



DÍOSPÓIREACHTAÍ PARLAIMINTE
PARLIAMENTARY DEBATES

DÁIL ÉIREANN

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

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DÁIL ÉIREANN

Dé Máirt, 11 Deireadh Fómhair 2016

Tuesday, 11 October 2016

Chuaigh an Ceann Comhairle i gceannas ar 1 p.m.

*Paidir.
Prayer.*

Financial Resolutions 2017

Budget Statement 2017

Minister for Finance (Deputy Michael Noonan): This is the sixth budget I have introduced since 2011. Since then the country has overcome huge challenges, challenges that many thought were insurmountable. The lessons learned over this period must not be forgotten. We must budget prudently while we prioritise the repair of our public services after a period of underinvestment.

We will be true to the commitments we made in A Programme for a Partnership Government. We will divide the resources available between increased investment in public services and tax cuts in proportions of at least two to one in favour of public services.

The economy is in good shape, it is growing strongly and sustainable growth is forecast for the coming years. My Department, with the endorsement of the Irish Fiscal Advisory Council, is forecasting that GDP will grow by 4.2% in 2016 and 3.5% in 2017. The strength of our economy is even better understood when one looks at employment. There are over 2 million people at work this year and my Department is forecasting that there will be a further 43,000 at work by the end of 2017. Employment is still short of what it reached in 2007 but it is far more solidly based with jobs being created across all sectors of the economy rather than being dependent on one overblown sector. As the numbers at work continue to grow to well beyond 2 million, it is salutary to remember that as recently as 1989, fewer than 1.1 million people were at work in Ireland.

The growth of the economy has been mirrored in the public finances. We have moved from a completely unsustainable position, depending on the troika and the bailout programme, to our current sustainable position. We have rebuilt our tax revenues and have been able to invest more in public services. We will continue on this path. Today, I am announcing changes to the tax system that will reduce the burden on taxpayers by just under €300 million. These changes consist of about €500 million of tax cuts that are offset by measures increasing tax revenue

worth €195 million. My colleague, the Minister for Public Expenditure and Reform, Deputy Paschal Donohoe, will shortly outline the allocation of gross voted expenditure for 2017 of €58 billion, including €1 billion of additional allocations above the amounts precommitted in line with the mid-year expenditure report.

Overall, the budget package of €1.3 billion favours expenditure increases over revenue reductions by over three to one. This reflects the Government's commitment to rebuilding and investing in public services. In headline terms, the projected deficit for this year is 0.9% of GDP and, taking account of the budget package, the forecast for 2017 is a deficit of 0.4% of GDP. In structural terms, the metric by which our obligations under the Stability and Growth Pact are set and measured, the forecast is that there will be an improvement in the structural balance of 0.8% of GDP, in excess of the 0.6% of GDP requirement set for us under the pact. This will leave us with a structural balance of 1.1% of GDP at the end of 2017 and we will be well set to reach our structural deficit target of -0.5% in 2018 and better placed to deal with external shocks and challenges.

The UK's decision to exit the European Union represents a real risk to our economy given the close links and the high level of trade between us. Approximately 16% of Irish exports go to the UK but 40% of indigenous company exports go there. In turn, Ireland is the UK's fifth biggest export market. Over €1.2 billion of goods and services are exchanged between us on a weekly basis. This trade supports 400,000 jobs, split evenly between the two islands, with many more jobs in the supply chain. The uncertainty introduced to the economic outlook by the UK's decision has prompted my Department to reduce its forecast for GDP growth for next year to 3.5%. What the effect will ultimately be will depend on the settlement between the UK and the EU. It is not possible to forecast the impact of this at present. The best outcome for Ireland is a UK that is still closely linked to the European Union. We want to avoid any moves towards a hard Border with Northern Ireland or any changes that reverse what is a common economy on this island. We also want to see the preservation of the common travel area, including the preservation of a common labour market. Whatever the final settlement, we know with certainty that Brexit poses increased risk to the Irish economy and, as well as introducing specific measures to assist particular sectors of the economy, we must also put in place safety nets to protect us against future economic shocks. The best and most immediate policy under our own control to mitigate this risk is to control the public finances through budgetary process. We need to keep faith with the prudent fiscal policy we have followed for the five previous budgets. Through this budget and beyond, we must reduce and eliminate the current budget deficit, balance the budget in 2018 and run budgetary surpluses after that date.

Second, we must put in place economic shock absorbers to enable us to deploy resources to reduce or eliminate the impact of future economic shocks. In the summer economic statement, I announced that when the budget is in surplus after 2018, it is the Government's intention to establish a contingency fund or a rainy day fund. I confirm today that the Government will set aside up to €1 billion annually to this fund, to be deployed by the Government of the day in a counter cyclical manner.

Our high level of national debt is also a risk to our future well-being. The national debt peaked at over 120% of GDP during the crisis. It will be down to 76% of GDP at the end of this year and we will continue to reduce it to achieve the target of 60% of GDP in accordance with the European Stability and Growth Pact. At this level of debt, however, I believe there is still risk. Ireland is a small open economy, dependent on international trade. An economic shock in any region of the world impacts on Ireland. Therefore, I am announcing today a new debt to

GDP target beyond the requirements of the Stability and Growth Pact. The Government has decided to set a new domestic target of debt to GDP ratio of 45% to be reached by the mid-2020s or thereafter depending on economic growth. This will allow future Governments not only to apply the rainy day fund but to borrow to mitigate the impact of future shock on the lives of our people. We must get away from, forever, the boom and bust cycles that have caused so much grief in the past. If we do so we can build a great economy; we can build a fair and just society and the kind of country to which we all aspire.

Deputy Bernard J. Durkan: Hear, hear.

Minister of State at the Department of Health (Deputy Finian McGrath): Hear, hear.

Deputy Michael Noonan: In addition to the macroeconomic policies I have outlined, I now want to announce a series of measures to assist sectors of the economy which may be adversely effected by Brexit.

I am extending the special assignee relief programme and the foreign earnings deduction until the end of 2020, and in relation to the foreign earnings deduction, I am also reducing the minimum number of days required to be spent abroad from 40 to 30 to help smaller businesses to identify and trade in such markets.

