he did not have to correct it.

An Ceann Comhairle: The Deputy must find another way of addressing the matter. Perhaps you could raise it on the Adjournment.

Deputy Catherine Murphy: Will the Taoiseach confirm that the Cabinet discussed the preparation of legislation for the IBRC Cregan inquiry? Is there a timeline for that and the changing of the terms of reference for the inquiry?

The €12 million diverted from mental health appears now to have been, more or less, put back into the mental health area. It was diverted, we were told, because there was insufficient time to recruit the staff. Is it envisaged that the money will be diverted for the recruitment of staff and is there some sort of a changed mechanism for doing that?

The other day in a debate, the Taoiseach made some erroneous points relating to the eighth amendment to the Constitution, particularly that there had been several referenda about the eighth amendment. Will he take the opportunity to correct the record on that particular issue? We have not had a referendum on it for 30 years and there are different elements.

The Taoiseach: Following the meeting I had with the Deputy and other parties last week, I can confirm that this morning the Government approved the drafting of a Bill in respect of the general scheme of the commissions of investigation dealing with IBRC. That was the approval of the urgent drafting of legislation to enhance the powers of the commission of investigation into IBRC along the lines of a general scheme that we discussed, together with all the consequent challenges that lie therein. Second, the Government noted the approach proposed regarding the revision of the terms of reference for the commission of investigation into the Irish Bank Resolution Corporation following consultations by me and Ministers with members of the Opposition parties. We discussed the drafting of legislation to allow for this in modular form, to have terms of reference to allow an investigation into the Siteserv issue, which is a matter of public concern raised here on many occasions, and the allowing of future modules to be inserted into that, if necessary. Approval was given for that this morning.

An Ceann Comhairle: There are two other matters.

The Taoiseach: The Minister for Health met representatives of the Psychiatric Nurses As-

sociation of Ireland last Friday. The money has been restored in full for what was originally intended for mental health and the Minister of State, Deputy McEntee, will outline the details of how it is to be spent. With regard to recruitment, there will be a focus on attracting psychiatric nurses back to Ireland and more places for psychiatric nursing training.

I answered a question to Deputy Bríd Smith last week on the eighth amendment. This was put into the Constitution in 1983 and in February 1992 there was a Supreme Court judgment in the X case. In 1992, there was also a referendum to reverse the X case judgment and that referendum was defeated, and there was also a referendum on the right to travel, which was passed. In the same year there was a referendum on the right to information, which was also passed. In 2002, there was a referendum to reverse the X case judgment and that was narrowly defeated. I am just getting the chronological sequence right.

Although I know it is not the Deputy's intention to have this treated in any way as a political football, it is a sensitive and profound issue that must be teased out very carefully with regard to action that might be taken by the people. There would be a citizens' assembly and the Dáil process to establish it if there is a consensus for change. That is very necessary and what I intend to do.

Deputy Ruth Coppinger: Is that the Taoiseach correcting the record?

Deputy Michael Healy-Rae: Taoiseach - turf.

Deputy Micheál Martin: Turf, is it?

Deputy Michael Healy-Rae: Is it fair to say that the last Government made a grave error in banning farmers from cutting turf in certain bogs? I am referring to the priority legislation, the wildlife (amendment) Bill. Is it factual to say the last Government made a grave error in stopping farmers from cutting turf on certain bogs?

A second issue is that long-serving and dedicated staff of the Central Remedial Clinic are in the Mercer IPT pension scheme and were horrified recently to be told that their pensions were being suspended. They were not consulted on any possible rescue package. They are public servants, identical to the other 250 staff entitled to a public service pension. It is an awful position for those people. The Minister for Social Protection is reviewing legislation on pensions so I would be grateful for an answer on those two very important issues.

An Ceann Comhairle: Will the Taoiseach speak very briefly on those two matters?

The Taoiseach: I will raise that with-----

Deputy Michael Healy-Rae: Turf and pensions.

An Ceann Comhairle: Turf and pensions.

The Taoiseach: The two go hand in hand. I will raise that with the Minister for Social Protection, Deputy Varadkar, and will ask him to reply to Deputy Healy-Rae. In respect of the first issue the Deputy raised, clearly the appropriate time to have a deeper analysis of what the European directive actually meant would have been when it was being drafted in the first instance, many years ago now. As Deputy Healy-Rae is aware, when directives are signed off, they are binding. The situation then arose whereby particular bogs were deemed to be exceptionally sensitive under that directive and therefore were outside the remit of turf cutting. Perhaps if the

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issue had been looked at in a different way in the very beginning, it might not have been-----

Deputy Michael Healy-Rae: To decode that, was it a mistake or not?

An Ceann Comhairle: I call Deputy Scanlon.

Deputy Eamon Scanlon: Under the commitment in the programme for Government regarding the care of the elderly, may I outline two cases to the Taoiseach? There has been a debate on this today. These two cases came across my desk in the past ten days. One concerns a 93 year old woman discharged to the care of a single middle-aged son with half an hour a day for four days a week. Another case involves a 93 year old woman being discharged to a pensioner son on his own with half an hour morning and evening four days a week.

An Ceann Comhairle: Is home care the issue?

Deputy Eamon Scanlon: This was debated earlier. It is very urgent and needs to be addressed. If we are to show care, support and dignity to elderly people, something has to be done. I ask that some of the €500 million that has been allocated to health be diverted. Using his own fingers, the Taoiseach can tell that although the money has not been cut, the 4% year-on-year increase in demand for the service is cutting the money and we need to get more money into that scheme to try to provide some kind of dignity, as the cost of a nursing home is €1,100 a week.

An Ceann Comhairle: That concludes the Order of Business. My apologies to the nine other Deputies who had indicated.

Prohibition of the Exploration and Extraction of Onshore Petroleum Bill 2016: First Stage

Deputy Tony McLoughlin: I move:

That leave be granted to introduce a Bill entitled an Act to provide for the prohibition of the exploration and extraction of petroleum from shale rock, tight sands and coal seams in the Irish onshore and Ireland's internal waters.

An Ceann Comhairle: Is the Bill opposed?

Minister of State at the Department of the Taoiseach (Deputy Regina Doherty): No.

Question put and agreed to.

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

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

This Bill has one simple goal, this being to protect Ireland's onshore and internal waters, our climate and, as such, Irish citizens' public health from the damaging effects of exploration and extraction of onshore petroleum. The Bill is proposed with the full support of my constituents in counties Leitrim and Sligo who would be those most affected by this type of action.

Question put and agreed to.

Standing Orders: Motion

Minister of State at the Department of the Taoiseach (Deputy Regina Doherty): I move:

That, notwithstanding anything in Standing Orders, until further notice in the 32nd Dáil, the Standing Orders of Dáil Éireann relative to Public Business are hereby amended as follows—

Standing Order 41 – Questions nominated for priority

With effect from 14th June, 2016, in Standing Order 41, by the substitution of the following sub-paragraph for sub-paragraph (1)(iv):

‘(iv)The sequence in which Questions for answer on any one day shall be placed on the Order Paper shall be so as to rotate between groups, with preference being given to the larger group (preference being decided by lot in any case of equality between groups), provided that a group which consists only of a single party shall have precedence over a technical group, and in accordance with the following rota (over two weeks/six sitting days):

Day	Group	Question No.
Day 1	Fianna Fáil	1.
	Sinn Féin	2.
	Fianna Fáil	3.
	Labour Party	4.
	Fianna Fáil	5.
Day 2	Fianna Fáil	1.
	Sinn Féin	2.
	Fianna Fáil	3.
	AAA-PBP	4.
	Independents 4 Change	5.
Day 3	Fianna Fáil	1.
	Sinn Féin	2.
	Fianna Fáil	3.
	Rural Alliance group	4.
	Social Democrats-Green Party group	5.
Day 4	Fianna Fáil	1.
	Sinn Féin	2.
	Fianna Fáil	3.
	Sinn Féin	4.
	Labour Party	5.
Day 5	Fianna Fáil	1.
	Sinn Féin	2.
	Fianna Fáil	3.
	AAA-PBP	4.

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	Independents 4 Change	5.
Day 6	Fianna Fáil	1.
	Sinn Féin	2.
	Fianna Fáil	3.
	Rural Alliance group	4.
	Social Democrats-Green Party group	5.

Question put and agreed to.

Single Resolution Board (Loan Facility Agreement) Bill 2016: Order for Second Stage

Bill entitled an Act to make provision in relation to an agreement that is to be entered into between the Single Resolution Board and the State concerning the lending of sums by the State to the Single Resolution Board in circumstances where, after disposal of the latter's funds in the manner set out in Article 5(1) of the Agreement on the Transfer and Mutualisation of Contributions to the Single Resolution Fund done at Brussels on 21 May 2014, such disposal is not sufficient to meet the costs of a resolution action referred to in that Article and, in particular, to enable the making of payments from the Central Fund or the growing produce of that Fund of sums, not exceeding, in the aggregate, a certain amount, to that Board and to provide for related matters.

Minister of State at the Department of Finance (Deputy Eoghan Murphy): I move: "That Second Stage be taken now."

Question put and agreed to.

Single Resolution Board (Loan Facility Agreement) Bill 2016: Second Stage

Minister of State at the Department of Finance(Deputy Eoghan Murphy): I move: "That the Bill be now read a Second Time."

As this is the first time I am moving legislation on behalf of the Minister for Finance, I would like to say that I look forward to working with all Deputies in the House, both on this legislation and on further matters as they arise over the period of the Government.

I am pleased to present the Single Resolution Board (Loan Facility Agreement) Bill 2016 to the House. At the outset, it should be noted that the Bill is very much of a technical nature and is designed primarily to address an international obligation arising from the banking union agenda. The basis for the Bill is the requirement to put in place bridge financing arrangements to the Single Resolution Fund. This was triggered by the statement of 18 December 2013 adopted by Eurogroup and ECOFIN Ministers on the funding of the single resolution board. It required, especially in the early years, that member states participating in the Single Resolution Mechanism should put in place a system by which bridge financing would be available as a last resort and in full compliance with state aid rules. It was also stated that such arrangements should be in place by the time the Single Resolution Fund becomes operational.

The Single Resolution Fund is the financing element of the Single Resolution Mechanism, which is designed to provide, within a banking union context, a centralised resolution system which will be applied in a uniform fashion across all participating member states. The Single Resolution Mechanism is the second pillar of the banking union and will ensure that if a bank subject to the Single Supervisory Mechanism faced serious difficulties, its resolution could be managed efficiently with minimal costs to taxpayers and the real economy through the application of resolution tools such as bail-in and the use of a Single Resolution Fund, which is financed by the banking sector.

The target level for the Single Resolution Fund is at least 1% of the amount of covered deposits of all credit institutions authorised in all of the participating member states, which is to be reached at the end of eight years. This is estimated to be in the region of €55 billion. During the transition period to full mutualisation, the fund will operate through national compartments into which member states will transfer the contributions collected from their banking sectors.

In practice what this means is that should a bank be put into resolution and the bail-in, which involves the write down of a minimum of 8% of the bank's equity, capital instruments and eligible liabilities, proves insufficient to cover the losses, the next step will be the provision of funding from the national compartment of the affected member state. If there are still losses to be absorbed after this step, funds are then obtained from the mutualised elements of other national compartments. There is also the option for the single resolution board to borrow from the market to cover losses, but depending on the scale and circumstances, this may not always be possible. As a result, the single resolution board may find itself in a situation, particularly in the early years, where after the bail-in process has been completed and the resolution waterfall process has been exhausted, there are still losses to be absorbed. In such a situation, it will require an alternative source of financing and it has been agreed by the Council of EU Finance Ministers that this should take the form of national credit lines.

Most member states have either already put this in place or are about to do so, as there was a commitment following European Finance Ministers' agreement on the approach last December that this needed to be in place by 1 January 2016. It is crucial we progress the Bill as quickly as possible in order for Ireland to meet its banking union obligations.

The consequence of not signing the loan agreement with the single resolution board is that should an Irish bank get into financial trouble before the enactment of the legislation, then the funding available to the Single Resolution Fund will come from the small amount in the Irish national compartment, in the region of €70 million transferred from the national resolution fund for 2015, and the mutualised elements of the other national compartments, also only a very small amount, and any borrowing that the single resolution board can carry out. However, if this should prove insufficient, then there will be no fall-back source of financing from the single resolution board as the national credit line will not be in place.

It is important to point out that our banks are currently well capitalised and in general good health. Therefore, I believe the likelihood of this loan facility agreement ever being called upon is minimal. However, the provision of this national backstop to the single resolution board is key from a confidence perspective as it provides another indication to the market that the banking union member states are serious about ensuring stability in their banking sector.

I want to provide Members with a short introduction to the loan facility agreement between the State and the single resolution board. The loan facility agreement is an individual agree-

ment between each participating member state and the single resolution board in relation to the credit line that it commits to provide to it where the need for bridge financing arises. The terms and conditions of each agreement are broadly speaking identical aside from the amount to be requested from each member state.

The loan facility agreement provides that the maximum aggregate amount to be provided by all member states is €55 billion. To determine the share of each participating member state, it was agreed to use the relative size of each member state's compartment in the Single Resolution Fund using the estimate of the European Commission as of 27 November 2014. This constitutes the allocation key between participating member states for determining the respective credit lines. In this regard it should be noted that Ireland's key is 3.3% of the €55 billion, which equals €1.815 billion.

During the negotiation of the loan facility agreement, two issues emerged: whether it should be possible to pay a credit line in tranches rather than all at once, and whether national approval was required to pay a credit line to the single resolution board. If member states were willing to forgo flexibility on these two points, the board would pay an annual fee of 0.1% of their credit line. In the case of Ireland this fee, known as a commitment fee, would equal €1.8 million per annum. The Minister for Finance consulted the NTMA on this point. It advised that the flexibility whereby the State can pay the loan in tranches over a 19-day period, except in exceptional circumstances, is worth forgoing the commitment fee. In addition, the credit line will also require national approval which will ensure there is appropriate national oversight.

An amendment will be introduced on Committee Stage providing for an additional Part to the Bill. The Department of Finance is currently transposing the recent European market abuse regulations and market abuse directive into Irish law. On legal advice, the Minister, Deputy Noonan, will bring an amendment to the Companies Act 2014, by way of the Bill, to refer explicitly to the new European market abuse regime in section 1365 of that Act. This will ensure the continuation of the existing offences and high-level penalties of up to €10 million in fines, or up to ten years' imprisonment on indictment, or both, for insider trading and market manipulation.

I will now go into more detail about the main provisions of the Bill. The Bill is short, consisting of eight sections, and captures the key points of the loan facility agreement between the State and the single resolution board. Section 2 provides that the Minister for Finance can perform any functions necessary for the purposes of the State's performing its functions under the loan facility agreement. Section 3 provides the legal basis for the payment of money from the Exchequer to the single resolution board. Section 4 sets out the circumstances in which the Exchequer may make a payment of money to the single resolution board. Section 5 sets out the legal basis for facilitating a payment by the single resolution board to the State. Section 6 requires the Minister for Finance to provide an annual report to the Dáil with information on the value of any loans and repayments made. Section 7 enables any expenses incurred by the Minister for Finance to be covered by moneys provided by the Houses of the Oireachtas.

I will now outline the main paragraphs of the terms of the loan facility agreement, which is the Schedule to the Bill. Paragraphs 2 and 3 state the maximum amount of the loan, €1.815 billion, and the purpose for which the loan may be used. Paragraphs 4 and 5 set out how the single resolution board must apply for the loan, the details of the loan, the timeframe for the lender to respond and the making of the loan. Paragraph 6 sets out the conditions around repayment of the loan, and states that in circumstances in which not enough *ex post* contributions have been

made to repay the loan in two years, the loan can be extended by one year. Paragraph 7 sets the out the conditions on the prepayment of a loan. Paragraph 8 sets out the conditions for the setting of the interest rate on the loan. Paragraph 9 states that no commitment fee shall be payable by the single resolution board to the State.

The Minister for Finance chose to forgo a commitment fee of 0.1%, or €1.8 million per annum, in return for greater flexibility after consultation with the NTMA. In return for the forgoing of the commitment fee, the credit line will require national approval rather than being automatic. Another benefit is that the State can pay the loan amount in tranches over a 19-day period, barring in exceptional circumstances where the single resolution board needs to avert the immediate default of an entity under resolution and would require more than 50% of the loan facility agreement.

Paragraph 11 describes the information sharing requirements and sets out that the State should inform the single resolution board if any event occurs that may prevent it from fulfilling its obligations under this agreement. It also allows the State, the single resolution board, the European Commission and the European Stability Mechanism to exchange information relevant to this agreement where the State has requested or received stability support. Paragraph 12 contains a provision that national approval must be sought by the State within three days of a pre-notification request from the single resolution board, and outlines a number of procedural items in relation to the operation of the agreement. Paragraphs 14 to 18 set out various technical provisions such as payment mechanics, confidentiality agreements, interest calculations and disclosure requirements. Paragraph 19 sets out how the State may pledge security to the European Stability Mechanism in the event that the State enters stability support.

In conclusion, I would like again to emphasise the importance of the early passage of this Bill to enable the implementation of significant parts of the EU banking union legislative agenda. It will also ensure that Ireland meets its banking union obligations as agreed with other member states involved in banking union. In addition, the Committee Stage amendment to the Companies Act will ensure that Ireland maintains a robust regime against market abuse, with high levels of penalties, both in fines and in custodial terms. I commend the Bill to the Dáil.

Deputy Michael McGrath: I will be sharing speaking time with Deputies Seán Haughey and Frank O'Rourke, if that is agreeable to the Ceann Comhairle.

An Ceann Comhairle: Agreed.

Deputy Michael McGrath: I congratulate the Minister of State with responsibility for financial services and e-government, Deputy Eoghan Murphy, on his appointment. I congratulated him personally but I also wish to do so across the floor of the House. I got to know the Minister of State quite well when he was a member of the banking inquiry, and I am sure we will have a good working relationship across the floor of the House. I wish him all the best in his new role, which is a very exciting opportunity for him.