The tourism and hospitality industry has recovered well and is now performing strongly, due in no small way to the reduced VAT rate I introduced during Fine Gael's last term in office. Although the economic rationale for maintaining this reduced rate may not be as strong today, I consider it would be prudent to retain the reduced rate in this year's budget. This will act as a buffer for the sector against the weakness in sterling, which increases the cost of holidaying in Ireland for British tourists.

I am extending the start your own business scheme for a further two years. Its continuation will be of real benefit in providing support to long-term unemployed persons who wish to create new businesses. I am improving the revised entrepreneur relief I introduced in budget 2016 by reducing the 20% rate of capital gains tax to 10% on disposals of qualifying assets up to a limit of €1 million in chargeable gains. I will review the €1 million lifetime limit in future budgets. All other aspects of the relief remain unchanged.

We all know and appreciate that farming and the agrifood sector has been going through a tough time recently due to lower world prices and the adverse weather conditions experienced during the summer. Brexit and the subsequent weakness in sterling strongly impacts the agrifood sector. This poses a competitive challenge for farmers and agrifood companies that sell a great deal of their output into the UK market. Today, I am announcing a package of measures to assist the sector. Over the course of past budgets I introduced a range of measures to assist the development of the sector and to help with the transfer of farms from one generation to the next. To assist in the current difficult circumstances I am allowing a farmer facing an exceptionally poor year to step out of income averaging and, instead, pay only the tax due on a current year basis, with any deferred tax liability becoming payable in subsequent years. This facility will be available immediately and should provide cash-flow assistance this year. The flat-rate addition for farmers not registered for VAT is being increased from 5.2% to 5.4% with effect from 1 January 2017. The scheme which is reviewed annually in accordance with the EU VAT directive compensates unregistered farmers for VAT incurred on their farming inputs. In budget 2013 I introduced farm restructuring relief to run to the end of 2015 and extended in budget

2015 the relevant period to the end of this year. Today I am extending it to the end of 2019. The terms of the relief are unchanged. To further support farmers, my colleague, the Minister for Agriculture, Food and the Marine, Deputy Michael Creed, will be utilising EU exceptional adjustment aid to develop, in conjunction with the Strategic Banking Corporation of Ireland, a loan fund that will be low cost, below 3% per annum and highly flexible. These loans will enable farmers to improve the management of their cash flow and reduce the cost of their short term borrowings. The Minister will announce the details later.

I am extending the scheme of accelerated capital allowances for investment in energy-efficient equipment to sole traders. This implements the final recommendation of the agri-tax review and will help businesses in the farming and marine sectors to invest in energy efficient equipment and receive the full allowances in the first year. This will help to contribute to the achievement of our climate change targets. Payments under the new raised bog restoration incentive scheme to relevant owners and rights holders will be exempt from capital gains tax. In recognition of the difficult nature of work in the fishing sector, I am introducing an income tax credit for fishermen. This follows on from a recommendation made in the marine tax review which was completed last year. This measure is aimed at assisting the viability of the sector and attracting and retaining staff. The €1,270 annual credit will shelter income of up to €6,350, the equivalent value of the seafarer's exemption.

I turn to the housing situation which many colleagues across the House have regarded as a priority for action by the Government. There is an acute shortage of new houses being built in Ireland and I am introducing a help-to-buy scheme to address this problem. In all markets supply increases to meet demand and the help-to-buy scheme will increase the demand for newly built houses by assisting first time buyers to put a deposit together. I expect the building industry to meet this additional demand by increasing the supply of new affordable homes. The help-to-buy scheme is designed as follows. The scheme will provide for first-time buyers of new houses a rebate of income tax paid in the previous four tax years up to a maximum of 5% of the purchase price of a new home up to a value of €400,000. *Pro rata* rates will apply to lower priced houses and a full rebate calculated on €400,000 will also apply to houses in excess of €400,000 and up to €600,000. No rebate will be paid on house purchases in excess of €600,000.

I have discussed the proposed scheme with the Governor of the Central Bank who has agreed that any rebate received under the scheme will be reckoned in full in the calculation of the deposit required to be eligible for a mortgage under the Central Bank's macro-prudential rules. The scheme will apply to the purchase of newly built primary residences by first-time buyers from 19 July this year when it was first announced in principle until the end of 2019. Second-hand properties are not included in the help-to-buy scheme because, as the supply of second-hand houses is fixed, covering them under the scheme would not serve to increase housing supply. However, I am extending the home renovation incentive scheme by two years to the end of 2018. This measure provides tax relief to home owners who undertake renovations. This improves the quality and often expands the size of their dwelling. The lack of supply of new houses also impacts on the rental sector and I am announcing a number of new measures to help to increase the supply of rental accommodation.

The interest deductibility for residential property landlords was restricted to 75% in 2009 as part of the measures introduced to rescue the public finances. It is an appropriate time to revisit this measure in the context of the housing crisis. In light of the incentive I introduced last year to support landlords who let their property to social housing tenants for a minimum period of three years, I am going to restore full interest deductibility for other landlords on a phased basis

and my first step is to increase the level from 75% to 80% in 2017. I will increase it by instalments of 5% each year until the full 100% deductibility is restored. This will be reflected in the provisions of the forthcoming Finance Bill.

In 2015, I increased the income ceiling that applies under the rent-a-room scheme by €2,000. I am increasing it by a further €2,000 this year to bring it to €14,000 per annum. This will allow homeowners to rent out additional rooms at current average rental prices while remaining within the scope of the scheme. Increased availability of rooms should be particularly helpful to third level students. In other words, a home owner who rents rooms to two students can have an income of €14,000 per annum to which income tax will not apply.

The living city initiative I introduced to encourage urban renewal and promote the renovation of city centre properties for residential and commercial use has been reviewed as promised in A Programme for a Partnership Government. In light of the review being published today, I am expanding the scope of the initiative by including landlords and removing the cap on maximum floor size.

I would like to turn now to personal taxes. High marginal tax rates act as a brake on employment. They discourage people from taking jobs and emigrants from returning home. As all Deputies know, I have limited resources to change the situation in this budget but it is important to continue the process I started in budget 2015 and to signal the policy path forward. Accordingly, I am allocating €335 million to improve the take home pay of low and middle income earners by reducing each of the lower three USC rates by half a per cent. Therefore, the 1% rate will go down to 0.5%, the 3% will go down to 2.5% and the 5.5% per cent rate will go down to 5%. I am also making a small but important increase to the ceiling of the band on which the reduced 2.5% rate of USC will be payable, from €18,668 to €18,772. This increase will ensure that the salary of full-time workers on the minimum wage will remain outside the top rates of USC. This is to take account of the small increase in the minimum wage.

Though relatively small, these changes will have a material impact on the disposable income of lower and middle income earners. More importantly, it signals the Government's intent to phase out the USC over time as resources permit. The impact on different levels of income is reflected in the distributional tables published in the budget book.

Building on last year, I am increasing the home carer's credit by €100 to bring it to €1,100. This will further assist one income families who care for children or elderly persons at home.

In a measure that will benefit savers, I am reducing DIRT by 2% each year for the next four years. This will reduce DIRT from 41% to 33% by 2020. Deputies know the arguments for this. I would like to do more, but on this occasion this is what is affordable. It is not just a promise; we will put these provisions into the Finance Bill also. Further reductions will automatically occur.

Last year I narrowed the tax differential between the self-employed and those in the PAYE system by introducing the earned income tax credit. I want to continue to make progress in this area again this year by increasing it by €400, bringing the total exemption to €950. This will benefit more than 147,000 self-employed individuals, generating business activity across the country.

Employee participation in companies' ownership and profits has been shown to increase competitiveness and support employment and growth. My Department carried out a public

consultation and review of share-based remuneration earlier this year. In the light of the review, I am announcing today my intention to develop a new, SME-focused, share-based incentive scheme to be introduced in budget 2018. Such an incentive will require the approval of the European Commission and my officials will commence engagement with the Commission to ensure the incentive will comply with state aid rules in advance of the next budget.

During the crisis it proved necessary to reduce the thresholds at which capital acquisitions tax applied to preserve the level of revenue as far as possible. Our improving economy means that increasing asset prices have resulted in higher tax demands when family homes are being passed from one generation to the next. To help address this, the category A threshold that applies to inheritances and gifts from parents to their children is being increased by €30,000 to €310,000. I am also increasing the categories B and C thresholds by 8%. This is setting out on a policy I intend to pursue in the future and I will revisit these thresholds in the coming years with a view to increasing them further.

Lest there is any doubt, Ireland's 12.5% corporation tax rate will not be changed and nobody in Europe or anywhere else is asking for it to be changed. It is an important part of the reason Ireland is an attractive destination for foreign direct investment. The United Kingdom's exit from the European Union may present opportunities to attract businesses that may move out of the United Kingdom or that are considering locating there in the coming years. In addition, we have a highly educated workforce and a business-friendly environment. Other major advantages include being an English-speaking economy in the eurozone and the fact that there is already critical mass in the financial services and other key sectors.

Today I am publishing an update of our international tax strategy that shows the progress we have made in the past 12 months and highlights how our corporate tax regime meets the highest standards in tax transparency. It restates our commitment to meet our new international tax principles and demonstrates how we will ensure our corporate tax regime remains fair but also competitive in the future.

In 2014 my Department published a review of corporation tax policy. There have since been many developments in international taxation, including the OECD's base erosion and profit-shifting initiatives and legislative proposals from the European Union. In this context, Ireland needs to ensure its corporation tax code continues to meet international standards, while also delivering tax certainty for business and maintaining our competitiveness.

In line with our established practice of carrying out periodic reviews of key areas of tax policy, the Government announced in September that a review of our corporation tax code would be carried out. I am appointing Mr. Seamus Coffey as an independent expert to undertake the review and its terms of reference will be published today.

A number of concerns have been raised about section 110 of the Taxes Consolidation Act 1997. When this section was introduced, the intention was that it would benefit the financial services industry and it has done so. It is now being used in relation to property in a way that was never intended. I have published draft amendments to section 110 to address these unintended uses. I am aware that further amendments are necessary to address other issues arising around funds and property. I will publish these in the Finance Bill after appropriate consultation has taken place.

Charities are exempt from VAT under the EU VAT directive and as a result cannot recover

VAT incurred on goods and services that they purchase. My Department and the Irish Charities Tax Reform Group produced a report on the issue last year to examine how charities might be compensated in this regard. I have asked my officials to engage again with the group with a view to reviewing the options.

Climate change is the global challenge of our generation. Work has been ongoing across Government Departments to create Ireland's first national mitigation plan to transition Ireland to a low carbon economy by 2050. To assist the transition to a low carbon economy, I am extending the relief from vehicle registration tax on electric vehicles for a period of five years, giving the motor industry and motorists the confidence to invest in this cleaner technology. I am extending the VRT relief for hybrid vehicles for two years. I am commencing a measure to help reduce the dependence of larger vehicles on diesel, to provide that natural gas used as a vehicle fuel will be taxed at the EU minimum rate of excise for a period of eight years. I am commencing a relief from carbon tax for solid fuels that include a biomass element to incentivise the development of these greener fuels. I am also fully relieving fuel inputs to combined heat and power plants from carbon tax as these plants demonstrate by far the most efficient use of energy in electricity generation. It is expected that this relief will benefit a significant number of heat and power plants in different parts of the country that provided over 7% of the nation's electricity in 2014.

The Revenue Commissioners have a difficult but necessary job in securing the resources needed to fund the public expenditure that underpins our public services. It is a role that they perform very well but from time to time, as tax evasion evolves and tax issues become evident, the Revenue Commissioners seek additional powers and resources. The release of the so-called Panama Papers earlier this year showed how defaulters use offshore structures and accounts to avoid paying tax. International developments and agreements are leading to the better sharing of information. In the Finance Bill, I will act to restrict the opportunity for offshore defaulters to use the voluntary disclosure regime with effect from May next year and I will introduce a new strict liability criminal offence to facilitate the prosecution of serious cases of offshore tax evasion.