Fianna Fáil will be supporting the Single Resolution Board (Loan Facility Agreement) Bill 2016 in the Oireachtas. We do so as it is primarily technical legislation to facilitate the process of banking union, which is already well in train. The concept of a Single Resolution Mechanism and the associated Single Resolution Fund brings about a sea change in how banks will be supervised and regulated in Europe. Never again should a situation arise in which the authorities in an individual state are forced by the European Central Bank to use taxpayers' money to

prop up the banking sector in that country without assistance from fellow member states. An entirely new process is now in place which would mean that, in the event of a banking collapse, there will be a clear cascade of interventions. Equity holders would be first to lose out, followed by subordinated bondholders, various categories of senior bondholder, corporate depositors and, finally, uninsured deposits. In theory, the resolution fund only kicks in after all stages have been gone through.

The consequence of the new resolution arrangements is that investors and depositors are considerably more at risk than they were previously. Indeed, the outline structure was tested during the Cypriot banking crisis of 2013 when uninsured depositors lost out to the tune of 48% in the case of one bank, the Bank of Cyprus. This is something that needs to be considered carefully by individuals and institutions when deciding where to put their money. It is imperative that the system of regulation be sufficiently robust to identify weak banks and require them to take remedial action when potential warning signs are identified. This is particularly the case in respect of banks that operate across national borders.

Later this evening we will be debating the subject of motor insurance. One startling event in recent years was the sudden collapse of Setanta Insurance. It was operating in the Irish market but was regulated out of Malta for prudential purposes. Clearly this regulatory model failed as, over two years later, customers of the bank are still left waiting for claims to be settled. The question must be asked: is the system of banking regulation sufficiently strong in each country in the EU to prevent another Setanta-like situation arising? While the largest banks across the EU are subject to centralised supervision by the ECB, this function is essentially subcontracted to national central banks in the case of smaller financial institutions. It is highly likely that some depositors with amounts greater than €100,000 are not aware that some of their savings may be at risk in the event of a future banking collapse. It is important that people be aware of that risk and that they also be aware of the steps that are being taken and are in place to prevent such an occurrence.

The European banking system has not been cleaned up. There are plenty of weak lenders across the Continent. The biggest difference now is that, in contrast to 2010, inflation is at negligible levels. The European Central Bank has missed its inflation target for four years and is very likely to miss it for some years to come. This means that the banking system cannot rely on inflating away its problems. While a sticking plaster has been applied by the ECB to the banking sector in the form of wave after wave of cheap money, a number of European banks remain in a fundamentally weak position. The best mechanism to improve the health of the banks in the medium term is to improve the health of the economy in which they operate. In Ireland's case, renewed economic growth has underpinned the position of the banks. A number of banks have released reserves as previous provisions in respect of bad debts now appear to have been overly pessimistic. However, the same cannot be said for other European states. Italy, Belgium and Spain all continue to have issues in their banking sector. This is inextricably linked to the weakness of the overall European economy.

While Mario Draghi has been creative in terms of the monetary policy actions he has taken, the response of the European Commission in relation to fiscal policy has been woefully lacking. Despite what the populists and anti-Europeans say, Europe itself is not the core problem. However, the European Commission is not playing anywhere near the role it should in providing solutions. The EU budget is limited because of the demands of anti-EU parties, so its ability to transfer money to hard-hit regions is contracting rather than expanding with need. It is also failing to push countries that have the opportunity to spend more to stimulate the economy. Should

our neighbours in the UK vote later this month to leave the EU, there will be an immediate economic crisis and Ireland will be in the eye of the storm. There are few, if any, monetary policy levers left to stave off a Europe-wide slump. A sustained fiscal response is needed to stimulate the European economy. In simple terms, this would mean Germany spending a bit more and paying themselves a bit more, which would have a positive spillover effect on all countries in the EU and would certainly stabilise the volatile political situation across the Union.

This month marks the fourth anniversary of the so-called game-changer deal on bank debt. It might be worth recalling a few things that were said at the time. The Taoiseach told us:

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

Indeed, the Minister for Finance told the *Financial Times*:

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

It is not acceptable that the Government has all but given up on securing the implementation of the June 2012 EU summit agreement.

6 o'clock

That summit agreement was interpreted by the Government as a game-changer which would deliver a bank-debt deal for Ireland. No such deal has been secured in the intervening period.

The early repayment of the IMF loans and changes to the terms of the EFSF and EFSM loans were fully supported by Fianna Fáil but that is entirely separate to, and certainly not a substitute for, a deal on legacy bank debt. Having failed to deliver a deal on bank debt, the Government switched to suggesting the sale of AIB shares as a better alternative. This is completely contrary to what the Government has been saying all along, when a bank debt deal was the main objective.

As I have said before, if the European Heads of State are to be true to their word, they would facilitate a retrospective recapitalisation of the banks. It would be an acknowledgement that Ireland has not just a practical case for relief on the bank debt, but also a moral case, as the Taoiseach has acknowledged, that the European position was imposed on Ireland.

A final point I would make relates to the long-term bonds associated with the IBRC debt now held by the Central Bank. At present, the interest payments on these bonds end up coming back to the Exchequer so the arrangement is effectively costless. The Central Bank dividend of €1.7 billion to the State is now hugely significant to the public finances and is largely driven by that transaction. The pace at which the bonds being held by the Central Bank as a result of the promissory note deal are being sold is far greater than was originally agreed. This means that instead of the annual interest payment on these bonds coming back to the State via the Central Bank surplus, they are being paid to a third party. I believe a political case must be put to the ECB for considerably slowing the rate of sale, with the aim of the bonds being held to maturity. This has the potential for improving the State finances in the years ahead.

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We look forward to the remainder of the debate on this Bill and to Committee Stage, and I reiterate Fianna Fáil's support for the passage of this legislation through the Oireachtas as quickly as possible.

Deputy Seán Haughey: I join Deputy Michael McGrath in congratulating the Minister of State, Deputy Eoghan Murphy, on his appointment. I hope he has a successful and productive term of office. For my part, I am very pleased to be appointed my party's spokesperson on European affairs. It is a challenging brief, but it is an area that I have always taken a keen interest in, having been a member of the Oireachtas Joint Committee on European Union Affairs almost for its entire duration. I think Deputy Durkan is aware of that fact. I am also a long-standing member of the Institute of International and European Affairs and European Movement Ireland. I am committed to the ideals of the European Union. It has promoted peace, stability, democracy and prosperity for many years and I do not think that should be under-estimated. The European Union is facing a number of crises at this time. In particular, I think of the migration crisis and the possibility of a Brexit and I have no doubt that we will have many debates about those issues in the coming weeks.

The Bill before us is quite technical, but it is great to have legislation finally coming before the Dáil after the many weeks of the general election and Government formation. This evening, we debate the Single Resolution Board (Loan Facility Agreement) Bill 2016. European Finance Ministers have agreed that member states participating in the Single Resolution Mechanism would develop a system by which bridge-financing in the form of national credit lines would be available as a last resort for the Single Resolution Fund in the event of a large resolution before the full size of the fund is reached. Essentially what we are doing here this evening is fulfilling the necessary requirements to advance the banking union agenda. Given the chaos European banks experienced since 2008, I am sure there is broad agreement that banking union is a good thing.

The European Finance Ministers agreed in December that this should ideally be done by 1 January 2016. It is a bit of a cliché but in this case, therefore, I really do hope that this Bill has a speedy passage through both Houses of the Oireachtas, and the Minister of State stressed the urgency of it in his contribution.

As we debate the Bill, we should also reflect on the position of Ireland's banks since the 2008-11 crisis. Ireland was one of the first states to experience potential bank collapse and it would be fair to say we felt very much isolated at the time. As we know, shareholders and junior bondholders experienced losses but, largely at the insistence of the ECB at the time, senior bondholders and uninsured depositors were relatively untouched. It should be remembered that the collapse of the banking sector in Ireland cost the Irish taxpayer €64 billion. Since then, the bank recovery and resolution direction has been agreed and is being implemented. As a result, taxpayers will no longer automatically safeguard senior bonds by big deposits made by large companies. This is a welcome development and is supported, I have no doubt, by the majority of the citizens of this State and the European Union.

Nevertheless, we need clarification from the Minister of State on the position of Ireland at this point in time. It would seem that the EU deal agreed in 2012 has not done anything for Ireland. As stated by Deputy Michael McGrath, Fianna Fáil believes strongly that we still need a deal on our bank debt. Our Government should still actively campaign for a retrospective recapitalisation of our banks. The June 2012 euro area summit statement pledges to "examine the situation of the Irish financial sector with the view of further improving the sustainability of

the well-performing adjustment programme". It is my understanding that no such examination of Ireland's situation has taken place since then. We, therefore, need a clear and unambiguous statement from the Minister for Finance as to the exact position at this stage in this regard.

As I mentioned earlier, banking union is vital if we are to avoid the mistakes of the past. I welcome the commitment to initiate efforts to foster further cross-border consolidation within the euro area. The aim should be to have large banks that are efficient and function and diversify risks on a cross-border basis within a European Single Market. The Minister of State, when concluding, might update the House on the position of the Irish financial institutions in this context.

It should be stressed that Irish banks are currently well capitalised and in good health. On this occasion, we can really believe this assurance. Therefore, it is very unlikely that this loan facility will ever be called on. I have no doubt that the legislation is in the interests of the citizens of this State, the eurozone area and the entire EU. I also note that the fund will ultimately be financed by a levy on all euro area banks, something with which I think most people would agree. I welcome the Bill. It is in the interests of the citizens of the European Union, and I wish it a speedy passage through both Houses of the Oireachtas.

Deputy Frank O'Rourke: I also join my colleagues in congratulating Deputy Eoghan Murphy in his role as a Minister of State. I wish him the very best in the time ahead. This Bill is designed to address an international obligation arising from the banking union's agenda. European Finance Ministers agreed that member states participating in the Single Resolution Mechanism should put in place a system by which bridge-financing in the form of national credit lines would be available as a last resort for the Single Resolution Fund in the event of a large resolution. Most member states have either already put this in place or are about to do so, as there was a commitment following the European Finance Ministers agreement on the approach last December that this is needed to be in place by January 2016. It is crucial, therefore, that we progress this Bill as quickly as possible to enable Ireland to meet its banking union commitments.

The primary purpose of the Single Resolution Board (Loan Facility Agreement) Bill 2016 is to give full effect to the State's obligations under the intergovernmental agreement on the single transfer and mutualisation of contributions to the single resolution board and to enable Ireland to proceed to ratify the intergovernmental agreement, IGA. The single resolution board is part of the Single Resolution Mechanism, SRM, which also comprises the Single Supervisory Mechanism, SSM. The SRM was established to centralise resolutions responsible at EU level for large financial institutions within the euro area. Ultimately, the SRM is aimed at ensuring the orderly resolution of failing banks without resort to taxpayers' money. The Single Resolution Fund is a common bank resolution fund which supports this resolution. The board is a pan-European resolution authority responsible for managing the wind-down and restructure of failing credit institutions and, as such, managing the fund. All credit institutions, regardless of type, are required to contribute to the national compartment of the fund. The board is responsible for significant credit institutions that are directly supervised under the SSM or the European Central Bank. In Ireland's case, the banks concerned are Bank of Ireland, Allied Irish Bank, Ulster Bank and Permanent TSB. In practice, this means that if a bank is placed in resolution there is a clear process to be followed before funds can be drawn from the loan agreement between the State and the single resolution board. A minimum of 8% of eligible liabilities must be written down in the bailing process before the Single Resolution Fund can be used. The single resolution board could find itself in a situation, particularly in the early years,

whereby following completion of a bail-in process there are losses that remain to be absorbed.

It is important to point out that, as my colleague stated earlier, the Irish banks are currently well capitalised and are generally in good health. Therefore, the Minister for Finance is of the view that the likelihood of this loan facility agreement ever being called upon is minimal. However, the provision of this national back-stop to the single resolution board is key from a confidence perspective as it provides another indication to the market that the banking union member states are serious about ensuring stability in the banking sector going forward.

This legislation will enable the State to provide to the board a bridging finance agreement. This will take the form of a national credit line of up to €1.815 billion to the Single Resolution Fund. During the initial build-up phase the fund will be composed of national compartments which were set up under the banking recovery and resolution directive and the single rulebook for the European credit institutions. These compartments will be subject to gradual merger over eight years so that they will cease to exist at the end of the transitional period in 2024. Compartments of the funds will be held by the participating member states which will make moneys available, as a last resort, to the board should the resolution mechanism be called upon. Responsibility for placing credit institutions into the resolution procedure lies with the board. During the eight-year transitional phase a common back-stop will be developed to facilitate borrowing by the fund and these will be ultimately reimbursed by contributions from the banking sector.

As detailed, the credit lines extended to the participating member states will ultimately be accompanied by contributions from all European credit institutions. During the recent crisis the Government and taxpayers provided support to failing banks. In the absence of an appropriate resolution to underline the importance of establishing a common EU resolution framework to address failure in a timely and orderly manner, as a resolution authority, the Central Bank will be now in a position to have an input into resolution matters, domestically and at European level, in terms of participation in the single resolution board.

Deputy Pearse Doherty: Ba mhaith liom fosta comhghairdeas a dhéanamh leis an Aire Stáit, an Teachta Eoghan Murphy, tar éis dó bheith ceaptha mar Aire Stáit. Tá súil agam go n-éireoidh go maith leis, go n-éireoidh go maith linn, agus go mbeidh comhoibriú eadrainn i rith an téarma seo. Mar an gcéanna leis an Teachta Michael McGrath, chuir mé aithne ar an Aire Stáit le linn an fhiosrúchán baincéireachta. Tá súil agam go mbeimid in ann an caidreamh sin a choinneáil agus muid ar thaobhanna difriúla de na binsí anseo.

I welcome the opportunity to speak on this legislation. Unlike previous speakers I do not look forward to the speedy enactment of this legislation. If anything, we should take time to consider and tease out all of what is included in banking legislation, including in this case, the loan facility agreement provided for therein and the unintended consequences or intended consequences or ramifications of different sections of that agreement. I was hit by a bout of *déjà vu* and was going to run for cover when I heard three Fianna Fáil speakers in a row say that our banks are well capitalised. It must be borne in mind that what we are speaking about in the context of this legislation is a €1.8 billion loan facility. We are told we will get back this money because it is unlikely we will ever have to issue the loan because our banks are so well capitalised. In other words, the banks will pay us back. We have heard all of that, or at least a version of it, before.

There have been positive changes in this area, which I welcome. However, it is key that

we take our time with this legislation. I understand that in terms of this matter we are already five months delayed but let us not be in such a rush that we do not parse the small number of paragraphs in this legislation or the more complex document adjoining it, which I will deal with later. This legislation is the latest in a string of highly complex legislation in respect of implementation of the banking union. Specifically, it ratifies an agreement whereby the State can loan more than €1.8 billion to the single resolution board in the event of an Irish bank going bust. We are told this is a temporary arrangement during the period up to 2024 while the board is being mutualised. During this period, each member state has a compartment which can be called upon if one of its banks is in need and the fund is depleted. If it is called upon it is to be repaid by the board over time from contributions from the banking sector. We are told it is highly unlikely this scenario will ever arise. Nevertheless many previously highly unlikely scenarios have occurred in the past few years. I am sure if we were to travel back to this House ten years ago it would have been considered highly unlikely that we would at this time be living in a eurozone of zero inflation and zero bond rates. It would have been considered highly unlikely that AIB, Bank of Ireland and Permanent TSB would be in part or full ownership of the State, yet here we are. It is almost eight years since the bank guarantee was introduced and here we are again pledging the State's money to guarantee a failing bank if it is in trouble under certain circumstances. It is a hypothetical and, according to the Minister, a highly unlikely scenario yet we are being asked to support it formally in legislation.

It is important to consider what we are being asked to support today. Section 3 states, "Subject to the terms of the Loan Facility Agreement and the approval of the Minister, there may be paid out of the Central Fund or the growing produce of that Fund such sums, not exceeding, in aggregate, a sum of €1,815,000,000, as are required to enable the State to make, to the Single Resolution Board, payments provided for in the foregoing agreement." Where is the Oireachtas approval in all of this? The Minister of State, Deputy Eoghan Murphy, will say that the Oireachtas approval is in this legislation in respect of which Fianna Fáil is seeking a speedy passage through the House. This legislation deals with expenditure or a loan of €1.185 billion. Surely, the Minister should be required to come back to the House to seek approval for individual tranches of loans. At the stroke of a pen, without debate or a vote, we are being asked to empower a Minister, including a Minister without majority support, to hand over €1.8 billion of the people's money at some time in the future. Under section 6 the Minister is required to tell us at the end of the year how much of our money he or she has pledged in this loan. That does not sit comfortably with me and it should not sit comfortably with anybody here. We all know from bitter experience how an initial loan can get out of control and be extended and increased. I want to examine this on Committee Stage in great detail. I accept that section 3 deals with the sum not exceeding €1.815 billion but section 2 states:

Minister may perform functions for purposes of Loan Facility Agreement

2. All such things as are necessary or expedient to be done for the purposes of the State's performing its functions under the Loan Facility Agreement may be done by the Minister and there is conferred, by virtue of this section, on the Minister all the powers necessary in that behalf.

That is a very powerful section because we are basically empowering the Minister to do all the things the Minister needs to do to perform this function under the loan facility agreement. On page 11 however, is stated: " 'Fixed Individual Amount' means on the date of entry into force of this Agreement, EUR 1,815,000,000, subject to any changes of such amount agreed in accordance with Clause 24 (Review Clause) of this Agreement." Under Clause 24 everybody

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can agree at European level that the numbers should be higher. We need to tease out how that sits with section 3 which puts a limit on the €1.8 billion. They are concerns I would like to see addressed on Committee Stage because under section 2 we are giving the Minister power to do whatever he needs to do, and all the powers under the sun to bring into being the agreement under the loan facility agreement, which includes on page 11 the idea that the sum of €1.8 billion can be reviewed and Clause 24 allows for a review to happen which allows for the set amount to be increased. I would be concerned that some legal loophole would be found in terms of section 3 that says section 2 allows him to do this and section 3 is not strong enough or robust enough. That is why we need to take our time to tease out these issues and consider all the consequences of different sections, not only of the primary legislation but of the loan agreement which is named and party to this legislation.