I am pleased to announce the allocation of an additional €5 million to the Revenue Commissioners for the recruitment of 50 additional staff and additional investment in systems and equipment. The Revenue Commissioners are launching a consultation process today that is intended to lead to a fundamental redesign and modernisation of the PAYE system. The aim is to help employees manage their tax affairs better, reduce contact between employers and Revenue, reduce administration costs for both employers and Revenue, improve compliance and provide up-to-date information for policy makers.

I want to inform the House that I intend to introduce a tax on sugar-sweetened drinks. It is of utmost importance to me that such a tax is as effective and as fair as possible and minimises the administrative burden on business. Given the highly integrated production and supply chains which exist in the soft drinks industry between Ireland and the United Kingdom, I believe it would be prudent to align the Irish sugar-sweetened drinks tax with the UK's tax proposal, in terms of timeframe and structure. Therefore, I intend to introduce this tax to coincide with the introduction of its UK counterpart in April 2018. However, much analysis needs to be undertaken between now and then. Therefore, I am announcing today a public consultation process, which will run until 3 January next year. The consultation paper will be published on my Department's website today and I am inviting interested stakeholders to make submissions on the form and practical implementation issues of the tax.

In line with the recognition that pricing is a key means to reducing tobacco consumption, I am increasing excise duty on a pack of 20 cigarettes by 50 cents-----

Deputy Timmy Dooley: It would have been €1 only for Deputy Finian McGrath.

Deputy Michael Noonan: -----with a *pro rata* increase on other tobacco products. This will bring the price of cigarettes in the most popular price category to €11 per package of 20 cigarettes. The House will be pleased to hear that this is the only tax increase in today's budget.

Shortly after I took office in March 2011, the CSO announced that the headline deficit for 2010 was 32% of GDP and even on an underlying basis that excluded banking-related transactions it was still over 12% of GDP. Today, we are forecasting a deficit of just 0.4% of GDP in 2017.

In March 2011, Ireland was no longer able to borrow on the open market and we were dependent on EU-IMF programme loans to keep going. Ten-year bond yields peaked at 14% in July 2011, whereas only last month the NTMA was able to issue ten-year bonds at a yield of 0.33% and it is issuing treasury notes at negative interest rates. In March 2011, unemployment was already at 14.3% on its way to peaking at more than 15% in January 2012. Now it is 7.9% and the new jobs I mentioned will help reduce it further next year.

We have come a long way and the objective of a balanced budget set in our medium-term fiscal policy is within our reach, provided we continue to act responsibly and implement prudent fiscal policy. Separate from the fiscal rules and our obligations under the Stability and Growth Pact and the fiscal compact, the fiscal policy we are following makes sense. We are a small and very open economy in a world that has more risks than usual. It makes sense to complete the task we set ourselves to get to a balanced budget. It makes sense to continue reducing our debt to much lower levels and to build our capacity to withstand shocks. It makes sense to avoid the mistakes of the past that could lead to overheating our economy. It is an uncertain world full of risk and now is not the time to move away from the prudent and sensible fiscal policy we have been following, which is obviously yielding very positive results.

My Department's forecasts and those of all other bodies project continued steady and sustainable economic growth. It is our collective duty to protect that growth because it is the best way to continue repairing the damage done to our economy in the past and to ensure that we can look forward to a new Ireland with an equitable tax system that provides sustainable funding for efficient and effective world class public services.

Today's announcements are the first steps on a new road by a new Government. Subsequent budgets will travel further down that road in accordance with A Programme for a Partnership Government and the support of the Oireachtas. I commend the budget to the House.

An Ceann Comhairle: I call the Minister for Public Expenditure and Reform, Deputy Paschal Donohoe, to make his Estimates Statement.

Minister for Public Expenditure and Reform (Deputy Paschal Donohoe): In making my first Estimates Statement to the Dáil, I am aware that my responsibility differs from that of my predecessor in his first year in office. In 2011, the then Minister for Public Expenditure and Reform, Deputy Brendan Howlin, was faced with announcing a very significant reduction in spending for 2012. Making decisions during this time of crisis was tough but toughest of all were the circumstances facing communities and families during the era of a bailout programme,

a banking crisis, a surge in joblessness and forced emigration from our country.

Due to these choices, I am now in a position to continue, into 2017, the process of reinvestment in our country's future that began in 2014. The expenditure Estimates I am presenting this afternoon represent increases in current spending of almost €4 billion since we reversed the downward spiral in spending in 2014. This recovery in current spending has been achieved alongside remarkable growth in investment in our economic and social infrastructure of 26% since 2014. Thanks to the sacrifices of the Irish people, we are back on the pathway to a dynamic economy and a just and fair society.

Fairness is, of course, about the relative distribution of income in society, but it is also about improving services for our people and treating all members of our communities well. It is also about investment in education and improving our health services. It is about opportunities to work in a good job, to run your own business if you choose to, and to live in a good home and in a safe community while caring for your family, whatever shape that family may take. The opportunity for a sustainable, prosperous future must not be squandered by reckless spending or investing poorly. The decisions announced today are firmly rooted in that sense of responsibility.

Strengthening Ireland and improving people's lives

The spending priorities I am now setting out are the starting point of the delivery of our ambition for this country and its people. These announcements represent a staging post in the first of at least three budgets. They will continue to strengthen our economy and society to meet the challenges we face and to benefit from the opportunities we create. The €58 billion I am announcing today is made up of, first, €53.5 billion in current, day-to-day spending, equivalent to almost €11,500 for every man, woman and child in the country, and, then, €4.5 billion in capital spending to deliver the ongoing programme of investment in the Government's capital plan. In total, this is an increase of €1.9 billion, or 3.3%, on the expected outturn in 2016. This is at a time when the economy is forecasted to grow by over 4.5% in nominal terms.

The allocation of these very substantial resources in the Estimates underpins key public services impacting on almost every aspect of our lives. They not only strengthen and support our economy, they strengthen and support our society. The proposed additional recruitment of close to 4,500 additional front-line staff, such as nurses, gardaí and teachers, is a clear demonstration of the Government's commitment to ensuring that increased spending translates into real improvements in people's lives.

Sustainable spending

Economic growth and the increased availability of resources for more spending was, prior to our crisis, taken for granted. The costs of that approach seared our State. Sustainable spending simply means a Government prioritising what we can afford among the actions that contribute most to strengthening our economy and creating a fairer society. The litmus test of that approach is that the increased spending that will take place in 2017 is affordable in that year, in 2018 and beyond. The unsustainable spending increase of today is the savage, socially destructive spending cut of tomorrow. I, therefore, make no apology for anchoring today's spending decisions on three key pillars: spending we are confident we can afford now and into the future; making progress to a fairer society; and protecting our economy, particularly on account of the uncertainty caused by Brexit.

Spending review in 2017

Just as every household in the country needs to balance what goes out with what comes in, we in government need to work within what is financially feasible. After all, this is not our money; it is the public's money. The budgetary landscape has undoubtedly improved significantly, reflecting the careful stewardship of the finances of our country. However, the many competing priorities and demands for resources reinforce the compelling need for more effective and more efficient public spending. As Minister, I have consistently reiterated the need to consider the totality of spending when examining budget priorities.

Spending reviews previously played an important role in our efforts to reverse unsustainable expenditure growth. The purpose of future reviews will be to ensure that all expenditure is examined when the Government is deciding on its spending priorities. Better information and stronger evaluations should guide and inform these decisions. I am today announcing that a comprehensive spending review will be carried out in advance of budget 2018.

Honouring our commitments

The decisions I am outlining today are born of the programme for a partnership Government, agreed with my Independent colleagues earlier this year. Many believed that the Government would not still be in place by the time budget day arrived, and yet here we are.

(Interruptions).

Deputy Paschal Donohoe: We are here because my colleagues have rooted our approach within the framework of our agreed Government programme. We, of course, cannot implement all the measures in our supply and confidence agreement or the programme for Government in a single year or a single budget, but today represents a substantial beginning.

Key spending areas for 2017

We are aware of the continued difficulty facing many individuals and families at the present time. Despite economic growth, too many are still without work. Despite economic growth, many public services still need improvement. However, because of economic growth, we have the resources to make a difference. While many aspects of our economy are recovering, our country is not yet recovered. Fractures within our society remain to be healed.

The measures I am announcing today respond directly to this important need, by continuing the process of rebuilding and restoring our public services. In so doing, we are consistent with the broader economic, fiscal and expenditure strategy outlined by the Minister for Finance, Deputy Michael Noonan. This strategy, embedded in both the programme for Government and the confidence and supply agreement, is aligned with the EU Stability and Growth Pact. This gives confidence to international investors and indigenous Irish businesspeople alike – from the corner shop owner to the tech start-up entrepreneur – that the Government is serious about protecting and building the economy in which they operate. It also yields the resources we need for the increased investment in public services, which I will now set out for the House.

Housing

Housing is a core priority of the programme for a partnership Government. I am today committing some €1.2 billion in funding for housing to the Department of Housing, Planning, Community and Local Government for 2017. This is to allow for the continued implementation

of the housing action plan. Forty-seven thousand new social housing units will be delivered by 2021. The capital allocation also includes an allocation of €50 million for the €200 million local infrastructure housing activation fund, which will accelerate the provision of local public infrastructure to support the development of key sites. It has the potential to facilitate the delivery of up to 20,000 private houses by 2019 through co-operation with local authorities.

From July this year, the Government increased rent thresholds for the housing assistance payment and rent supplement. This was to make it easier for people to access housing and to protect those in danger of becoming homeless. Today I am providing an additional €105 million for the housing assistance payment scheme. This brings the budget for this purpose to nearly €153 million, an increase of 220% compared to 2016. This will enable an additional 15,000 households to avail of this payment, and together with the capital allocation provided for housing and other measures, will mean that over 21,000 applicants for social housing will have their housing needs met next year.

I am also increasing the allocation for emergency accommodation for homeless people by an additional €28 million approximately, to almost €100 million. *Health*

Health is also a core priority of our programme and I am announcing increased spending of €497 million on health in the Estimates for 2017. This will bring total spending for this Department to €14.6 billion. Taking account of the supplementary funding provided mid-year, this amounts to a commitment by the Government of an additional €1 billion, or a 7.4% increase in health spending from budget 2016. This huge level of increased investment not only continues the process of putting the health service on a sustainable footing, it also represents the highest ever level of health funding in the history of the country. However, with this increase comes great responsibility. The job of those charged with managing health services is to ensure taxpayers' money is used in such a way that outcomes are delivered, budgets are adhered to and services protected. The Government will continue to work in the months and years ahead to ensure this twin-track agenda of better care and better accountability is delivered. We do so because we are committed to protecting the most vulnerable. Because of this, I am increasing medical card coverage to all children in receipt of the domiciliary care allowance. I am also reducing the €25 cap on prescription charges for over 70 year olds to €20 with effect from 1 March and allocating an additional €15 million to the National Treatment Purchase Fund to reduce waiting lists. Further details in this regard will be announced by my colleague, the Minister for Health.

Education

I turn to education, the bedrock of our society. The desire for educational success resonates deeply with all of us. Since the introduction of free secondary education in 1966, the ongoing positive impact of that historic decision has been manifest in the proportion of young people completing higher education. There is no sector of the economy, no aspect of our society and no element of national life that has not been transformed by the increased educational attainment of the people. We must, however, continue and reinforce this transformation through investment in education. The education spending I am announcing this afternoon of €9.5 billion is approximately 16% of total spending. The increase in spending of €458 million will fund an extensive programme of recruitment in 2017, including approximately an additional 2,500 teaching posts, of which 900 will be resource teachers. During our discussions on the budget and having listened to debate in the Dáil my colleagues and I were very conscious of the importance of the third level sector. For this reason, budget 2017 sees an increase of €36.5 million in

funding for the higher and further education sector. This represents the first significant investment of resources in higher education since the economic collapse.