Section 4 limits the potential calls on Ireland's compartment to institutions authorised in the State but by the latest count there are 477 institutions enjoying some sort of operation in the State. Even on the list of licensed banks there are many the ordinary citizen would never have heard of on the high street or in radio advertising. I would welcome clarity on how strict this potential call really is.

The banking union was built on a promise to separate sovereign and banking debt but it is questionable whether it has achieved this task. The debate on banking union offered this State and the EU an opportunity to make sure a sovereign state would never be dragged down by a bank or system of banks again. That was the big idea but, as often happens in the EU, the lobbying began. Bigger countries flexed their muscles and suddenly the talk was about national compartments and sovereign backstops. As usual, the EU institutions did not waste the crisis and the ECB has increased its power significantly while its accountability and transparency remain minimal at best. If the banking union had achieved its aim of separating banking and sovereign debt, we would not be here today being asked to vote on a guarantee of €1.85 billion for Irish banks that might fall into trouble. There are positive elements of the banking union and I hope we will progress to the genuine separation of sovereign and banking debt but I have serious reservations. The new rules do something that should always have been the case. Bondholders now as a rule get burnt, then other steps are taken and only then is the state liable for any sort of hit. It took some people here and in the EU hierarchy time to grasp the concept that has always been obvious to my party, that the speculators must lose when their bets do not come in.

The second opportunity offered by the banking union debate and the general debate around this crisis was one unique to this State. The banking union discussions and the related European single mechanism talks offered a huge chance for this State to get some sort of justice on our debts. We are told we have a new system whereby never again will a state have to bail out a bank, or at least in a few years we will have that type of system. We are also told that a major Irish diplomatic breakthrough was achieved in this process, allowing us to apply the new rules retrospectively in order that we can get the money back that under the new rules would never have gone into these banks in the first place. All we had to do was apply but the previous Government and, sadly, this one too have set their faces to ignoring this possibility and letting the people pay this debt. When the history of these years is written, it will be said how bizarre it was that a small country that bore the brunt of the disastrous decisions chose not to use the mechanism that was set up specifically for it to apply for retrospective recapitalisation of its banks. It is unbelievable that the Government will not even make an application. Where is the bold Deputy Shane Ross who so decried the previous Government for not making such an application? Where is he banging his fists now on the table and saying that the Government needs

to do the right thing by the people? Where is the new politics? I welcome that Fianna Fáil has said this should happen. Of course it should happen. It got us into this mess in the first place. Its Ministers signed the promissory note cheques. Its Government led us down this path.

Let us see if we can use this legislation to try to force the Government to make this application at long last. This was our open goal during the whole banking union process, our chance to set some things right, and the Government turned round and ran back down the pitch. The two great opportunities of banking union have gone a begging, or at least not yet been realised. We are left with some better rules that we hope will work even though they have been diluted and we are also left with a banking debt that was not the people's debt and with banks that are still ripping us off even though we own some of them. Banking union so far has not served the Irish people as well as it could have. Nevertheless, it is a process under way and we must work to make sure it serves the interests of people and not just the interests of the banks or the ECB. It is a major step to guaranteeing that in future bondholders, not people on social welfare or hospital trolleys, get burnt.

I will scrutinise this legislation on Committee Stage and will take my time doing so. I will consider amendments to the section based on the concerns that I have raised and I will deal with them. If the majority in the House believes this minority Government should make a retroactive recapitalisation, perhaps we will enter a clause in the legislation to make that happen.

Deputy Joan Burton: I wish Deputy Eoghan Murphy all the best in his very important new job.

This is in a certain sense a technical Bill to give effect to the framework and structures of the European bank recapitalisation arrangements. It has been a very slow process. In respect of what the previous speaker said about the European Union and its response to the banking crisis, it was very disappointing. I have said that before. The EU's initial response to the financial crisis was too slow, dictated from the centre and ideologically blinkered in approach. As a Minister, from 2011, I repeatedly argued, together with my colleagues in the Labour Party, that the EU needed to shift from austerity towards a policy based on investment growth and job creation, with full employment as the central target, and to have a significant capital investment programme. In a certain sense, the flaw in the Bill is what is not present in terms of a comprehensive response to the financial crisis by the European Union. The response is very technical and narrow and is focused on the banking sector. As the Minister of State said, the Bill is technical in nature.

I will focus on Ireland rather than other countries. I refer to Professor John FitzGerald and a recent ESRI study. It found that during the economic crisis the main features of the Irish welfare system were preserved and welfare spending was largely protected from the huge reining in of public spending. Professor FitzGerald said a limited cut in nominal rates for most payments, which took place during the term of the Fianna Fáil Government, was offset by a fall in prices, leading to a small increase in the purchasing power of benefits. As Minister, I ensured that pensioners were largely exempt from the cuts, and as a result the real value of the State pension increased when incomes were generally falling.

Ireland's market incomes, as we know, are very unevenly distributed and the tax system and welfare system, in particular, play a very important role in redirecting income. The welfare system protected us from a potential growth in inequality during the economic crisis. ESRI studies found that after tax and welfare, there was no change in income inequality between 2007

and 2014. We would have liked if income inequality could have been reduced further. I see Members in the Chamber who rushed over to be supporters of a particular Greek model which toyed with default. As the appreciation of what a default actually meant for ordinary people and businesses in a country developed, they drew back from that. The EU could have dealt with Greece and a number of other countries in a much better way.

The other remarkable feature of the Irish history of the collapse of the banking system is that there were no forced redundancies in the public service. Many people took early retirement on an agreed basis and left the service, which diminished resources in a number of areas. Some Deputies have professed long and intense admiration here and in other Chambers for other approaches but were unfortunately not able to succeed in achieving them, although I am sure that was their aim.

The problem with the structures the EU has put in place regarding banking is that while it has addressed banking structures, the ECB does not have a remit for critical areas for the well-being of European societies, such as a policy on full employment or young people obtaining employment, apprenticeships and traineeships. I refer to those countries which are still experiencing both little or no economic growth and major unemployment. In 2011 when the Labour Party went into government, unemployment was over 15%, and when it left office, it had fallen to 7.8%. Youth unemployment had more than halved, although it is still too high.

When it was in government, the Labour Party had a single-minded focus on getting people back to work. Recent figures show that the number of people in schemes has fallen substantially because young people coming out of college are getting jobs and recruiters are back in all the colleges and universities. We have also restarted apprenticeships. Much more needs to be done to get more young people the apprenticeships and training that will help them to get good, well-paid employment and careers.

I am disappointed with the Bill in terms of the EU structures involved. The Minister of State is simply presenting this element of the EU structure. I do not believe a strong enough case has been made for the structures to be accompanied by policies around investment, capital investment and full employment.

The debate on Brexit is taking place in the North and our neighbouring island. There are probably people in the Chamber who favour Brexit. However, the context of Brexit should be remembered. We need to understand why people feel alienated from European institutions which have brought an end to war on the Continent and were constructed in the context of the horrendous Second World War. As a result of the failure of the EU to focus on investment and full employment, it no longer commands the kind of political support which it was able to ten, 15 or 20 years ago across Europe. There is an intense debate in Britain about whether to leave or remain. Other countries in Europe are now engaging in that type of debate.

When we approach structural legislation, we have to do so in the context of considering how it addresses the serious problems that befell people throughout Europe as a consequence of the events of 2008 and subsequent years. As I said, I was appalled by the lack of an investment and growth programme from the EU. I still think the Juncker proposals are not of significant benefit to Ireland because we do not have the kind of large-scale private companies that could carry the type of investment they propose. What is missing is a vehicle from which to have investment in public projects.

A number of very large public projects are now required in Ireland, and there have been many discussions in the Chamber on the subject. The programme for Government refers to investment in broadband as a way of developing more small and medium businesses in Ireland. The area which requires rapid investment and the scaling-up of investment is housing and the construction of homes and apartments.

The Minister of State said the banks in Ireland are doing very well. I understand the phrase he used in his speech was that the banks are “well capitalised”. A well-capitalised bank may not be a bank that is functioning well if it is not lending in an accessible way for the construction of homes, as is required by our society. We have a significant expansion in the population. We have a flow of returning emigrants and inward migration, which is being utilised in our expanding economy, but because the banks are not functioning, particularly for medium-sized developers and builders, we are not getting anything like the housing construction we require.

I do not agree with the Minister of State’s comment in the context of housing, “It is important to point out that our banks are currently well capitalised [that is true] and in general good health.” However, a bank that is not able to lend to developers for a vital economic and social need such as housing on a small and medium scale is not contributing what it should to a functioning economy. I say to the Department of Finance that the statement to which I referred is not adequate because if a developer intends to build a block of apartments in the city centre, he must have all the capital lined up and in place to build all of the apartments. One cannot, for example, get funding for the first five of a total of 40 apartments and then go back and look for the funding for the next five. All the funding must be in place at the start.

It is easier to get funding for individual house building, for which there is considerable demand, in particular in suburban Dublin and in the suburbs of other cities. People want a family home in which they can raise their children. However, there is again a problem with banks in terms of financing builders and developers, in particular medium-sized and larger developers. NAMA has been funding some developers but the banks in general are not doing so as yet. We still do not have the kind of flow of development from the strategic investment fund that ought to be in place by now. I understand a review of the fund is under way but it is not producing the strategic flow of capital to build the houses and apartments we need in this country.

Let us be clear that the purpose of banks is to mind people’s deposits and to lend that money. We know that banks are very shy of lending. According to the most recent statistics, development and building, which should account for approximately 10% of economic activity in this country, is down to approximately 6% net. That is grossly inadequate. One cannot really commend the banks when they are not doing what they are meant to do in a normal economy, which is to aid the flow of money around the economy.

The Single Resolution Fund is a technical mechanism to ensure bank collapses do not happen again, but bank collapse is not just a function of technical regulation. It is a function of a functioning economy where people have jobs and they are not afraid to spend. If there is large unemployment, as applies in a number of European Union countries – thankfully Ireland is moving away from that – people then become afraid to spend and, accordingly, one builds up a problem whereby activity in the economy is way below what the levels need to be. There have been right-wing ideological views in Europe to the effect that this is the way the structures ought to be, but to some extent that is standing economics on its head. One needs activity and people at work and then one is in a position to provide the social goods and capital investments such as houses that people need. The banks are a key element in facilitating that. The banks

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are not in rude health if that is not happening. When the Minister of State responds at the end of the debate, I ask him to comment on that point. The issue does not feature directly in the Bill before the House but it is crucial to the future of Europe and the economic future of this State in order that we can reduce unemployment further and get a job with good pay and conditions for everybody in this country who wants a job. Given that as a country we have been investing a great deal in education, we have tremendous potential for sustainable economic growth with improvements in capital investment if we use the banking system properly.

The regulation of the European banking structures has taken a very long time. Much of the process was decided in 2012 and 2013 and the long gestation period of the Bill is one measure of how slow Europe has been, over a period when we experienced some of the worst crises seen in post-war Europe. There was no feeling of urgency in dealing with the consequences of the banking crisis, which has been experienced in many countries, including high levels of unemployment in Spain, Italy, France, Greece and Portugal to a lesser extent. There are high levels of unemployment among young graduates, young people and workers in general. That is not a sign of a functioning European Union. While the Bill is part of the mechanism of resolving and ameliorating future crises, it does not sufficiently address the after-effects. I do not know whether the Minister has any counterpart proposals to accompany the legislation that would ensure the kind of investment and policy orientated to full employment and major infrastructural development, including the kind of development we need as a country in terms of climate change.

In the context of the discussion in the United Kingdom on Brexit, does the Government have a view on an investment and employment programme? The UK has very significant employment creation figures at the moment, but the terms and conditions of work in many areas of employment have worsened. Notwithstanding the difficulties we have been through, thanks to the Labour Party being in government, we are the only country that has improved collective bargaining for workers during the recent incredibly difficult period in our financial history. I look forward to hearing the Minister's reply in due course.

Deputy Paul Murphy: I wish to share time with Deputy Bríd Smith. I will speak until 7 p.m. and then Deputy Bríd Smith will take the remainder tomorrow if that is okay.

Acting Chairman (Deputy Robert Troy): Is that agreed? Agreed.

Deputy Paul Murphy: Let us start with the very grand declaration on banking union by European Single Market Commissioner, Michel Barnier. He said it was “a momentous day for banking union” and “a memorable day for Europe's financial sector”. I would say that was the case. He also said he was “introducing revolutionary changes to Europe's financial sector ... so that taxpayers no longer foot the bill when banks make mistakes ... ending the era of massive bailouts”. That was the way banking union was announced. It is a strange way to go about ending the era of massive bailouts when Members have legislation before them that is about facilitating the transfer of at least €1.815 billion of public money from Ireland to a fund for bank bailouts. Obviously, Members are told we will get the money back and are sort of promised this amount of money will not increase. However, it perhaps illustrates that the banking union is not all it is cracked up to be.

On some level, one must be impressed by how the banks have managed to turn this crisis. When the crisis emerged, people clearly identified the big banks in particular as a key part of the problem. There were demands to break up the big banks, to separate out different func-

tions of banking and, in particular, to end the process of bank bailouts. Through a process of lobbying, and European banks have more than 1,000 lobbyists in Brussels and spend €120 million per year on lobbying, they have managed to transform that narrative, having been helped significantly by the fact the European Commission is in their favour and the European Central Bank acts in their interests. They have managed to transform completely the process for banking union into a process that is driving the further liberalisation of banking across Europe in the interests of achieving a single market in banking. Effectively, it establishes a union in the interests of the banks, written partly by the big banks themselves. It transfers even more power to the European Central Bank as the regulator of the banks, which is somewhat like putting the fox in charge of chickens. Moreover, it does little to stop the possibility of further bank bailouts, paid for by public money. For all these reasons, the Anti-Austerity Alliance opposes this legislation. It will propose amendments on Committee Stage but will oppose it on Second Stage.

To start with the details, an important question has been raised about the amount being discussed in this Bill. While it refers to an amount of €1.815 billion, it then states this is subject to any changes made in accordance with Clause 24, the review clause, which clearly appears to suggest that figure can be increased. I will be interested in the response of the Minister of State to this point. The other point I wish to make in opening is that Members should remember where this came from. The origins of this Bill can be dated back to that infamous summit of June 2012 at which two clear commitments were made. The first was that it was imperative to break the vicious circle between banks and sovereigns, with which this Bill is meant to be dealing. The other commitment made was “to examine the situation of the Irish financial sector with a view to further enhancing the sustainability of the well-performing adjustment programme”. That, translated into the language of Irish politics through the mouths of the Taoiseach, Deputy Enda Kenny, and Eamon Gilmore, became a game-changer, a seismic shift and a promise that retrospective recapitalisation of the Irish banks could and would take place and that we would get back some of the 42% of the total cost of the crisis to the European banking system that we took on. Moreover, the media in general bought it with very few exceptions. Not only has this not happened and will not happen, the Government even tried to state this somehow is a success and to claim it is a victory that Ireland is not obliged to seek that money back, that massive bank bailout for which people in this country are still paying.

As for banking union itself, a key point is that it will not work. It does not break up or do anything to break up the big banks. While the big banks are covered by the fund, all the small banks, which encompass a quite significant portion of the European banking sector, are not. Most significantly, the fund simply is not big enough. A very good article by Wolfgang Munchau was published in the *Financial Times* a couple of years ago. While some of the details have changed since, it essentially gets to the point, which is that the aggregate balance of the European financial sector, excluding the central banks, is more than €33 trillion. He wrote:

The bank resolution fund for this new banking union will be built up over 10 years [that is now eight years] ... At the end of that period it will have reached €55bn – a mere 0.2 per cent of the asset base. Most of these banks have assets of more than €30bn. In a systemic crisis, in which banks can suddenly collapse, the whole European resolution fund could easily be swallowed by a single moderately sized bank.

In those circumstances, it then fundamentally will be back onto member states and public money through the European Stability Mechanism. Consequently, bailouts have not gone away. The scale of a possible banking crisis, particularly if one considers events in China and so on as well as the weaknesses of the European banking system, means we could be back to

the question of bank bailouts.

My second point pertains to the undemocratic way in which this has happened. The model of the intergovernmental agreement is a bad precedent to set. It means evading the limited checks that exist, for example, through the European Parliament such that the manner in which this is being processed is extremely undemocratic even by European Union standards. Most important, however, this gives even more power to what arguably is the most powerful undemocratic and unelected institution in the entire world, which is the European Central Bank. The European Central Bank is being put in place as the regulator of the banks in the knowledge that this is the same institution that in 2011 intervened actively to remove elected governments - whatever one might think about them - in Greece and Italy and to replace them with governments pretty much explicitly of bankers for bankers with a mandate to deliver for the banks and to deliver the maximum amount of money back to the banks. This is the institution that has been put in charge of regulating the financial system, which is extremely problematic.

Another point I will make is this plays a useful role from the perspective of the banks of shaping a narrative about the crisis that longer is about the banks or about the nature of the banking system. Instead, it becomes a technical question about supervision and who supervises them. It does not deal with any of the fundamental problems and the point is that if one wishes to avoid massive banking crises in the future and the implication of significant bailouts of public money, one then must break up the big banks. For example, it is estimated that Deutsche Bank is made up of approximately 2,000 entities and on the scale of some of the massive megabanks in the United States. There are other megabanks within Europe that are immensely politically and economically powerful and they must be broken up.