Earlier this year the Cassells report highlighted the economic and societal value of higher education and the scale of the challenge involved. It pointed to the availability of funding from three sources: the Exchequer, students and some form of employer contribution. Ensuring education remains the linchpin of our economic success requires an intensified focus on a sustainable long-term model for higher and further education. I am committed to this goal and building on the significant investment in education announced now. The Minister for Education and Skills and I are, therefore, initiating a consultation process on the design and operation of an Exchequer-employer investment mechanism to operate from 2018 onwards. This is also intended to drive continued reform, quality and performance across the sector, in line with the action plan for education. I expect this proposal to be brought to the Government by the middle of next year, following the conclusion of consultation. *Child care*

The Government is clear on the benefits of higher quality and more affordable child care. It is good for children, good for families and good for our economy. In light of the value attached to further supporting the development of affordable child care in Ireland, early years funding will rise from €345 million in 2016 to €465 million in 2017, an increase of 35%. This increase in funding allows for an additional €35 million to support the provision of both universal and targeted services for the care, development and well-being of children and young people.

It will allow for the introduction of a new single affordable child care scheme from September 2017 to provide both means-tested subsidies based on parental income for children between six months and 15 years and universal subsidies for all children aged six months to three years. These subsidies will be paid for children and young people attending a Tusla-registered child care provider, including centre-based providers and child minders. Taken together, these initiatives represent a major step forward in the provision of child care.

In addition to this package, €86 million has been provided in respect of the full-year costs of the extended early childhood care and education scheme, the free preschool scheme and the roll-out of the access and inclusion model to enable children with disabilities to participate in preschool education.

Social protection

Our system of social welfare supports is a vital protection against the uncertainty of employment, the hardship caused by illness or disability and the challenges one encounters when caring for a loved one. I am pleased to be able to inform the House that the State pension will rise by €5 per week from March. However, in framing a fair budget, we cannot stop at that. The previous Government worked to protect, as far as was possible, the basic rates of weekly social welfare payments. Nonetheless, it has been seven years since many of these payments were increased. The collapse of the economy meant that we could not increase such payments. The return of growth and the economic recovery of the last couple of years are the reason we can now afford to begin to change this.

Carers, the unemployed and those living with disabilities may not always have the loudest voices but their needs are no less real.

Deputy Finian McGrath: Hear, hear.

Deputy Paschal Donohoe: In framing the budget, my Government colleagues and I were conscious of this and of the need to ensure that the benefits of this recovery were felt by all. For this reason, as part of an overall package worth an additional €301 million, all weekly social welfare payments, including the carer's allowance, disability allowance and jobseeker's benefit and allowance, will rise by €5 per week, in line with the increase in the State pension.

Deputy Paul Murphy: Except for young people.

Deputy Paschal Donohoe: These payments will rise in March, subject to the passage of the social welfare Bill.

Deputy Timmy Dooley: The lads who are out demonstrating.

An Ceann Comhairle: Can we have silence?

Deputy Paschal Donohoe: In addition, I am pleased to announce the payment of an 85% Christmas bonus for social welfare recipients in 2016. Many of those in receipt of these payments were our most vulnerable citizens. We cannot have a just society if we leave them behind.

There will also be improvements in other schemes, including farm assist, as well as 500 new places on the rural social scheme.

Deputy Mattie McGrath: Hear, hear.

Deputy Paschal Donohoe: Further details will be announced by my colleague, the Minister for Social Protection, today.

Justice

In the justice area, the safety and security of our citizens is fundamental. We have committed to increasing the number of gardaí in the force to 15,000. Today's Estimates support this through an allocation of an additional €28 million for An Garda Síochána, as part of a total package of measures of €68 million, bringing total funding for justice and equality to over €2.5 billion.

2 o'clock

The Government is committed to a five year reform and investment strategy for An Garda Síochána, under which a phased increase in resource levels will go hand-in-hand with the implementation of a far-reaching programme of reform. The Tánaiste will introduce an accelerated programme of Garda recruitment, with 800 new gardaí to be hired and trained in 2017. There will also be accelerated recruitment of civilian staff into An Garda Síochána to help to address capacity shortfalls and free up a large number of desk-bound trained officers for front-line duties. Funding is also included in the allocation to support the continuation of key operations by An Garda Síochána in response to gangland and rural crime.

Sport and the arts

Large spending areas such as social protection, health and education are, of course, of vital importance and it is right that the majority of the Exchequer's resources should focus on these areas. However, it is also true that we should support more diverse sectors and the budget sees important developments for the arts and sports sectors. Nobody could be anything but impressed at the tremendous series of events that took place in 2016 to mark the centenary

of the 1916 Easter Rising. This could not have happened without the talent and vibrancy of Ireland's artistic community who in 2016 were granted €49 million to stage such an impressive programme of cultural events. That is why a significant portion of that funding will remain within the arts budget for 2017 to ensure this legacy lives on.

Deputy Eamon Ryan: Where exactly will it come from?

Deputy Paschal Donohoe: I am happy to announce there will be a new round of the sports capital programme in 2017 and the Ministers at the Department of Transport, Tourism and Sport will announce the details of the programme in due course.

Defence

I turn to defence. There are 498 Defence Forces personnel participating in 11 missions around the world and doing the country proud, including in vital search and rescue operations in the Mediterranean Sea. Budget 2017, rightly, sees an increase in spending on the Defence Forces, with additional funding of €16 million being allocated to that Department.

Planning for the future

This year we have reflected on the legacy of 1916 and the impact it had on Ireland's history. We now turn our attention to Ireland's future and the challenges we may face in the years to come.

Preparing for Brexit

Brexit presents such challenges for us on many fronts. Exchange rates remain volatile and this impacts on trade. We have to begin a complex set of negotiations, with our EU partners, and the range of issues to be dealt with will emerge over time. We will be supporting industry both to meet challenges and to take advantage of opportunities that may arise, for example, by increasing spending in the Department of Agriculture, Food and the Marine by some €119 million. Within this, we are continuing to invest in Food Wise 2025 to aid the development of the agrifood sector and strengthen it in the face of what could be more difficult market conditions for exporters to Britain. With a plan to grow the number of jobs supported by the enterprise agencies, additional resources have been provided, primarily for staff resources, for Enterprise Ireland and IDA Ireland in the context of Brexit. This funding will provide further support for these vital agencies in assisting indigenous companies in attracting overseas investment in a business environment that provides both challenges and opportunities. The Department of the Taoiseach and the Revenue Commissioners will receive additional funding to navigate the challenges of Brexit. This work is in addition to the establishment of a Brexit team in the Department of Foreign Affairs and Trade, within its existing resources. The Estimates allocations across key Departments for 2017 also provide the resources required to quickly build the expertise, capacity and capability on a cross-departmental basis to deliver Ireland's Brexit ready strategy.