In addition, fundamentally we need a different sort of banking system. It has been exposed clearly in recent years that societies have been run in the interests of profit maximisation of the banks. This fundamentally is a problem and it is necessary to rethink and reimagine what banks are for. Banks must be in public ownership and must be run as democratic public utilities to provide for society, that is, to facilitate society and the economy as a whole in respect of ordinary people having jobs, creating wealth and getting access to credit. While that is what banks should be, unfortunately it is the opposite of what banks are at present, namely, functioning as a parasite on the economy as a whole and on society at large. Unfortunately, the banking union and this Bill, which entails Ireland giving €1.8 billion, does nothing to resolve the situation regarding the banking system. It enables the banks to pretend that something significant has happened. It has not and the situation continues as it has been. The European Union functions in the interests of the banking system, unfortunately, and there are no proposals here fundamentally to change this. Public money will still be used to bail out private banks with the European Central Bank having been further empowered.

Debate adjourned.

7 o'clock

Insurance Costs: Motion [Private Members]

Acting Chairman (Deputy Robert Troy): I call on Deputy Michael McGrath, who I understand is sharing time with Deputies Niall Collins, James Lawless, Dara Calleary, Eugene Murphy, Marc MacSharry and Jack Chambers. Is that ten minutes each?

Deputy Michael McGrath: I believe the Acting Chairman already has to hand notification of the division of the slot, of which I am not entirely certain.

Acting Chairman (Deputy Robert Troy): It is 40 minutes in its entirety.

Deputy Michael McGrath: I intend to take ten minutes at the outset.

I move:

“That Dáil Éireann:

is concerned that:

— consumers have been faced with an increase of over 60 per cent in the cost of their motor insurance since January 2014, with a 34 per cent increase in the last 12 months alone; and

— commercial users have also experienced large increases in their motor insurance premiums;

notes that:

— there is an obligation on the State to act when motor insurance premiums become unaffordable and put families and businesses under severe pressure;

— when the issue of industry profitability was previously examined by the Motor Insurance Advisory Board in the 1990s, it was found that the Irish insurance sector had profitability levels that were multiples of the United Kingdom;

— up to 80 per cent of personal injury claims lodged with the Injuries Board are not subsequently settled through them;

— greater transparency regarding the cost of settling claims or awards in personal injuries cases that do not go through the courts or the Injuries Board is needed; and

— a reduction in resources for the Garda Traffic Corps puts lives at unnecessary risk;

welcomes an emerging trend where cases of suspected insurance fraud are being successfully contested in the courts by insurers; and

calls for:

— the establishment of a task force along the lines of the successful Motor Insurance Advisory Board, which led to a considerable fall in insurance costs up to 2013:

— to tackle rising motor insurance premiums;

— review the role of the Injuries Board; and

— examine the reasons for the current turmoil in the insurance market;

— improved transparency of insurance industry profits and the establishment of a national claims register and a motor insurance database to record data across the sector;

— enhanced disclosure for consumers around policy renewal notifications including

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an obligation on insurers to inform customers of the change in their premium from the previous year;

- legislative reform to increase the penalties for false and exaggerated claims;
- greater clarity as to the respective roles of the Motor Insurance Bureau of Ireland and the Insurance Compensation Fund;
- a review of road traffic legislation to prevent the use of technicalities to avoid a conviction for motoring offences;
- improved regulatory oversight domestically and at European level, including the filling of vacancies in the Central Bank of Ireland Enforcement Directorate which deals with insurance firms; and
- action to protect low-income and vulnerable customers from unfair practices by insurance firms, including a refusal to quote for older cars which have a valid National Car Test (NCT) certificate.

I welcome the opportunity to raise the vital issue of motor insurance premiums in the House by way of this Fianna Fáil motion. I acknowledge the work of my colleagues, Deputy Niall Collins, our spokesperson on enterprise and jobs, and the Acting Chairman, Deputy Troy, who is the party's spokesperson on transport. Today's motion coincides with the launch by the party of a policy paper on motor insurance premiums.

As the Minister of State knows, since the beginning of 2014, motor insurance premiums have gone up by 60%. In the last 12 months alone the increase has been 34%, according to the CSO's monthly statistics. The current situation is completely unsustainable and action is needed now to address the issue and deal with spiralling motor insurance costs.

The motor insurance premium increases we are witnessing are having a particularly hard effect on younger and older drivers, as well as those driving older vehicles. No one is immune from these effects, however. Since we publicised this motion in recent days, we have been inundated with constituents telling us their own stories. Increases in the last year of the order of €200 seem typical from the feedback I am getting from constituents, while increases of over €300 are not uncommon. In some cases, far greater increases are occurring in the marketplace.

The insurance industry is defending its own position and that of its members, while the legal profession is defending its members' interests. The Central Bank seems to be preoccupied with the underlying financial health of the insurance industry and insurance companies, which is an important issue that cannot be ignored. The Injuries Board is defending its position and says it is doing a good job. I have to ask, however, who is looking after the consumers? Who is looking after the motorists who are getting motor insurance renewals through the door with increases of several hundred euro? It is not just an issue for private motorists; it is also one for the business community. It concerns not only hauliers, but also many other businesses throughout the country for which transportation is a key cost, as is insurance.

This is an important economic issue for the country, as well as being a vital one for individuals affected by the current level of premium increases. The thrust of our motion is to call for the establishment of a task force along the lines of the Motor Insurance Advisory Board, which operated successfully for a number of years when it began in the late 1990s. At that time, motor

insurance premiums were also increasing rapidly, but they are now increasing at an even faster rate.

We really need to get a handle on the data. The insurance industry says the main reason motor insurance premiums are rising is the number and cost of claims. We cannot validate that, however, because at least three quarters of all motor-related insurance claims do not go through the Injuries Board or the courts for final settlement. The vast majority of claims are settled privately by insurance companies with individual claimants. While the insurance industry, and individual companies, issue aggregate reports to the Central Bank, we do not have a national claims register. This country is crying out for such a register whereby all the data on settled claims are properly recorded. Lessons could then be drawn from an analysis of those data. That is what is really lacking at the moment.

It is startling to think that there is no public record of 75% to 80% of claims, which would allow them to be assessed and analysed and have policy lessons drawn from them. Having spoken to journalists today, I gather that the Government will not oppose the motion tomorrow. I welcome that, but more important is the need to act on what this motion says. It would be unacceptable for the Government not to call a vote on a motion but then to ignore its contents. If the Government is supportive of this motion then it will have to implement its aims.

Along with my colleagues, I have consistently raised this matter with the Minister for Finance, Deputy Noonan, and his Government colleagues over the past year. The Minister's response has been to establish a Department of Finance-led review. That is an inadequate initiative, however, as well as being an inadequate response to the scale of the problem that motorists are currently facing due to motor insurance premium increases. We therefore want to see a new task force established, which will listen to the industry and the Central Bank. It will also involve a number of Departments, including Finance, Transport, Tourism and Sport, and Jobs, Enterprise and Innovation. In addition, it will involve the Garda Síochána and the Injuries Board, but, most importantly, it will listen to the end consumers, including motorists and families who are no longer able to fund the cost of cover for younger family members.

In recent days, dozens of individual examples have been brought to my attention. One person said that last year their insurance was €540 but this year the insurer quoted a renewal cost of €880, which is an increase of €340. Another person said their premium was increased by 70% despite a full no-claims record. The typical increase seems to be of the order of €200 to €300.

I fully acknowledge the fact that there are many reasons behind the level of increase we are witnessing in motor insurance premiums, including false, fraudulent or exaggerated claims. That needs to be dealt with, and when people present such claims they need to be punished. I am not sure we are going far enough with them at the moment, but I welcome the fact that some such cases have been brought before the courts.

The collapse of Setanta Insurance was over two years ago, yet the fallout from that is still being played out in the courts. It is going to the Supreme Court because the Motor Insurance Bureau of Ireland is not accepting the High Court decision. Essentially, we have the Insurance Compensation Fund and the Motor Insurance Bureau of Ireland at each other's throats. In that case, the 70,000 Setanta customers are losing out, including thousands who have outstanding claims in the system. That is a measure of a dysfunctional approach to the insurance market which needs to be dealt with. We therefore need greater clarity on the respective roles of the aforementioned bodies.

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Through a reply to a parliamentary question, I have discovered that the enforcement division of the Central Bank, which is responsible for supervising the insurance sector, has a staff vacancy rate of 25%. That matter also needs to be urgently addressed.

The Injuries Board has been successful and has dealt with about 100,000 cases since its inception in 2004, but its role needs to be reviewed. The motor insurance industry acknowledges that improvements could be made to that particular system, even though it has worked well.

I acknowledge that there was under-pricing in the motor insurance market for a number of years, and we are now seeing the fallout from that. We had the collapse of Quinn Insurance, as a result of which every policyholder is paying a 2% levy. They will be doing so probably for another 12 to 15 years on every single policy that is renewed annually. The Road Safety Authority has had significant problems as well.

Consumers want action to deal with this situation. The Minister has taken some action but it is insufficient. A Department of Finance-led review is not the way to go. We need an independent task force in this regard. We do not need to reinvent the wheel. We had a successful Motor Insurance Advisory Board, which should be reconstituted as a matter of urgency. It should be given the task of identifying the underlying reasons behind the spiralling cost of motor insurance. We can debate what those reasons are, but let us get the data. We urgently require a national claims register. Before the Minister for Finance came to the Chamber I pointed out that in the region of 80% of all claims are now settled without any public record being kept through the Injuries Board or the judicial process. We are in the dark, so when the industry tells us it is all about the cost and number of claims, we cannot independently validate that and deal with it. We need a task force, as a priority, to get to the bottom of what is causing the rate of increase in motor insurance premiums and to make recommendations for dealing with that. I am sure the House would not be slow in acceding to those. The current situation is untenable. The forecasts are for further increases of 25% to 30% in the next 12 months, so we must deal with this issue. The motion is intended to be positive and constructive and to chart a way forward for dealing with a very important issue for families and businesses throughout the country.

Deputy Niall Collins: I am sharing time with Deputy Lawless.

It is timely to discuss this issue tonight. There are a staggering number of vehicles on our roads in comparison to the population. There are 2.1 million vehicles on our roads every day. Unlike other types of insurance, it is mandatory to have motor insurance. Some parts of our economy are entitled to self-insure, and they do that and police it rigorously. However, people must have motor insurance and the market is dictating very onerous terms to them. This does not only affect the car insurance industry. Employers and small businesses must pay employer, public liability and other insurance, so there is a knock-on impact there. The practices of the insurance companies in how they deal with claims and the lack of visibility of the payouts and the data surrounding those claims are also the case with employer, public liability and fire insurance and the entire suite of insurance products.

Most of the agenda this country has been pursuing over the last number of years has been towards increasing our competitiveness to allow us to compete on the international stage. This issue is damping down our competitiveness. Consider what the haulage industry has been saying about motor insurance. The role that industry plays in the supply chain for getting our products from our island economy to the UK and mainland Europe is immense. I hope the Minister will have something substantial to say on this issue. I am reminded of similar debates we

have had in the House on the variable mortgage interest rate, where we pay a higher rate than our nearest neighbours and people in Europe. In that case, the Minister said he, as Minister for Finance, does not have the power to dictate but that he does have the power to influence. It is questionable whether he has the power to influence the main banks in determining the interest rate, but in this instance we must take a proactive step to try to address the underlying issue.

As my colleague outlined, the fact that 75% to 80% of claims are settled outside of the courts or the Personal Injuries Assessment Board is staggering. We must deal with it. It is worth noting what happens with one's health insurance, be it with VHI or Aviva. When one is renewing a policy or, indeed, at any point during the year, one can get a great deal of information and data from the companies. They will give a full list of the payouts under the insurance policy, including all the doctors, consultants and hospitals that were paid. We do not get that with our car insurance.

This is a serious issue for young drivers. They are faced with huge premiums. There is also the issue of older cars. The insurance companies are finding reasons to refuse insurance for a car that has a valid national car test, NCT, certificate simply because the car is older. That should not be acceptable. If the State mandates a company to run the NCT programme and it certifies cars as roadworthy, that should be the end of it. It should not be up to the insurance companies to second-guess it or to allow that to happen.

Another issue has come to people's attention. Legislation provides that 12 penalty points will put a person off the road. However, if one has six, seven or eight points, some insurance companies will refuse to renew one's insurance. Potentially, six or seven penalty points is now the new 12 penalty points. Again, the insurance companies are adopting this policy on an *à la carte* basis. There is no transparency or consistency about it, and it is damaging the consumer.

I will describe the example provided by a business in the mid-west. I will not name the business or the person behind it, but the Minister will know it well because it is in Limerick city. The man runs a taxi business with a fleet of eight taxis. He has an 11-year no-claims record. There have been no claims against him, not even for a windscreen. There have been no minor payouts. In 2013, he paid Liberty Insurance €7,000 for his fleet renewal premium. In 2014, he paid €14,000, which was an increase of 100%. He was asked to pay €56,000 in 2015 so he found an alternative provider, a new company, and paid it €31,000. That provider is now leaving the Irish market and nobody is willing to insure this man's fleet of taxis. I realise the taxi business is a high-risk industry and that there have been many high-profile cases involving taxis, but this man has an 11-year no-claims bonus.

We seek, primarily, the re-establishment of the Motor Insurance Advisory Board, MIAB, to give people a degree of transparency and certainty. People must have certainty about what they will have to pay for insurance and business must have certainty about its insurance costs.

Deputy James Lawless: I welcome Fianna Fáil's motion on insurance costs and affordability. There are two facets to this - competitiveness in the market and the issue of affordability and cost for the consumer. The price of motor insurance has increased by approximately 60% since 2014. During Fianna Fáil's last Private Members' business we championed mortgage rates. Today we turn our attention to motor insurance, again in an attempt to cut costs for consumers and individuals caught up with this issue.

Car insurance is compulsory, unlike health insurance, house insurance and other insurance

products. One does not have a choice. If one drives a car, one must take out insurance. The figures we have mentioned place stress and strain on many people. In essence, it puts them off the road. I will first discuss the cost for younger drivers, who are known as millennials. These are the younger generation, people in their twenties, who are being squeezed on multiple fronts. They are prone to insecurity. They find it difficult to save for rent for housing or deposits for rents. They cannot aspire to home ownership. Beginning to plan for a family is so far down the line it is not even on their radar. Work is insecure. To add insult to injury, what was once the freedom that young adulthood brought to being on the road is now taken away as well, because the costs are prohibitive for young adults trying to enter the insurance market.

I have encountered a number of situations in my clinics which are pertinent to this debate. One is the situation of emigrants returning from abroad. Thanks to the putative economic recovery we are beginning to see some people returning home. Many people spent the recession abroad, including in the EU. One individual approached me recently who, on his return from spending six years in Spain, found that he was unable to get insurance cover in Ireland. He has a clean driving history and a full no-claims bonus, but it is non-transferable even within EU states. That adds to the cost of insurance. He is currently unable to get insurance and is taking it up with the declined cases committee. Surely within the EU we could align our no-claims bonus provisions and driving history to the extent that we should be able to address such cases. I ask the Minister to examine that issue. Hopefully, it will be presenting more frequently as many more people return home after working abroad.

At the other end of the scale, there is the issue of cars over 15 years old. People are on the road with older cars which have NCT certificates and are therefore certified for roadworthiness. However, when they seek insurance at least two companies, Aviva and Allianz Ireland, have refused cover. There are 250,000 such vehicles and they account for 13% of the entire fleet. This issue tends to affect older people and people whose means are limited. Again, it is pricing people off the road and putting an anti-competitive layer into the market.

Another difficulty is where an individual has had a claim or disputed claim. The principle of innocent until proven guilty does not appear to apply here. Unlike in every other walk of life, if a claim is hovering the premium is hiked until that is resolved. I was dealing with an individual recently who has been waiting five years for the outcome of such a claim. He maintains his innocence but he is being priced out of the market while this continues.

The solutions appear to be relatively simple - put the advisory board in place, establish the task force and examine the uninsured vehicles. The industry suggests that it is not sure that uninsured drivers are a key contributor to the cost. If that is so, why can we not compare the insurance databases with the vehicle registration database? It would appear to be a quick win. The book of quantum needs to be revised. The penalty points database needs to be correlated with the insurers' databases in an attempt to address the matter.

In respect of fraud and end-of-life vehicles, vehicles which have been certified as end of life in other jurisdictions are entered into the Irish market and put on the road under false pretences. They are, therefore, a risk to other drivers, which is not doing the insurance market or road safety any good at all. I will return to this issue on another occasion.

This is a very positive step. We need this task force and we need to investigate the different scenarios that arise and address this crippling cost for families and individuals in respect of such a basic requirement.

Deputy Dara Calleary: Gabhaim buíochas le mo chomhghleacaí, an Teachta McGrath, as an seans an fhadhb seo a phlé. When one considers that motor insurance for ordinary drivers has risen by 60% since January 2014 and that freight transport and commercial motor costs are up by between 50% and 70%, one can see that it is a major problem in terms of motor insurance which has dragged the country back into the mid- to late 1990s. Action was taken then in terms of the establishment of the Motor Insurance Advisory Board and this is what we need now because during the very early minutes of a three-hour debate, we are hearing a myriad of reasons as to what may be causing this and hearing about a myriad of impacts on different people and sectors across society.

The difficulty with very different reasons is that very different reasons have homes in different Departments and the silo way of doing business will intervene in terms of us finding a solution and a reduction in these costs. For example, there is a difficulty with legal fees in this country. One of the great failures of the previous Government related to the fact that it introduced the Legal Services Regulation Act in December 2011 and rushed it into law in January 2016 on the cusp of a general election with a view to bringing more transparency and reducing legal costs. It took the previous Government five years to do that, and in the meantime, legal fees comprise €50 of an insurance premium.

The level and incidence of motor insurance fraud are incredibly high. According to statistics from the Consumers Association of Ireland, this is a contribution of €56 per premium because there is a lack of enforcement. It comes back to the point raised by Deputy Michael McGrath, namely, that 70% of personal injury claims are settled outside any formal process where they can be assessed and measured against each other and where we can see some sort of transparency as to the kind of awards that are being given. For as long as that continues and we do not have any common level or sense of transparency, the cost of insurance will rise.

I agree with my colleagues in respect of the impact on cars that are perfectly safe according to the State. Again, this relates to another Department, namely, the Department of Transport, Tourism and Sport in terms of the national car test, NCT. Insurance companies think they are bigger, better and more important and have more power than the Department of Transport, Tourism and Sport so they are telling customers they will not insure them. What good is the NCT if an insurance company does not accept its worth? People coming back from other jurisdictions, be it through immigration or education, find it impossible to get insurance because they are coming from another jurisdiction. In a so-called globalised world, there should be no reason for this. If somebody is a safe driver with a proper driving record with insurance paid in Australia, it should be the same for driving in Ireland, a country whose road network has improved vastly in recent years and where there was a 14% reduction in fatalities on the roads in 2014, yet motor insurance costs are going up by 60%.

The proposal tonight is for the creation of one organisation to which every Department will report and which will be given a deadline to report back and take action so that there are no excuses or hiding and we do something in this Dáil to put something back into people's pockets. This is costing jobs. Somebody with a car in rural Ireland does not have an alternative in terms of public transport. If a young person starting off in a job is being hit with €1,500 or €2,000 for their first premium and that job does not pay enough, they will not take that job. This is costing communities opportunities. Deputy Eugene Murphy will give examples he came across. We need action. It has been identified by the National Competitiveness Council as a problem in terms of our competitiveness as an economy. More important, people are being affected by this in their daily working and social lives and in their ability to get around their communities

because it is keeping them off the roads and we need to sort it out now.

Deputy Eugene Murphy: I congratulate the Minister for Finance on his reappointment and my namesake, Deputy Eoghan Murphy, on his appointment as Minister of State. I get his post sometimes because there is a bit of confusion. I wish him well. I welcome Deputy Michael McGrath's motion because it is extremely important. It is one of the most critical issues we must deal with. We can keep going over the figures but the facts are the facts. The quoted average increase of 30% is incorrect. I have come across situations where the increase in the quote has been over 50%, and in one or two cases premiums have risen by between 200% and 400%. I can provide evidence of this.

We need to bring back something like the Motor Insurance Advisory Board, which was established by a Fianna Fáil Government in the mid-1990s. Unfortunately, it was abolished by the previous Government in 2013. There is no doubt it controlled prices to a degree and kept an eye on the business. Not only is the ridiculous quote system leading to undue pressure and financial strain, it is keeping people from returning to work. Even this weekend, I was approached by numerous young people in respect of this matter. They want to take up employment but they simply cannot afford a car. Many parts of rural Ireland do not have the public transport system found in urban areas, so it is major issue in rural Ireland. If people have to travel 15, 20 or 30 miles for their first job and they do not have transport, they cannot take up the offer.

The inflated quotes and premiums for young drivers are discriminatory. We introduced a rigid system in recent years for people who must get their driving licence, and rightly so. They must undergo a theory test, take a certain number of driving lessons and undertake what I call the grand finale. However, when they go to insure their cars, they are being quoted these massive prices for insurance cover, yet they have committed no offence. This is why I think it is utterly discriminatory.

There are many hardship cases, as Deputy Calleary pointed out. I was recently approached by a taxi driver in a rural area of my constituency who was forced to give up his taxi run. His insurance went from €1,400 to €6,500. He told me that he was better off on social welfare. His business is gone. He also employed two part-time workers, so three jobs have been lost and three families have been affected because of the high cost of motor insurance.

There are also huge problems with inflated insurance costs for small businesses. A constituent came to me recently and told me that her public liability insurance premium quotation was €1,900 the first year. Five years down the road, for her small business, which is struggling in rural Ireland, she is paying €6,280. People are being run out of business because of those costs. There had been no claims or accidents relating to that business. We certainly cannot afford to lose these small business owners who contribute so much to sustainable jobs and rural recovery.

This State has an obligation to tackle this problem. Yes, the collapse of Setanta Insurance and Quinn Insurance is having a huge knock-on effect, but it is only one of the factors adding to the burden. We need more transparency relating to the staggering legal costs involved in settling some claims and the inflated settlements paid. I would like to see the legal costs relating to the average claim that reaches the Circuit Court. We would all welcome greater transparency in this regard in order that the costs could be challenged if need be. The claimant does not receive any knowledge relating to how much their legal team are paid for the handling of their case when responsibility is established. The average payment for a so-called fender bender is €15,000, which is three times greater than the average claim in the UK for a minor accident and

five times higher than the awards in Spain or Italy.

I also welcome the introduction of a “care not cash” system where those with bodily injuries will be given treatment packages and expenses rather than a cash lump sum. This will certainly cut out the claim culture for minor injuries.

Fraudulent claims must be highlighted and investigated. The fact that very few cases of insurance fraud are actually referred to the courts shows that the insurance companies are not doing enough to investigate fraud but are quick to add the cost of fraud to the consumer. It may be changing and I hope it does. The facts are there and we have a difficult situation. I congratulate Deputy McGrath on bringing forward this motion. It is vital that this issue be dealt with immediately because it has caused enormous difficulty for many people throughout the country.

Deputy Marc MacSharry: I take the opportunity to wish the Minister and Minister of State well and particularly the Minister of State, Deputy Eoghan Murphy, as the Minister, Deputy Noonan, has been there for some time. I had the pleasure of working with Deputy Murphy on the banking inquiry and I am sure he has a long career ahead of him in the Department of loaves and fishes. I just ask that when he decides who gets fed and who starves, he is very careful about doing it and perhaps listens to everybody in the House when he is making those difficult decisions.

Last week, during Private Members’ business, or perhaps in the vote afterwards, Deputy John Deasy made a point which is worth noting in the House. I hope the Acting Chairman will bring it to the attention of the Ceann Comhairle and perhaps it will be considered in deliberations on Dáil reform. I spent quite a few years in the Seanad, where the practice is the same: Private Members’ motions have no statutory basis and they have no standing. If we passed a motion this evening to travel to the moon by the end of August, the Minister responsible need only note it and put it into the room where these motions are duly stored. If a motion is passed, as this one will be this evening because clearly we have the numbers, it will be of benefit to people outside. There will be genuine expectation from the public at large that something along the lines of the proposals within the document brought forward tonight and within the motion, and the proposals being advocated by Members will, in fact, come into play. In reality, we know that is not the case. As we are undertaking Dáil reform and agreeing new procedures in the era of new politics, it is in the interest of the public’s peace of mind and its confidence in our system that we give Private Members’ motions more of a statutory basis and more of a chance to become reality than the motions that are often discussed and passed at county councils and local authorities throughout the country. Many of us are familiar with those.

Many of the key points and proposals have been made clear already in the debate. I would like to speak specifically in the context of rural Ireland, which Deputy Eugene Murphy mentioned. We do not have public transportation as in the Minister’s city and county of Limerick or the Minister of State’s constituency of Dublin, which has the benefit of Luas, DART, regular bus services, late night bus services, and the availability of taxis. Car insurance being obligatory in this country means that every young person who is starting off and purchasing a car to get around, either by raising a loan through the credit union or with savings, must insure their vehicles and they must be compliant with the regulations. When one considers the increases over the last two years in particular, as the Minister has heard already - 34% in the last year according to the Central Statistics Office and 30% the year before - one notes it is simply unsustainable in this society for people in rural Ireland to get themselves around when they are being effectively priced out of the market. The economic downturn has affected the insurance indus-

try with the exit of Quinn and Setanta and the financial figures of other companies seem to be very much under pressure. Notwithstanding that, they cannot just focus on the most vulnerable in society - those who absolutely need transportation to get around and who need insurance - to try to get the quick buck and get back to profitability.

We have heard from others about the Motor Insurance Advisory Board and its relative success over a seven-year period in the 1990s in which it managed to have a reduction in the region of 40%. Once we took down the fence to the hen house, the foxes ran ragged. That is what they are doing again. Over a two-year period, they have gazumped the savings that were made as a result of the interventions of the Motor Insurance Advisory Board in the 1990s and now we have a 60% increase. It is not sustainable and it is not fair. It is time to put that fence back up. It is also time, as the motion proposes, to re-establish the Motor Insurance Advisory Board and give it the resources it requires and, more importantly, to give it cross-departmental reach and influence to introduce the sort of regulations and oversight that is required to ensure people get value for money.

I have a personal view, which is not mentioned in the motion, that we must focus on those people who absolutely depend on owning their own car for transport in the many rural areas and provincial towns that are not blessed with the same public transportation as the constituencies of the Minister and Minister of State.

Deputy Jack Chambers: I thank Deputy McGrath and the Fianna Fáil finance team for putting forward a very important motion. Many of my generation have been particularly affected by the cost imposition, particularly in the motor insurance area, and I am delighted to be able to speak on it. Consumers have been hit, as has been mentioned, with a 60% increase in insurance premiums since January 2014 and 34% in the last year alone. This is very worrying and can no longer be ignored. The problems in the sector have come about through a combination of poor regulation and mismanagement by the insurance sector. There is a requirement now that the Government acts, as has been proposed in this motion.

I read the submission that we all got from Insurance Ireland today and I was taken aback by what its members were saying. It seemed to be a clear deflection strategy to avoid the elephant in the room that is themselves. They came forward with some positive measures including: strengthening the Injuries Board, which we all support; internationally benchmarking awards, which is a prudent thing to do; fixing Setanta and Quinn and the cost legacy issues there; and increasing road traffic enforcement. They are all aspirational measures but they avoid targeting why they have increased so many people's premiums to an enormous extent.

The Department of Transport, Tourism and Sport nailed it in 2015 when it said there are higher premiums for higher profits. That is one of the reasons we are seeing the massive increase in insurance premiums in Ireland today. In 2009, the European Union carried out a retail insurance market study which analysed the 27 EU countries and many of the US states. When one breaks down the data, the study looked at each country individually and the variation of premiums and the income the EU took as a collective. It went from €80 billion to €120 billion in that period. It looked at the market in Ireland at the time and I accept things have changed since. There was a high concentration of international, cross-global and multinational operators in the Irish market which are bonded throughout the world and can take the hit when it comes to increases in the cost imposition in different countries.

We look at insurance through a very basic mechanism. People who have a no claims bonus

for years, are safe drivers and have never had an accident are seeing an enormous increase in their insurance premiums. That shows market dysfunction and I am glad we are trying to tackle it today by taking some measures. I hope the Minister accepts the motion and takes some action to address the issues. The study tracked Ireland at the time when Ireland took measures, such as the Personal Injuries Assessment Board and other measures such as reducing the costs in the insurance sector, premiums dropped. The claims ratio also dropped at the time. It dropped to a greater extent than the marginal decrease in the premiums so insurers were still profiteering at the time, even when claims and the cost base was dropping, which shows a very profit focused insurance sector. What we are seeing now is the reverse - possibly increased claims and increased incidence of fraud - but insurers are milking those statistics to massively increase their premiums, as the Department of Transport, Tourism and Sport said, to increase their own profits. We can tackle this by reinstating the Motor Insurance Advisory Board.

In this era of new politics, I hope the Minister does not allow this motion to fall. I also hope he will not just accept the arguments put forward and that he will do something about this issue. Families, and taxi drivers, as Deputies Eugene Murphy and Niall Collins mentioned, have faced an enormous increase in insurance costs and it is important that we tackle this issue to try to reduce premiums.

Acting Chairman (Deputy Robert Troy): I call the Minister, Deputy Noonan, whom I understand is sharing his time with the Minister for Jobs, Enterprise and Innovation, Deputy Mitchell O'Connor, and Deputy Farrell. Is it ten minutes each?

Minister for Finance (Deputy Michael Noonan): I think it is shorter than that, perhaps three minutes for-----

Acting Chairman (Deputy Robert Troy): Sorry; it is 20 minutes.

Deputy Michael Noonan: I thank Deputy Michael McGrath for putting forward this motion and his Fianna Fáil colleagues who participated in the debate so far. The Government is not opposed to the motion calling for a task force on motor insurance matters.

It is important that Ireland has an insurance sector that is not only financially stable but that contributes to economic activity. The insurance sector makes a vital contribution to the Irish economy, through employment, attracting global capital and serving the needs of consumers and businesses. I see this motion as a valuable opportunity for the Dáil to discuss the important matter of insurance costs, to highlight the actions the Government is currently taking to address the issues and to reach a shared understanding on the way forward.

Differing reasons have been put forward by various interested parties to explain Ireland's current increasing insurance costs. Motor insurance appears to be particularly affected, with the cost of premiums increasing significantly in the past 12 months. A number of factors drive the cost of insurance. Reasons often presented include the increased level of insurance claims and the increasing value of compensation awards. Others acknowledge that the highly competitive nature of the domestic market for non-life insurance in recent years has begun to impact on firms' underwriting profitability, with underwriting losses reported in 2014 for a number of high-impact firms.

I have been conscious of these issues for some time. To examine them in more detail and to assess the options for the Government, I have established a task force in my Department to undertake a review of policy in the insurance sector. This task force will report to me shortly on

the first phase of its work dealing with the insurance compensation framework. Its work will be completed over the coming months. The first phase deals with the fallout from the collapse of Setanta Insurance, which, as Deputy Michael McGrath will recall, was incorporated in Malta. I expect to have that report within the next couple of weeks. The work of the task force also includes an examination of the issues being debated today, namely, the factors which have led to the significant increase in motor insurance costs over the last year. The work is being undertaken in consultation with the Central Bank of Ireland, Government Departments, agencies and interested bodies. The outcome of the review will be recommended measures to improve the functioning and regulation of the insurance sector.

As I have stated previously, the availability of relevant and timely data is necessary to facilitate an in-depth analysis of the insurance sector. The current lack of data presents difficulties from a policy analysis and development perspective. Accurate, timely and accessible information on claims in particular would assist insurers, including new entrants, in assessing the Irish insurance marketplace.

The new risk-based European supervisory framework for insurance, Solvency II, came into effect on 1 January this year. A key aim of Solvency II is improved transparency. For many parts of the European insurance market, this means a significant change in the provision of publicly disclosed information and should provide for greater transparency of insurance industry information. The issues being examined in the review of insurance policy include the issue of data, and the work of the task force will include examining options such as a national claims register and motor insurance policy data. This work will take into account what information is currently available, and what will be provided via the introduction of Solvency II, and identify any shortfalls.

Consumers of insurance are directly affected by the costs of claims - both the costs of using the legal system often used to settle disputes and the compensation awards that result. A number of significant changes have taken place within the motor claims environment in Ireland in recent years, leading to an increase in claims payouts. Claims frequency has increased as a result of rising economic activity and increasing miles travelled per car, and this has not been counterbalanced by a drop in the number of accidents. Average claims costs are also increasing, which presents significant challenges to the insurance sector by making the claims charge per insurance policy significantly higher and more volatile. As I have stated previously, the Government welcomes proposals to reduce the uncertainty and volatility of the claims environment in Ireland and this is a core issue being examined by Departments in the review of insurance policy.

The introduction of the Personal Injuries Assessment Board in 2004 was an important and positive change to the legal system in Ireland. The board provides an independent assessment of personal injury compensation claims. The objectives of the board are to reduce the costs of delivering compensation by avoiding litigation where possible and also to speed up the delivery of compensation to victims, where legal issues are not in dispute. My colleague, the Minister for Jobs, Enterprise and Innovation, is currently reviewing the injuries board legislation and a general scheme of a Bill is being prepared with a view to seeking Government approval for the drafting of a Bill to strengthen the legislative framework in terms of operational issues. To assess claims, the board uses an extensive set of data on actual litigated cases and cases settled through negotiation, as summarised in its book of quantum. The book of quantum is essential for the successful operation of the injuries board. The injuries board is currently reviewing the book of quantum, which was last produced in 2004, and expects to have a revised version ready

as soon as possible.

The Government believes that these measures will help to ensure that the role of the injuries board is optimised to bring about the lowest cost and most efficient resolution mechanism for uncontested personal injury claims and that the book of quantum will provide certainty and clarity around award values. Reducing uncertainty regarding compensation levels should impact the ability of insurers to add precision to their pricing. False and exaggerated claims affect insurance costs, and I agree there is a need to consider as part of the review the proposals that may be appropriate in order to reduce such claims.

Making our roads safer is a key priority for Government. In order to tackle the issue of uninsured driving, it is essential that insurance companies provide accurate and timely information to the Garda Síochána on the insured status of individual vehicles to assist in enforcement. My colleague, the Minister for Transport, Tourism and Sport's Road Traffic Bill 2016 - which is currently awaiting passage through this House having been passed by the Seanad - provides for an amendment to existing requirements and allows for more robust enforcement by the Garda Síochána. This, in turn, should help reduce the number of uninsured drivers on Ireland's roads. Consideration will be given to a review and consolidation of existing road traffic legislation, and this will commence following the passing of the Bill I have mentioned. Improvements in road safety in recent years have been driven by a series of road safety strategies, supported by a partnership approach between relevant agencies and stakeholders. New Garda resources proposed by the Tánaiste and Minister for Justice and Equality will give the Garda Commissioner the capacity to maintain and extend the excellent traffic enforcement work of recent years, and contribute to further reductions in road deaths and serious injuries.

The regulation and supervision of insurance in Ireland is of a high quality. It has been further enhanced with the recent introduction of Solvency II and enhancements to Central Bank supervision, including materially increased on-site inspections and a revised approach to supervising low-impact firms. As of 1 January 2016, the new risk-based European supervisory framework for insurance, Solvency II, became applicable. The key objectives of Solvency II are to ensure financial stability and enhanced consumer protection in the European insurance market.

In view of the high degree of cross-border trade in insurance products, the Central Bank of Ireland has informed me that it strongly supports convergence in supervisory standards, which would contribute in a significant way to the long-term resilience of the financial system in Ireland and Europe. The Central Bank seeks to continually develop and enhance its approach to supervision and the bank advises me that it is currently undertaking a significant recruitment campaign to fill vacancies in its enforcement division.