Working for balanced regional development

While Brexit has implications for us all, it is the rural and regional communities who may be looking with most anxiety to the triggering of Article 50 of the Lisbon Treaty by the British Government. This is a reflection of the concerns in some parts of the country where alternative employment may be scarce were people to lose their jobs or where investment has historically

been lower than in the larger cities. When the Government was formed, we paid particular attention to rural Ireland and our budget today reflects our determination to help those communities. We cannot allow the threat of unbalanced regional development endanger our economic growth. This is why we have increased funding to the rural development programme by €107 million, from €494 million in 2016 to €601 million in 2017. This includes provision of €25 million for a new animal welfare scheme for sheep to support Ireland's vitally important sheep sector.

Similarly, we have increased funding to the Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs to help fund the action plan on rural development, due to be published at the end of this year. There is also increased funding for the Leader programme and Údarás na Gaeltachta. We are committing €15 million to progress the procurement of the national broadband plan to provide high speed broadband to areas of rural Ireland where commercial investment is not forthcoming.

Building for the future

These important increases are part of today's story. The other crucial element is the development of our physical infrastructure. I have already spoken about the current and capital investment we are making to improve our housing stock. I am announcing a total package of over €4.5 billion across a range of Departments, representing an increase of almost €400 million on the 2016 outturn and reflecting solid progress in implementing the Government's capital plan, Building on Recovery, published in 2015. This represents a 26% increase in capital expenditure in comparison to 2014.

Transport

With regard to transport, this spending includes €319 million on regional and local roads throughout our country, funding to provide for the opening of Luas cross city by the end of next year and the continued roll-out of improvements and construction of national roads projects, including three major public private partnership projects, namely, Gort to Tuam, Gorey to Enniscorthy and the New Ross bypass. These projects are vital and they will be delivered.

Action on climate change

I am also very much aware of the country's responsibilities to work against the changing climate of our planet and the hugely negative environmental and social consequences this brings.

An Ceann Comhairle: I ask the House for silence.

Deputy Paschal Donohoe: For this reason, among others, there is an increased allocation to the new Department of Communications, Climate Action and Environment. In terms of capital funding in particular, the Department will see an increase of almost €50 million, or 41%. This will contribute towards our carbon reduction, energy efficiency and renewable energy targets through measures such as the renewable heat incentive, better energy grant schemes and the electric vehicles subsidy with a total of €90 million for these schemes. This will reduce the environmental impact of heating our homes, support energy efficiency in the business and public sectors, assist those in energy poverty and enhance the affordability and attractiveness of electric vehicles. We are also increasing funding to the green low-carbon agri-environment scheme, GLAS, in the Department of Agriculture, Food and the Marine by €69 million to €211 million, with an expected total number of participants standing at 50,000 next year.

Capital review

An important way to reduce our carbon emissions is through greater use of public transport and a reduced dependence on private transport. This was a key priority in the capital plan and will continue to be when the plan comes to be reviewed. Deputies are aware that since the publication of this plan, better conditions have allowed us to increase the total spend by over €5 billion, bringing the total State-backed investment, which includes State companies, to over €47 billion.

Our priorities over the next number of years include those major transport projects such as Luas cross city, the new metro north and the DART expansion programme. They also include major health projects such as the new national children's hospital, a new national maternity hospital, a new national forensic mental health hospital and a number of oncology units. We also have a major nationwide schools building programme in place to meet the demands of our growing population. Major flood relief schemes for Cork and Enniscorthy are planned to commence construction as part of a €44 million package for flood relief schemes generally.

It is important to realise, however, that this plan must be adaptable to meet our changing needs. In this context, I am bringing forward the capital review and work on this review will commence now. I will be in a position to bring a revised and more ambitious programme of capital investment to the House next year.

Reform of public services and affordable public pay

Increases in investment and the sustainable management of public service pay are two sides of the same coin. Today's budget includes the provision of €290 million for pay increases agreed under the Lansdowne Road agreement. This is correctly being provided to civil and public servants following the huge sacrifices they made at the start of, and during, the crisis. This allowed us to get the public pay bill under control and reform our public services so they are better for the users of those services and, I hope, better places within which to work.

Deputy Ruth Coppinger: Except if you are in the ASTI.

Deputy Paschal Donohoe: Public pay constraint has been the cornerstone of our strategy to repair our public finances. Without such restraint, we would not now be in a position to provide additional funding to health, education and child care as we are now doing. Of course, I am aware of the demands that exist in the area of public pay. Public pay restoration, however, must be managed in a way that is affordable for all - for those working in our public services and those who depend on these services and depend on future investment in more front-line staff and resources. I intend to set in motion the next phase in this process by establishing a public service pay commission. This commission will report to me by the middle of next year and provide inputs on how the unwinding of the financial emergency measures in the public interest legislation should proceed. The work of the commission will facilitate my engagement with public sector unions and other stakeholders on the successor to the Lansdowne Road agreement. In this way, we can continue to provide sustainable and quality public services that are affordable for all.

Conclusion

I began my contribution with a reference to the fundamental shift in our economic environment. In the face of the worst economic and fiscal crisis in our history, the Irish people adopted

a resolute and resilient approach. In the same way, I strongly believe that we can and will rise to the challenge of Brexit and, indeed, we can continue to build opportunity in all cases where others see risk. This can certainly be achieved by adopting a shared commitment to the values of strengthening our economy, safeguarding our public finances and creating a fairer society.

Deputy Finian McGrath: Hear, hear.

Deputy Paschal Donohoe: These values underpin the reality of the substantial investment in public services which this Government has delivered in this budget. The improvements in our public services that this investment will make possible have the simple, basic and most important goal of endeavouring to make life better for all, but especially for our most vulnerable.

Some on the Opposition benches claim that the very act of governing and of making choices is a desire to create a society where some gain and some lose, as opposed to what it truly is - an attempt to create a better collective future for us all. The spending increases I have announced in such areas as health, housing, education and child care are a testament to how this better future can be secured and safeguarded. Those of us in the middle ground of politics have a duty to show that co-operation and consensus can work; to show that our tone can be moderate, but still convincing; and to show that things will not just fall apart and the centre can and will hold, stay firm and will grow. It was in this spirit that this partnership Government was formed and it is in this spirit that I commend these Estimates to the House.