The non-life insurance sector is an important sector, both in its own right and in terms of its role in facilitating activity, both commercial and non-commercial, in other sectors of the economy. It is important for consumers that insurance is provided on a competitive basis. Healthy competition within the insurance industry should facilitate this and the National Competitiveness Council emphasised that a resilient and well-functioning insurance sector contributes to economic activity and financial stability. Last year, the National Competitiveness Council considered the commercial insurance market in Ireland as part of its costs of doing business in Ireland for 2015 report. It subsequently set out a range of potential actions that could help facilitate enhanced cost competitiveness in the non-life commercial insurance markets. These were set out in its competitiveness challenge 2015 report and presented to the Government by

the Minister for Jobs, Enterprise and Innovation.

Many Departments and agencies are directly involved with the motor insurance sector. The Government is taking a whole-of-government approach to ensuring the correct policies are in place so the cost of motor insurance is addressed. This is being led by the Department of Finance task force. The Government will await the completion in the coming months of the existing Department of Finance insurance task force work, which involves examining the factors contributing to the increasing cost of insurance and identifying what short-term measures can be introduced to help reduce the cost of insurance for consumers and businesses. The Government will then consider what further longer term options may be required, including the possible establishment of a broader structured task force on motor insurance as outlined in the motion. In concluding, I thank the Deputies for their work on this motion and I look forward to hearing the interventions of Members from across the House.

Minister for Jobs, Enterprise and Innovation (Deputy Mary Mitchell O'Connor): I am pleased the House is having this debate on the important issue of insurance costs. CSO inflation data indicate insurance prices have increased by 55% since 2011. This is well in excess of European Union trends and it is vital for our consumers and enterprise base that Ireland maintains its price competitiveness to continue attracting inward investment and supporting job creation.

Among the reasons cited by the insurance sector for the increase in premiums are increases in claims volumes and the cost of settling claims. The data available to me through the Personal Injuries Assessment Board, PIAB, do not support the sector's claims on the volume and cost of settling claims. Estimates indicate that 70% of cases are now either resolved through the PIAB or settled directly between parties. The statistics for the average compensation awards by the PIAB and the acceptance rate of awards are broadly consistent. They do not reflect what some are saying about increased levels of awards. The existence of the board's model has facilitated the high volumes of cases that settle without the need for any litigation. The awards that are rejected may serve to facilitate a quick settlement, perhaps with some legal costs being paid. There are a number of personal injury cases settled outside the PIAB and the court processes, so they must be settled by the insurance companies.

Greater availability of data from the insurance companies is required for a proper understanding and greater transparency of what is going on in the entire claims market. In June 2014, my predecessor as Minister, Deputy Bruton, commenced a public consultation on the operation and implementation of the PIAB Acts 2003 and 2007 with a view to identifying any areas relating to the scope, powers or operation of the legislation that might require change. My Department is currently reviewing the submissions received and I hope to seek Government approval to draft a Bill later this year. My Department will continue to work with the Department of Finance in its review of the insurance sector.

Deputy Alan Farrell: I thank the Ministers for sharing time with me. As the Minister for Finance knows, this matter was raised in the Dáil by me last week, having temporarily been assigned to the Department of the Minister for Jobs, Enterprise and Innovation in the preceding week. Fianna Fáil is to be commended for raising the matter as it affects the vast majority of constituents in the State, whether it relates to home or car insurance. I read the figures into the Dáil record and the only sector that saw a decrease in premiums was the travel insurance area. It saw a slight decrease. I read into the record last week an example from one constituent not too far from my age. He is 36 and drives a car with a 1.4 litre petrol engine. He has five years of no-claims history and three penalty points, which were on his licence when he got his insur-

ance last year. His policy increased, if I recall correctly, by 85%.

There is no justification for that and if we consider the profit margins of the vast majority of the motor insurance companies, for example, as I have researched it, all of them have made great inroads either in terms of profit or corrections to losses made in previous years due to the reduction in economic activity and the number of vehicle users on the road. One firm had left its deficit at £20 million, when it had been £97 million two years beforehand. The bottom line is that legal costs have increased by only 1% in recent years so these have not pushed insurance premiums up by as much as 35% in the motor insurance business.

This afternoon we all received a briefing note from a lobbyist on behalf of the insurance business suggesting that this was somebody else's problem and it was not profit-gouging but we know better. The research is on the Dáil record and it has been submitted to the Department of Finance. I thank the Minister of State, Deputy Eoghan Murphy, and his officials for writing back to me this morning, acknowledging receipt of the documentation that I sent to them. They included notes for my contribution last week in the House and this fed into the review group that the Minister, Deputy Mitchell O'Connor mentioned when I arrived into the Chamber. It is a welcome move by the Government. I appreciate that this is a very pressing issue and I was originally informed that it would be the end of the year or, possibly, early next year before the process could be completed, meaning it might take even longer for us to see a result. It is encouraging that the Department has recognised the problem, has attempted to address it by verifying the factors that increase costs so significantly to the end user and is considering whether the Government can step in and play its part in reducing the overall cost to the insurance business so it can reduce costs itself, although I believe that to be a tiny percentage of the overall costs involved.

My next issue, the cost to the insurance sector of the Setanta crash, was mentioned by another lobbyist from the Motor Insurance Bureau of Ireland, MIBI. It made a very valid point in arguing that the increase in claims would result in a 150% increase in its overall settlements over 12 months because of the Setanta issue. The court case that was recently decided would inflict the total cost on the MIBI rather than the insurance compensation fund that was previously dipped into.

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It set a very unfair playing field for the MIBI, which is there to benefit the consumer and to reduce costs for the industry through settling matters outside of court rather than passing them on to the Insurance Compensation Fund, which, going by its name, is there for that specific purpose. There is something that has to be addressed in that process. I thank the Ministers for sharing their time and I apologise to the Acting Chairman for being out of breath.

Deputy Pearse Doherty: I move amendment No. 1:

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

"is concerned that:

- on average consumers have been faced with an increase of over 60 per cent in the cost of their motor insurance since January 2014, with a 34 per cent increase in the last 12 months alone but that in many cases consumers have received renewal quotes with prices that are multiple times their most recent premium;

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- commercial users have also experienced large increases in their motor insurance premiums;

- the insurance industry investment and underwriting losses are directly leading to increased premiums for consumers;

- many young drivers and many people in rural areas reliant on private transport are effectively being forced off the road by unaffordable premiums; and

- the dramatic increase in premiums will lead to a greater number of uninsured drivers on our roads;

notes that:

- motor insurance is compulsory in the State yet not provided by the State;

- there is an obligation on the State to act when motor insurance premiums become unaffordable and put families and businesses under severe pressure;

- when the issue of industry profitability was previously examined by the Motor Insurance Advisory Board in the 1990s, it was found that the Irish insurance sector had profitability levels that were multiples of the United Kingdom;

- up to 80 per cent of personal injury claims lodged with the Injuries Board are not subsequently settled through them;

- greater transparency regarding the cost of settling claims or awards in personal injuries cases that do not go through the courts or the Injuries Board is needed;

- an update of the Book of Quantum is currently being undertaken; and

- a reduction in resources for the Garda Traffic Corps puts lives at unnecessary risk;

welcomes an emerging trend where cases of suspected insurance fraud are being successfully contested in the courts by insurers;

notes that the evidence available points to the failure of the investment policies of the insurance industry as the largest single cause of the dramatic increase rather than any legal or policy decision by the State or State bodies; and

calls for:

- the incoming Oireachtas Finance Committee to examine the reasons for the increase including through an examination of the business model underpinning motor insurance cover in the State;

- the immediate publication of the Department of Finance's reviews of policy in the insurance sector when it is complete, or the publication of its work on motor insurance if completed earlier;

- a proposal from the Government for legislative action, including through the strengthening of the Financial Services Ombudsman to give greater protection and clarity to consumers in the sector and specifically to prevent consumers whose circumstances have not changed from facing increases completely out of line with industry average

increases from year to year without any rationale being presented to them;

- the more timely and detailed publication of data on the performance of insurance companies by the Central Bank of Ireland and an examination of the use of the Central Statistics Office, or another suitable body, to provide independent and full data on the sector;

- a review of the Central Bank of Ireland's regulation of the motor insurance sector over the past decade with a view to ascertaining if it, as regulator, has protected consumers and acted as necessary to maintain a sustainable motor insurance sector;

- the establishment of a task force along the lines of the successful Motor Insurance Advisory Board, which led to a considerable fall in insurance costs up to 2013:

 - to tackle rising motor insurance premiums;

 - review the role of the Injuries Board; and

 - examine the reasons for the current turmoil in the insurance market;

- improved transparency of insurance industry profits and the establishment of a national claims register and a motor insurance database to record data across the sector;

- enhanced disclosure for consumers around policy renewal notifications including an obligation on insurers to inform customers of the change in their premium from the previous year;

 - legislative reform to increase the penalties for false and exaggerated claims;

 - greater clarity as to the respective roles of the Motor Insurance Bureau of Ireland and the Insurance Compensation Fund;

 - a review of road traffic legislation to prevent the use of technicalities to avoid a conviction for motoring offences;

 - improved regulatory oversight domestically and at European level, including the filling of vacancies in the Central Bank of Ireland Enforcement Directorate which deals with insurance firms; and

 - action to protect low-income and vulnerable customers from unfair practices by insurance firms, including a refusal to quote for older cars which have a valid National Car Test (NCT) certificate.”

I am very happy to have the chance to contribute. I welcome Deputy McGrath's motion and hope that he and other parties can support the amendment I have put down, which adds to the proposal he has put before the House and focuses the motion on some key elements that may be lacking in the original proposal.

Recently, under a freedom of information request, I received a letter from the Governor of the Central Bank to the Minister for Finance from last August, wherein the Governor states that insurance companies “took a very optimistic view of future economic outlook, built up unsustainable overheads and followed an imprudent pricing and underwriting approach”. In a letter to me from the Central Bank, the Governor went on to say that the combination of low interest

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rates with developments in the claims environment is forcing insurance companies to increase motor insurance premiums to reduce their loss. This combination the Central Bank has identified is where focus needs to be put. Deputy McGrath's motion is very strong in terms of the task force. It is something I support, looking at the claims environment, but it can be strengthened by accepting my amendment, which provides a balance by including measures to look at the insurers themselves and what blame they might carry. We cannot fall into the trap of missing the wood for the trees. In 2005, the Competition Authority produced a report on the issue with a wide range of recommendations. That was 2005, yet we are only today, hopefully, agreeing the motion. Only last year, the National Competitiveness Council recommended going back to that report because many of the key proposals remain unimplemented. Government after Government has ignored some of those recommendations for over a decade. One of those was the transparency in relation to the claims that have been paid out, which is in the motion tonight.

The average figure for increases in premiums last year was 34%, as we have heard during the debate. That is only part of the story. For many, the increase is 100%, 200%, 300% and sometimes even more. Drivers whose driving records have not changed, who have not committed fraud and who have done nothing whatsoever to justify an increased premium, suddenly find themselves facing what can only be called extortionate quotes. This State demands that all drivers have motor insurance, yet it does not provide insurance through any State company. The private sector is left to provide insurance but it can charge whatever it wants. There is competition but not all drivers are empowered enough to know they can haggle with the insurance company and get an automatic reduction or shop around and go to other insurers. This is the nub of the matter. There are other issues around Setanta Insurance, around the book of quantum and how it is being used by judges and around fraud, but none of them, even if they were all put together, could possibly justify a driver's premium being increased by multiples of the previous year's premium. It is not right and the State must intervene to stop it.

What we need is real action, and that is what my amendment seeks to do. At the very least, a person who has not been involved in an accident, has not made a claim and has not had additional penalty points, yet who has seen his or her premium increase by 200% - or 300%, in the case of my sister - should be entitled to a rationale from the insurance company as to why that individual has become three or four times riskier than he or she was on that day 12 months ago. Many of those people would welcome a 34% increase in their premium but these individuals are being put off the road by insurance companies which, in my view, no longer want to insure them.

This State cannot intervene because of European rules in respect of setting the price of insurance but insurance companies have to price based on risk. As discussed earlier, motor insurance is not optional for people and it is not a luxury. It is a legal requirement the State insists on. The State, therefore, has a duty to make sure the price of insurance is fair, transparent and affordable. The EU says the State cannot set prices but it also says that premiums and prices must be based on risk. Where is the evidence that this is happening? How can a quote increase of 100% or 200% be justified on the basis of risk when no factor determining risk has changed? It simply cannot happen. Some people are facing 30% increases and others face 20% increases, but some people face increases of 200% and 300%. It makes no sense.

My amendment proposes that the incoming finance committee take on a thorough examination of the reasons behind these huge hikes as one of its first tasks. That does not take away from the task force called for in the motion. It is the duty of the finance committee, in public session, to start asking questions of the industry. I have called for a review of the Central

Bank's role as regulator of the industry, where it was overseeing what the bank now recognises as imprudent behaviour. Those are not my words. I know the Minister said in his speech that insurers are highly regulated and all the rest but the Central Bank is telling us they were involved in imprudent behaviour and conducted imprudent underwriting. The Central Bank has also written to the Department of Finance seeking additional powers to regulate some of this industry. There needs to be a review of the powers of the Central Bank. There are also long-standing vacancies in the Central Bank that have not been filled and I welcome the Minister's comments today that they are to be filled soon.

For some time, in answer to my parliamentary questions, the Minister has been telling me that a review was being undertaken by his Department and it was due to report within weeks. The Minister now calls this review the task force. He is making a mockery of the Dáil if he is suggesting the review that is being undertaken, which we have been told about in the responses to countless parliamentary questions, is now the task force that is being asked for in this motion. If the Government is going to accept the motion, it must implement it in the spirit in which it is brought forward and agreed by this House. When will the Minister publish the report and will he do so immediately upon receiving it?

I have already brought forward legislation protecting consumers by strengthening the Financial Services Ombudsman and I firmly believe this office can play a greater role in protecting consumers from unacceptable and inexplicable jumps in premiums from year to year. That may require legislation and I note in the legislative programme today that the Bill to merge the Financial Services Ombudsman and the Pensions Ombudsman is imminent. The opportunity to empower the Financial Services Ombudsman must be taken. There has been much talk of transparency tonight, and rightly so. The Central Bank could be doing more to inform customers, as the Competition and Consumer Protection Commission is trying to do. Sometimes the Central Bank hides behind section 33AK as a way of not providing the information that is required and that needs to be examined so that consumers have full information on insurers.

These are the steps we can take on the claims environment, side by side. Hopefully, this will reduce prices or at least prevent another reason for an increase. The Insurance Compensation Fund should be allowed to pay up to 100% and have its threshold increased, alongside clarity on the role of the MIBI in the event of liquidation. This is one of the major concerns. This is why the CEOs of the insurance companies came to Government Buildings and sat with the Ministers, Deputies Donohoe and Noonan. In an unprecedented move, the heads of the industry came together, saying this was causing chaos within the system. It could be resolved easily. The reason claimants want to be paid from the compensation fund is that they get 100% and there is no threshold for the amount of payments. It is the individuals who will end up paying it, whether it is through the Insurance Compensation Fund or the MIBI. If that reduces the immediate costs in terms of what the Central Bank estimates is a 3% cost of insurance, then it should be transferred into the Insurance Compensation Fund, but only with those two changes to the fund, which would allow for 100% payouts and an increase in the threshold.

It is time for a balanced debate on the issues. It is not sustainable to say that prices would tumble tomorrow if only we toughened up on fraud. I have heard during this debate and other debates that we have the most sensitive necks in Europe, as was said in a previous debate, and that we pay out so many times more than counterparts in Britain and elsewhere for whiplash injuries. That is simply not true. These are exaggerated industry claims that are being peddled to suggest that the rises are all to do with fraud, compensation, legal fees, etc. All of that is relevant and part of the mix which has to be addressed, but they cannot justify the excesses that

we are seeing. There are things that can be done in these areas. I believe we can all agree that a claimant should, for example, attend for a medical examination, should the Injuries Board process demand it, but that is not happening in all cases. Unfortunately, there are no straightforward answers and no silver bullets. There is a lack of transparency and information which hinders the consumer - and us, as representatives of the people. That situation could be sorted out if the Central Bank or, as I suggested, the CSO were to take on the role of publishing all the data in a timely fashion. The figures we do have from the Central Bank are clear. There have been no more claims paid out in the last couple of years than in the years before. There is also a deeply worrying question about what the Central Bank called the industry's imprudent pricing and underwriting approach. No amount of tweaks to legislation can change that.

I shall conclude now, and I apologise for eating into my colleagues' time. Information on claims paid out by the motor insurance industry from 2010 to 2014 is published on the Central Bank's website. In 2010 it was €1.17 billion, in 2011 it was €1.5 billion, in 2012 it was €1.069 billion, in 2013 it was just less than €1 billion, and in 2014 it was €1.078 billion. There is no dramatic increase in claims being paid out, yet we have seen a massive decline in underwriting losses and a massive decline in the investments these insurance companies were making from premiums that were gathered from individuals. There has to be a rounded discussion regarding this matter, and I appeal to Deputy McGrath and to the Government to accept the amendment and to actually implement what the House is hoping for. I hope the motion, as amended, will be passed tomorrow night.

Deputy Caoimhghín Ó Caoláin: I welcome the opportunity to speak on this pressing issue, which has clearly spiralled out of control and shows no sign of abating. It is extremely troubling to note that, on average, consumers have been faced with an increase of over 60% in the cost of their motor insurance since January 2014, with a 34% increase in the past 12 months alone. In many cases consumers have received renewal quotes that are multiples of their immediately preceding premiums. Naturally enough, people are finding themselves in a situation in which it is simply not possible for them to meet these extortionate prices.

The impact of these increases is being felt particularly badly in rural Ireland. Given the dispersed nature of our towns, villages and countryside, and given the inadequate public transport system, an ability to drive is crucial for so many people who are resident in these areas. Many people in rural areas who are reliant on private transport are effectively being forced off the road by unaffordable premiums. The high price of motor insurance is a burden on many families and, most worryingly of all, the dramatic increase in premiums will lead to a greater number of uninsured drivers on our roads. In addition, it would appear that our older people have borne the brunt of what can only be described as a totally ageist approach by motor insurance companies. I have been informed of a case in which an elderly woman's car insurance premium was increased by €300 per annum. This is an outrageous additional demand on fixed or limited pensioners' incomes. Older people are being viewed as a liability and a soft touch by greedy insurance companies. This is an absolute disgrace. This abuse must be addressed as a matter of urgency. It would appear that the insurance industry is willing to take no responsibility for these outrageous premiums. Instead, the industry has sought to peddle a view that bigger claims payouts, fraud, regulatory costs, etc., are to blame.

Correspondence received from the Central Bank by my colleague Deputy Pearse Doherty pointed to the real reason behind the jumps in premiums: a long-term unsustainable way of doing business. A deeper look at the business model underpinning the insurance industry in Ireland is required. In its amendment to the motion before the House, Sinn Féin has outlined

several important and practical additional steps that need to be incorporated in the overall consideration. I strongly urge Members to recognise that these are not only practical but necessary changes, and I join with my colleagues Deputies Doherty and Ó Laoghaire in calling on all Deputies to support this amended version of the motion.

Deputy Donnchadh Ó Laoghaire: Cuirim fáilte roimh an rún seo atá á moladh ag mo chomhghleacaí, an Teachta McGrath. Is maith an rud é go bhfuileamar ag plé leis an gceist seo. Caithfear dul i ngleic leis an ábhar seo agus srian a chur ar na costais atá de shíor ag fás. The Fianna Fáil motion, welcome as it is, requires strengthening and further detail. I shall be speaking on the amendment proposed by Deputy Doherty.

This afternoon, before speaking this evening, I asked people to contact me via social media about their motor insurance experiences. The response, not surprisingly, was enormous, with hundreds of reactions and dozens and dozens of messages. There is a great deal of anger and frustration out there at what people feel is an insurance cartel, seeking a bigger margin or a bigger profit and mercilessly squeezing motorists, particularly young returned emigrants and those who are over 65 years of age. This is part of a wider cost of living crisis for many families when one takes into account rent, health insurance, third level fees and much more.

Drivers have seen increases of, on average, 60% in the cost of premiums since January 2014. However, I am aware of many cases in which premiums have increased by multiples of that, with some increases in the region of 200% and 300% on quotes from two years previously, as referred to by Deputy Doherty. I know of one particular case of a man who had gone abroad for a couple of years and on returning was quoted €4,500, which was the best price he could get. That person had ten years' driving experience and a four-year no claims record in Ireland, and was able to prove that he was insured and without claims the entire time he was out of the State. He returned to what can only be described as an utterly outrageous quotation. I gcás eile, dúradh le fear a labhair liom go mbeadh táille idir €4,500 agus €6,000 ann. Dúirt sé liom go raibh sé réidh le dul ar ais ar an eitleán agus le himeacht thar lear arís. This is a person who returned to set up an electrical business. He left Ireland due to a lack of work and returned to try to create employment, but this is the obstacle he was faced with.

This is an enormous issue. Numerous people who have contacted me are able to prove that they were insured while abroad and that they had a no claims record which was disregarded by insurers when it came to quotes. Tá an t-árachas éigeantach sa Stát seo, agus má tiomáineann daoine gan árachas bíonn duine i mbaol finéalacha suntasacha agus bheith faoi cosc ar feadh i bhfad.

As we have stated in our motion, it is notable that although insurance is mandatory, there is no State provider. We have reached the point at which people are being priced out of the market, and all motorists have been affected by the increases. The impact of this situation is quite substantial, especially in more rural areas where private transport is an absolute necessity. Older people in particular are at a distinct disadvantage in this regard, particularly after the age of 65. There are plenty of examples in which people have been quoted 70%, 80% or 90% increases over the past two years, and I know Age Action Ireland has been very vocal on this issue in the past.

This prevents younger people from gaining employment, as they may have no other way of getting to and from their place of work. It appears that the benchmark 25% loading on premiums for those who are over 75 years of age and those under 25 has been shelved, and it is a

case of “whatever you’re having yourself”. There are also plenty of cases in which insurance companies have refused to give quotes to people who are deemed to be in so-called higher risk brackets, or have given quotes that essentially tell a person that the insurer does not want their business. This is also an issue for the self-employed and those running their own businesses. I have encountered start-ups that require insured cars. They have found this cost a huge burden, as have professional drivers and taxi drivers. I am aware that some of those drivers have been quoted a €1,000 increase on what they paid last year.

D’fhéadfaí go mbeadh daoine curtha as obair de bharr an méadú mí-réasúnta agus éagórach ina phréimh árachais. I ask Deputies to support the amended motion, to seek the establishment of a task force to tackle the rise in premiums and to tackle legislative action strengthening of the powers of the Financial Services Ombudsman to prevent consumers whose circumstances have not changed from facing increases that are completely out of line with industry averages without any clear basis. It is time for the State to step in to do what it can to stop the rip-off.

Deputy Alan Kelly: The Labour Party will support the motion, which is a good one. I congratulate my colleagues across the floor on putting it forward. It is very badly needed and many in the House will support it. We need it because we need to do something about the insurance industry. It is as simple as that. I have seen this before in other areas also and the industry certainly needs the scrutiny of this House. I welcome the debate because of the critical importance of affordability in transport provision for commuters, motorists and small businesses throughout the country.

The increases of 60% since 2014 and 34% in the past 12 months are nothing short of scandalous. I mean this sincerely because to an alarming degree they are having real effects on people’s lives. This topic was discussed recently on my local radio station, Tipp FM. It was said afterwards that very few items discussed on such a show on a rural station had received as much attention. That shows how much the issue has heated up, particularly in rural Ireland, where public transport is not available to the same level and people are very much dependent on the car. This applies throughout the country. It may not necessarily be a priority in Ranelagh, but the Government has stated rural Ireland is a priority and, if that is so, it should tackle this issue because it is central to people living in rural Ireland.

I will not repeat some of the comments of previous speakers, but I have been frightened by some of the examples I have seen. In an earlier life I had responsibility for regulating the taxi industry. Speaking again about rural Ireland, there has been a diminution in the number of hackneys in rural Ireland. They are very much a necessity in getting around and keeping localities vibrant, but because insurance premiums are increasing so much they simply cannot stay on the road. This is a critical issue. I have heard about numerous small businesses that have received incredible quotes for their vehicles. Just as they are trying to move on to get out of the slump, they are hit by this. I really want the Government to act and with the support of the Dáil because the short-sightedness of the insurance industry will lead, regardless of whether we like it, to a number of people driving on the roads without insurance and we do not want that to happen.

I have to be honest. I have a real problem with the insurance industry. I experienced it when it came to managing the effects of flooding in the past couple of years. I found it not to be sincere in the way it dealt with the issue and think it is not sincere in the way it is dealing with this issue either. There is a lack of transparency on data management - this issue comes up across the board when it comes to the insurance industry - and in the way it maps and uses data

to justify whatever means it wants to use and whatever decision it wants to come up with for a particular category of people, whether they be the elderly or people who were living elsewhere in Europe or America. It also applies, in particular, to young people, who have been adversely affected.

The industry is peddling yarns. There is no doubt that there have been issues relating to Quinn Insurance, Setanta Insurance, the levels of reserves and undervaluing. However, the industry is peddling yarns when it seeks to justify increases based on the spiralling cost of claims and the corresponding legal fees. Barristers fees have fallen. Therefore, legal costs have changed. The Courts Service and the Injuries Board do not support the statements made by the industry that increasing awards in personal injury cases are a major factor in the cost to consumers. In fact, the increases in the awards made by the Injuries Board are modest at best and in small, single figures. There seems to be quite a gulf between the industry's explanations and what is true. Therefore, we need to get to the bottom of the issue.

In addition, insurers should be obliged to provide information for customers on changes to their charges and the changes should be justified. There is a need for transparency in increases in premiums. We made changes to provide for transparency in a range of other areas, including, for instance, in the sale of houses. Why can we not make changes in order that all increases in premiums will be displayed and justified? If we were to do this, we would get back to the point I made about data being massaged to justify what the industry wants to do and, in particular, how it treats risk.

We know that insurance fraud is a real issue which plays no small part in explaining the rise in premiums. Falsely exaggerated and invidious claims made by a small section of society are giving rise to additional expense for all law-abiding citizens in their premiums. In recent weeks there has been the much-publicised case of a number of individuals. I will not get into the specifics, but it was quite obvious from what the judge had outlined that it was one of a number of cases in which individuals had made fraudulent claims. In such situations it is quite clear that the people involved need to be penalised severely. Not alone that, the Garda also needs to get involved very quickly.

Insurance companies cannot be allowed to act as unregulated bandits. We must ensure the way in which they perform their functions is transparent and that they work within a code. We must ensure the task force to be set up will have real teeth and that the manner in which it will do its work will be quick. We must ensure we can isolate those who have been targeted who include the proprietors of small businesses, younger people, older people and people returning home to Ireland. They also include those who have older cars which have passed the national car test, NCT, but who are still being charged exorbitant premiums, even though their cars have been certified as being roadworthy for a year or two, as the case may be. The Labour Party will support the motion and looks forward to seeing how the Government will ensure action is taken to support people, in particular those living in rural areas.

I wish to raise another issue which has not yet been raised but about which I have a real concern - how end-of-life vehicles are treated. It is an issue for the insurance industry. It is a serious issue in terms of road safety and the insurance industry not wanting to take responsibility. It is my belief that, because of the way the legislation has been set, some end-of-life vehicles end up back on the road. In fact, I know that they do. I have spoken to breakers who have told me about the issue. These vehicles are being driven by young people and others because the legislation dealing with how end-of-life vehicles are treated is not sufficiently robust.

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I will not get into the detail of the categories, except to say there are four. In many cases, it is not mandatory for insurance companies to ensure end-of-life vehicles are scrapped. Unlike in the United Kingdom, there is no mandatory certification. It is voluntary. In some cases, insurance companies are not following up. Hence, some people ensure cars are sold on. If they have been imported, it is easier to do this and it causes premiums to increase. The insurance industry is not taking responsibility where it should. In many cases, a vehicle is left in the name of the original owner who, when it is involved in an accident, is held responsible. This is completely unacceptable, given that the insurance company involved has already written off the vehicle.

There is a gap in the legislation. I have spoken to officials in the Department of Transport, Tourism and Sport about the issue, yet months later nothing has happened. I ask the Government, through the Minister of State, to ensure it is dealt with because it will have a huge impact on road safety and is having an impact on the premiums charged by the insurance industry. This is impacting on the insurance industry and on insurance premiums. The insurance industry and not individuals must be responsible for certifying that vehicles written off are written off. Once an insurance company assesses a vehicle it should become the owner of the pathway for the destruction of that vehicle. There are people driving on the roads of Ireland tonight in cars that should be scrapped but have not been because of a gap in the legislation.

Debate adjourned.

Adjournment Debate

Drug and Alcohol Task Forces

Deputy Caoimhghín Ó Caoláin: This is the first opportunity I have had to address the Minister of State, Deputy Catherine Byrne, in the Chamber since her appointment. I congratulate Deputy Byrne on her appointment as Minister of State and hope that her addressing during the term of this Dáil the twin scourges of drug and alcohol abuse will be a success.

There is an urgent need to properly resource the Cavan and Monaghan drug and alcohol awareness service through increased and realistic resourcing and the provision of essential personnel to sustain this most important service, including the appointment of two full-time senior staff members to deal with case management and rehabilitation co-ordination, and a dedicated young person's counsellor who would double as a prevention education officer and an administrative staff member, all of which are essential positions to the current needs of the service. As well as the above, there is a clearly identified need for another counsellor for the adult service on a part-time basis and for a part-time family support worker.

All of the above and more are part of the basic services that already apply in comparable settings in Dublin and elsewhere. Why is it, given the significant heroin addiction problem and other harrowing substance abuse statistics for Cavan and Monaghan, that people there have to beg and to do so facing the real prospect of losing what they have?

The Cavan and Monaghan drug and alcohol service currently has four full-time employees covering two counties in what was the largest geographical constituency in the country. This is the only dedicated substance addiction service across these two Border counties. It deals with approximately 100 people each week. Great praise is due to the two general practitioners who operate the methadone clinic within the service. While the official capacity for a two-GP ser-

vice is set at around 60, these great doctors, Dr. Maguire and Dr. Halligan, see approximately 75 heroin addicts each week. There are a further 12 known heroin addicts on a waiting list to be seen, many of them waiting for much longer than the three months that applies to the shortest waiting time across their number. There is no needle exchange or harm reduction service in Cavan and Monaghan. The Cavan and Monaghan drug and alcohol service is willing to take on this role if given the go ahead by the HSE. It has been waiting three years for that response.

There is a service level agreement with the HSE to deliver services on its behalf. Additional funding was applied for again last year but no response has issued. Funding has remained static at €213,000 per annum for each of the last three years. The current level of service provision is only possible because of the support of volunteers, community employment participants, Tús workers and student placements. Training is provided but none of these staff is able to stay and are lost to the service when they are arguably able to make a worthwhile contribution. We cannot build on such a human resources dependency. The experience and dedication of the lead players is what keeps this service together. Theirs is an heroic effort. I take this opportunity to acknowledge each of those people.

What price do we pay for our head-in-the-sand approach to such critical services? Untreated drug problems are contributing to the national hospital trolley crisis, over-crowding in our prison system, increases in crime statistics and overloading of our criminal prosecution system, not to mention the agony and misery of the victims of crime. Our problems are not confined to heroin addiction. The Minister of State, Deputy Byrne, and I were members of the previous Oireachtas Joint Committee on Health and Children and as such she will be aware of the two tragic deaths of young people within my community because of herbal high misuse. I appeal to her to look at the needs of the Cavan-Monaghan constituency.

Minister of State at the Department of Health (Deputy Catherine Byrne): I thank Deputy Ó Caoláin for his kind words. The Deputy will be aware that I have recently been given responsibility for the national drugs strategy, which aims to tackle the harm caused to individuals and society through the misuse of drugs. I am keenly aware from my own work at community level that the drugs problem is a complex and challenging issue that has far-reaching consequences for problem drug users, their families and the wider community and society.

The Oversight Forum on Drugs, which I chair, is responsible for the high level monitoring of the implementation of the strategy across key Departments and agencies. I intend to convene a meeting of the forum in July to receive an update from all the stakeholders on their progress in delivering on the objectives of the current strategy.

In regard to the Deputy's question, the HSE currently provides a range of addiction services in the Cavan and Monaghan region to support people experiencing problems with drugs and alcohol, including a full-time primary counsellor. I am informed that Cavan and Monaghan Drug Awareness Trust, a key project supported by the north-east regional drug and alcohol task force, receives €213,000 in annual funding from the HSE to provide a range of addiction services in the region. These services include the provision of prevention and education initiatives and treatment and rehabilitation programmes. The trust is also responsible for the co-ordination of the methadone maintenance programme in the region. The north east regional drug and alcohol task force also plays an important role in the delivery of measures under the national drugs strategy, including in the Cavan and Monaghan region, such that there is a targeted response to the drug problem.

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In addition, the HSE provides over €93,000 on an annual basis to Cuan Mhuire Teoranta, Ballybay, to deliver a transition residential programme and community counselling to people suffering with addictions, their families and others affected by addiction. This service also facilitates weekly meetings of mutual aid and aftercare support groups. I am advised that HSE community health care organisation area 1 is undertaking a review of existing drug and alcohol services in Cavan and Monaghan. The outcome of the review will inform the future addiction service needed in the Cavan-Monaghan region including the need for any additional staff.

One of my main priorities this year is the development of a new national drug strategy, which will take effect from January 2017 when the current strategy expires. This process is being overseen by a steering committee, chaired by John Carr, the former general secretary of the Irish National Teachers Organisation, INTO. The development of the new strategy will provide an opportunity to have a constructive and wide-ranging public dialogue on the approach to drug use. The outcomes will also have a bearing on the kind of services and initiatives that we need to put in place to tackle the drug problem effectively, including in counties Cavan and Monaghan.

I acknowledge the work Deputy Ó Caoláin has done. As I complete the first two weeks of my time as Minister of State I pledge that I will consider all the things he has said and bring them to the relevant agencies. During the whole process we may be able to consider this again because drug addiction services should not be based in Dublin alone. They should be throughout the country. There is a need in Monaghan and other counties to be more effective in supporting and dealing with those who have drug addiction problems.

Hospital Waiting Lists

Deputy Paul Murphy: It is a pity the Minister for Health is not here. We heard today that more than 500,000 people are on hospital waiting lists. That is a really shocking figure. Sometimes figures like that are so big that they almost may not be real for people. To help make it real for the Minister of State I will read a letter sent today to my colleague, Deputy Copping.

On Thursday the 2nd of June 2016 my mam had a fall at home out in her back garden ... My mam is currently waiting on getting a hip replacement and has no power in her right leg due to this. We waited [from 4.50 p.m.] until 6:35 for an ambulance to get to my mam. [...]

My mam who was face down in the garden was like this for over three hours, she had tried to pull herself up the garden on her stomach as she needed to get to the back door to get some help but she was unable to do this. We were informed when we rang 999 not to move my mam in case she had injuries that we could not see or any internal injuries ... at 5.30 we were assured that an ambulance was on the way to us, we even gave them a second phone number [...]

My mam is 68 years old and because of waiting for a hip replacement she has had knock on affects [*sic*] to her health and daily life. In November last year, my mam had another bad fall in which she ended up in hospital for over two weeks in which they found that she had fluid on the brain. My mam I feel is a prisoner in her own home as she cannot leave to carry out daily tasks due to her hip it restricts her in every way and it makes simple tasks very difficult for her to carry out. [...]

My mam is on a state pension and has a medical card and I feel that she is being treated like she is in a third world country in respect to her appropriate health care. She is a second class citizen in the Irish health care system as, private patents are seen for hip replacements in a matter of weeks. [...]

We feel the situation she found herself in on the aforementioned date is a result of a failing healthcare system.

The writer of the letter asks several very pertinent questions of the Minister:

How can this be the norm in our health care system? How can people with money or the means to fund an operation get it done in a matter of weeks and vulnerable people have to wait years? Why do we have a two-tier healthcare system? How can a pensioner in Dublin be left for one hour and 45 minutes to be responded to by an ambulance?

That woman and 500,000 other people throughout the country need to hear answers because these waiting lists are not just numbers. They can prove deadly. The so-called cancer gap exposes the reality of what faces ordinary people who are not wealthy enough to get private health care. If people do not have it they can be left waiting on lists for tests and examinations; as the case of Susie Long tragically showed this can result in death while those who have health insurance can be seen more quickly and have a far lower mortality rate. Today we understand the Government agreed a €480 million top-up of funding for the HSE. This is to fill a funding gap for current services but the current services are completely insufficient if each month thousands of people join waiting lists.

Since the beginning of the capitalist economic crisis, more than 5,000 nurses have been lost to the health service. Pay levels have been slashed resulting in newly qualified doctors and nurses leaving the country. Late last year an independent study backed up the position of the Irish Nurses and Midwives Organisation, INMO, that accident and emergency departments have only 60% of the staffing level needed. Despite all of that, the HSE last month directed hospitals not to hire new staff to fill positions which had not already been agreed. The approach of the Government is to base itself on the bottom line. For it, the bottom line is money and for most people, certainly for the Anti-Austerity Alliance, the bottom line is patients. The 500,000 on waiting lists is the bottom line in a health service that shows that funding and staff are required.

We warn the Government not to use this crisis as an excuse to increase the levels of privatisation already in our health service, as planned in the programme for Government. The model of hospital trusts and a management unit is taken straight out of the playbook of the British Tories, a model that has resulted in nearly 40% of contracting services in the National Health Service, NHS, going to the private sector in 2015. The programme for Government will also force hospitals to use their funding to pay private companies to provide services if they do not meet their targets. Private companies and for-profit organisations have no place in our health service. They will not end or assist in any way in dealing with this health crisis. We need to work right now to create an Irish national health service, which is free at all points of access and paid for through progressive taxation.

Deputy Catherine Byrne: I thank Deputy Murphy for his question.

Every year there are 3.2 million outpatient attendances at our hospitals. A total of 100,000 patients have an elective inpatient procedure and 800,000 have a planned day case procedure.

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For those waiting to see a consultant or to have tests or surgery, the biggest worry is not the size of the list but how long they are likely to be on it.

Adding the total number of all patients waiting for treatment, regardless of whether they are waiting for surgical or diagnostic procedures or for a consultant-led outpatient appointment, and regardless of whether they were placed on the list two days, months or years ago, produces, as the Deputy says, a headline figure of more than 500,000.

Those headline figures, however, do not tell the story of the approximately 300,00 people on those lists whose wait will generally be less than six months. Nor do they illustrate the point that approximately 75% of people waiting for an outpatient appointment will not require any further treatment arising from that initial referral.

I fully acknowledge that there has been a considerable increase in demand for care in our health service in recent years. However, I want to acknowledge two examples of what has been achieved - the numbers waiting for outpatient appointments have gone down by almost 23,000 compared with May 2015, and the number of people waiting in excess of 18 months for a routine gastrointestinal endoscopy reduced from 87 to 28 within the past month.

The National Treatment Purchase Fund, NTPF, figures for May illustrate the absolute need for a sustained commitment to improving waiting times for patients from across the health service. Clinical need will determine that some patients require care more urgently than others and it is appropriate that patients are prioritised on this basis. After those who require critical or urgent care and in order to provide a fair and equitable service those patients waiting longest must be prioritised and the programme for partnership Government commits to continued investment of €50 million per year specifically for this purpose.

A scheduled care governance group has been established in the HSE to co-ordinate key initiatives to reduce waiting time and the number of patients awaiting treatment. Actions overseen by this group include driving greater adherence to chronological scheduling, relocation of low complexity surgical procedures to smaller hospitals and administrative and clinical validation procedures to ensure that patients are available for treatment. In addition, each hospital group has been mandated to designate a key person to lead and support waiting list management improvements to advance towards compliance with maximum waiting times.

I wish to reassure the House that the officials in my Department are working with the NTPF and the HSE in planning a designated waiting list to initiate focused endoscopy implementation this year and, on further investigation, to address urgently the waiting list for those waiting longer. There will be funding of an annual commitment of €50 million, including ring-fenced funding of more than €15 million in 2017 for the NTPF. This will allow us to balance demand and capacity in our acute hospital service and utilise primary, social and community care services to support the health of our citizens.

I refer to the Deputy's comments regarding someone having to wait for an ambulance for an hour and a half. I can assure him that I do not consider that to be appropriate. The issue needs to be examined.

Forestry Management

Deputy Marc MacSharry: I congratulate the Minister of State, Deputy Andrew Doyle, on his appointment and wish him very well. I am sure it is a great honour.

My Adjournment matter refers to afforestation in County Leitrim, of which I know the Minister of State is aware based on other representations that have been made to him. Traditional farming in the area is under threat. The reality is that while the forest service has aggressive targets to increase planting throughout the country, which is an honourable ambition, we cannot approach the country as if it was a blank canvas, because it is not. The official afforestation level of county Leitrim is listed as 17%, but anecdotally I have found that from speaking to people locally it is very unbalanced and the figure may be significantly higher than that.

The fact there are no planning regulations in regard to forestry and one merely needs the approval of the forest service, is wrong. Last week planning enforcement in Sligo informed me that I needed to take down a modest sign outside my office which I was not allowed to erect without planning permission. That is reasonable and I will take the appropriate steps. However, somebody can plant 17 ha with mere approval, and it appears that once he or she has begun to plant 17 ha, he or she is entitled to plant a further 17 ha.

I can provide the Minister of State with examples in Cloone, County Leitrim, where five plantations have begun in as many months. This is closing down communities. People want their right to light and views. There is no right to a view, but we must be cognisant of these issues and not approach the country with the attitude that it is a blank canvas. County Leitrim, west County Cavan and parts of Sligo are being targeted by wealthy speculators who can buy land at a cheaper price and, in some cases, pay a premium for land. The net result is that young local farmers who want to achieve some scale in their farming activities cannot compete. They cannot enter the industry because, as I said, wealthy speculators who have the benefit of premia and larger farms throughout the country with larger scale, shorter winters and better land are able to pay more.

The premia that attaches to this afforestation covers larger operations to the extent that they will make a profit, which pushes local people and communities out of business. The Minister of State should remember that the north west is a substantial part of the engine room of the suckler herd of this country which, as he knows, is from where some 40% of the weanlings come.

Local people are entitled to begin a career in farming in that part of the country, but if we are going to push them out of the sector by allowing this to take place, that is fundamentally wrong. Planning applications must be required for substantial afforestation and we must approach the country in an even manner. We cannot push everything into the north west of Leitrim, west Cavan and Sligo.

I would like the Minister of State to visit Cloone and Drumkeeran in County Leitrim and Blacklion in Cavan. I can show him three examples of communities being swallowed by afforestation. We need to plant more trees to improve the national carbon footprint, which is admirable, but that should not happen solely in our part of the country. We are well covered. In fact, we are over-covered and it is impeding upon communities. They cannot maintain the tradition of rural Ireland and produce quality beef through the suckler herd.

Will the Minister of State contact my office and arrange to come to that part of the coun-

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try on a date on which he is available? I have no doubt that Deputies Eamon Scanlon, Tony McLoughlin and Martin Kenny, who also serve the constituency, share my views and would also be happy to visit the area with the Minister of State if he were prepared to make time. I know he has family members who are involved in forestry. They perhaps know infinitely more about it than I ever will. All I know is the reality of what is happening in my area, the distress it is causing to communities and the imbalance it is causing to our part of the country.

Statistically, the figures probably look good within the Department of Agriculture, Food and the Marine in terms of more trees being planted. As I said, the unintended negative impacts of this approach must be addressed by the Minister of State. It may well be the case that the premia that attaches to these plantings should be preserved for local people who will farm in the area rather than speculators from other parts of the country who have more capacity and can make profits by pricing local people out of the market. They are looking after their carbon footprint in their own parts of the country.

The programme for a partnership Government states that next year there will be a review of this issue. It is alleged that Deputy Michael Fitzmaurice may not have supported the Government because he pushed very strongly on this issue, as I know other rural Deputies have. I appeal to the Minister of State to take appropriate action in this regard and have his office make contact about what dates suit him to visit.

Minister of State at the Department of Agriculture, Food and the Marine (Deputy Andrew Doyle): I thank the Deputy. This is my first opportunity to speak on this issue and in an Adjournment debate. The Deputy and I have known each other for quite a while and I am conscious of this issue. I was made well aware of the issue of afforestation in County Leitrim. Perhaps it is one of the consequences of having a policy. No matter how good it is, it always has the potential to upset people.

The Deputy acknowledged the important contribution that forestry makes to the economy, environment and society. The Government has invested significantly, as have previous Governments, in the development of forestry over recent decades. A vibrant export-orientated forest product sector is one outcome from that investment, as is the contribution forestry makes to climate change mitigation.

The role of the Department of Agriculture, Food and the Marine is to assist the development of the forestry sector. The afforestation grant and premium scheme administered by my Department aims to increase the area under forest in Ireland from its current low base of just under 11%. In this context, it should be noted that the EU average is 38%. It is not intended or proposed that any increase in forest cover be undertaken without due regard to other elements within the environment.

The increase in the area under forest will be undertaken in a sustainable manner, contributing to the EU's priority of restoring, preserving and enhancing ecosystems related to agriculture and forestry. For this reason, all applications for approval to afforest land are advertised on the Department's website and are subject to detailed consideration and consultation with a number of notice bodies, including the Environmental Protection Agency, EPA, An Taisce and Inland Fisheries Ireland.

It is useful to consider the context of forest cover and the level of afforestation in Leitrim compared with national figures. Forests account for 10.8% of the land area of the country, with

the forest cover in counties varying widely. In terms of forest cover as a proportion of the total county land area, the second national forestry inventory found that County Wicklow, the garden county, had the highest level of forest cover at 17.7%. Leitrim closely followed it at about 16.7%, a figure the Deputy mentioned.

As regards the ownership of lands under forestry in County Leitrim, I checked the figures and understand the bulk of the new forest plantation over the past couple of years has been undertaken by farmers. For example, of the 513 ha of new forest planting for which grants were paid in 2015, 81% was undertaken by farmers. Likewise in 2014, of the 272 ha of new forest in respect of which payments were made, just under 96% was undertaken by farmers.

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It is also worth noting - perhaps we should engage in an awareness exercise - that farmers who hold valid herd numbers continue to have an advantage over non-farmers in that they can qualify for basic payment and forestry premium on the same land. They also qualify for areas of natural constraint and green, low-carbon, agri-environment scheme, GLAS, payments, whereas non-farmers cannot do so.

Forestry is a viable land use alternative and farmers have availed of the afforestation scheme in significant numbers in recent years. However, notwithstanding the continued availability of a State-funded afforestation programme, national planting figures have declined in recent years with payments made in 2014 for the new planting of 6,156 ha, compared to a peak of more than 23,000 ha in 1995. The general consensus is that it is necessary to achieve a higher rate of new forest planting to ensure a continuous, secure supply of quality timber from the forest industry. It is, therefore, vital to address the decline in the planting level now for the long-term future of the industry.

The afforestation grant and premium scheme, currently available under the forestry programme 2014 to 2020, offers a single premium rate. The scheme under former programmes offered different rates and for different periods of time depending on whether the applicant was a farmer or non-farmer. That was a change encouraged by the EU in terms of an equitable approach and also a recommendation of the Council for Forest Research and Development, COFORD.

In addition to an increased supply of timber in the long term, the other benefits of increased forest planting - for example, employment creation opportunities at the establishment phase and also those associated with the ongoing management of forests, including thinning and eventual clear-fell - should not be overlooked. It is worth noting that Masonite Ireland, located just outside Carrick-on-Shannon, is one of the largest ratepayers in County Leitrim. It employs a significant number of people, makes a very important contribution to the local economy and its activities are totally based on forestry. While an increase in planting levels is welcome, I am conscious of the concerns of the people of County Leitrim, including farmers. I am prepared to visit at a time that suits and I will consult with all colleagues to organise such a visit. I believe we can devise an approach and work out a solution.

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Employment Rights

Deputy Jan O’Sullivan: I thank the Ceann Comhairle’s office for selecting this matter for discussion on the Adjournment. I also thank the Minister, Deputy Mitchell O’Connor, for being present to respond.

At the end of last week, before the bank holiday weekend, the staff, parents and children of three crèches in the Limerick area were told the facilities were closing. There was no warning whatsoever. I refer to the Tic Toc crèches, one in Newcastle West, one in the city centre and one at the edge of the city in Westbury, Corbally. Since then, there has been some reprieve for two out of the three crèches but the one in Westbury continues to be occupied by the staff with the full support of parents because they were told, with no warning whatsoever, that the facilities were closing. A total of 17 staff members are affected and a large number of children. The crèches have gone into liquidation with no warning.

When I checked this afternoon, the staff had still not had a promised visit from the owner of the crèches, in particular the one in Westbury, which is the one where the jobs have been lost and the premises has closed. I understand the owner was due to meet the workers to address the issues around money owed to them in redundancy pay, holiday pay and salaries. The staff remain in occupation of the crèche. The workers have been assisted very well by Frank McDonald of SIPTU. They are seeking their rights and have approached the Department of Social Protection in regard to statutory redundancy. It is simply not acceptable that somebody would so callously close down a crèche, let down parents who have to go to work and who have no alternative and also let down dedicated workers who in many cases have been working in the crèche for a long time. There is a very warm relationship between the families and the workers. What happened is a complete shock to everybody.

A total of 55 children are booked in for the early childhood care and education scheme for next September and their parents must now try to find alternatives. Everybody hopes the crèche will be taken over and that it can continue to operate. It is a very good premises and it is very well stocked. One option under consideration is whether the crèche could become a community crèche. I and other local Oireachtas Members have been making inquiries in that regard on behalf of those involved. That is the preferred option but we are also exploring the possibility of the crèche being taken over by somebody else. Those affected have been left completely high and dry. People who had important meetings were not able to go to work because they did not have alternative child care. Understandably, the children were very unsettled by the whole experience when the place where they were being cared for was closed without any warning. It was particularly difficult for the children with special needs in particular who find it very difficult to adapt to change. The sudden closure of the crèche was traumatic for all of the children, their families and the dedicated workers.

I wanted to raise the issue tonight in the hope there will be a response from the Government. Last week when we had a debate on a Labour Party motion for workers’ rights it was indicated that the Company Law Review Group is examining liquidations and protecting people in such situations. From a Labour Party perspective, while significant work was done when we were in government, we raised a number of other areas in the debate last week. My real concern is that the immediate needs of the workers, children and their parents are addressed and that they have an alternative, which is provided as quickly as possible and that in the meantime all of their rights are protected. I know the Department of Social Protection pays statutory redundancy

where it is not paid by the owner or liquidator but that is a significant cost to the State and there must be some responsibility taken in such situations and some humanity shown as well.

Minister for Jobs, Enterprise and Innovation (Deputy Mary Mitchell O'Connor): I thank Deputy Jan O'Sullivan for raising this serious matter and I share her concerns about the position of the employees in question. I know the Deputy has a significant interest in children's welfare and education, which was so evident when she was Minister for Education and Skills. I also share her concern about the position of families who may be affected by the sudden closure of the child care services in question. The uncertainty caused in this situation must be stressful for parents, children and workers alike.

At the outset, I confirm that there has been no engagement or communication from this company with my Department. However, I wish to reassure the workers concerned that we have a robust suite of employment rights legislation which provides strong protections to employees. Those protections include, for example: the Protection of Employment Acts 1977 to 2007, which provide for a process of information and consultation between the employer and the employee representatives in circumstances where a collective redundancy is proposed; the Minimum Notice and Terms of Employment Acts 1973 to 2005, which give employees entitlements to specified notice periods or payment in lieu of notice; and the European Communities (Protection of Employees on Transfer of Undertakings) Regulations 2003 which may apply in certain circumstances. These regulations aim to protect the basic terms and conditions of employment for employees in situations where a transfer of a business takes place. Fourth, there are the Redundancy Payments Acts and the insolvency payments scheme, both of which are administered by the Minister for Social Protection.

The Workplace Relations Commission, WRC, is mandated to secure compliance with employment rights legislation. The WRC's customer service section provides information on employment, equality and industrial relations rights and obligations, as well as on how to obtain redress where appropriate. The WRC's customer service section can be contacted at the lo-call number, 1890 80 80 90, and the website also provides extensive information on employment rights.

I understand the concerns of the Deputy about the impact on families and children affected by this situation. I understand from the Department of Children and Youth Affairs that in response to the closure of Tic Toc, Limerick Childcare Committee is working with parents to assist them in making alternative child care arrangements. I understand further that all children registered in the early childhood care and education free preschool year at the three Tic Toc services have received their full entitlement for the 2015-2016 year. This represents the vast majority of children registered in the affected services. The Department of Children and Youth Affairs is keen to ensure that the areas served by the Tic Toc facilities continue to have access to child care and where it is possible for replacement services to be established at, or close to, the sites in question, that Department and other relevant bodies, which act as agents of the Department, will provide all possible assistance to potential new management. The Department of Children and Youth Affairs understands that some preliminary discussions have already taken place in this regard. The Deputy will appreciate that the provision of child care services is a matter for my colleague, the Minister for Children and Youth Affairs. The Deputy may wish to raise these matters separately with my colleague.

The Dáil adjourned at 9.15 p.m. until 10.30 a.m. on Thursday, 9 June 2016.