Deputy Michael McGrath: I wish to share time with Deputy Calleary.

An Ceann Comhairle: Before Deputy McGrath proceeds, could those leaving the Chamber show some courtesy to the speaker in possession?

Deputy Michael McGrath: In the general election earlier this year, the people spoke and, in doing so, delivered a clear message. They wanted a fairer Ireland with decent public services at its core. They were determined to set Ireland in a new direction. They wanted to see a less divided Ireland, a more inclusive and a more caring country. It is evident today that the voice of the ordinary people of Ireland has brought about a marked change in budgetary policy.

As a party, we campaigned for, and pledged to work towards, a fairer Ireland. For us, that is not just a catchphrase. In practical terms, it means an Ireland that invests in people and services as a priority. The principle of having access to good quality public services, when people most need them, lies at its heart. We promised to work for an Ireland where the benefits of economic recovery can be enjoyed by all, not just a select few.

This budget comes at a time of great uncertainty for our country following the Brexit vote last June and we face into crucial negotiations on what exactly this means for Ireland. This is the inescapable backdrop to budget 2017 and it is one we must face up to.

Let us deal up-front with the context for this budget in our Parliament. The confidence and supply arrangement we entered into with Fine Gael requires us, as a party, to facilitate budgets “consistent with the agreed policy priorities in the agreement”. We should not forget it is the first time in the history of our State that such an arrangement has been entered into. It was entered into because it was necessary to ensure, following an inconclusive general election, that a Government would be formed. That agreement gives priority to investment in public services over tax cuts and required at least a 2:1 split in budgets to recognise the new priorities. This was essential in our view to give effect to the message from voters in the general election in Febru-

ary. That has been achieved in this budget. In fact, it has been more than achieved. In today's budget, the split between expenditure on services and investing in our people on the one hand, and taxation measures on the other is 3:1. By any measure, this is a significant achievement and is a major departure from the policies of the last Fine Gael-Labour Party Government.

We did not get everything we wanted in this budget, but we have secured some vital progress on a number of priorities set out in that agreement, including in health, social protection, education, housing and fair reductions in the burden of tax.

However, I want to be clear on one thing. While we did not write this budget, from the outside, we influenced it as best we could in the direction of a fairer and more decent Ireland, and we make no apologies for that. Today's budget is a better budget because of the influence we have brought to bear. On the face of it, it is certainly a fairer budget than the last five introduced by the previous Fine Gael-Labour Party Government.

Deputy Jim Daly: What about the five before that?

Deputy Michael McGrath: Like everyone else, we will await all the details as they are released Department by Department over the coming days. Many of the measures announced by both Ministers can be traced back to the confidence and supply arrangement entered into prior to the formation of this Government and the drawing up of the programme for Government.

The fact that Fianna Fáil has some role in the passage of the budget will, of course, be used as a reason to attack us. These attacks will be as predictable as night follows day. What is true is that we have not shirked our responsibility to the people who elected us, unlike others. It is no harm to cast our minds back to last February when the people voted in a general election. No sooner had the votes been counted, parties such as Sinn Féin, AAA-PBP, the Labour Party and the Social Democrats all said forming a Government was nothing to do with them, and they proceeded to take a ten week holiday before a Government was formed.

When it became clear we were not going to get the support to form a Government, we recognised our responsibility to ensure the country had a Government and played our part in achieving that. Those who will stand up here and criticise every single item in this budget need to be reminded that they had the chance to have their say but did not take it. They could not bring themselves to do something positive with the votes they received. Instead they chose the old reliable, the most comfortable position of saying "no", as they always do to pretty much everything. For too many in this House, accepting responsibility is always the job of somebody else. The bigger picture is that the centre ground of politics is under attack, not just here in Ireland but throughout Europe, and I agree with the Minister for Public Expenditure and Reform, Deputy Paschal Donohoe, that there are various definitions of "centre ground". When one looks at the alternative, one realises just how vital it is that the centre holds. Most people in Ireland are not on the hard left or extreme right; they are moderate, fair-minded people who want to see their politicians act sensibly and for the common good. In fact, they want those of us with the privilege of being in this House to get on with it. They want to see us work together where we can and to iron out our differences. They want less of the adversarial, over-and-back, tit-for-tat politics.

I have learned a few things in politics. Those who shout the loudest do not always have the most conviction. Those whose policies most easily lend themselves to headlines or sound bites are not always right. Far from it, in fact. When I look at the remainder of the Opposition,

I become even more resolute in my view that the centre has to hold. Sinn Féin advocates €1.7 billion of new taxes. At a time of an unprecedented rental crisis, with landlords leaving the market, it wants to increase tax on rental properties. At a time when we cannot recruit consultants for our hospitals, it wants to charge them and others 7% more in income tax. At a time of enormous uncertainty, it wants to increase tax on employers.

Deputy Pearse Doherty: That is not true.

Deputy Michael McGrath: Not to be outdone on the far left, the AAA-PBP has gone for no less than €25 billion of new taxes. Yes, €25 billion.

Deputy Richard Boyd Barrett: It is €25 million in spending.

Deputy Michael McGrath: I will not even go into it. That is the alternative to the centre ground. Fianna Fáil's central point is that the annual national budget has to be more than the total of the sums contained within it. It is an opportunity to at least leave a fingerprint of a vision for the country. I will speak in a while about some of the long-term challenges our country faces. In the here and now, our absolute priority has to be to help people who are in a desperate way because of a terrible housing crisis, those who are stuck on endless hospital waiting lists, the elderly, people with disabilities and those who care for them, families of children with special needs and older people at home without adequate supports. That is what reshaping budgetary policy on a 3:1 basis actually means. It means we can do something tangible about all of those issues. That has been our objective in the course of this budgetary process. It is not ideological and is not about getting 2:1 or 3:1 for the sake of it but it is about doing something practical for the people we represent. As a party, we put in the hard yards. We negotiated after the election to ensure a Government was formed and we negotiated in recent weeks to get as many measures as possible into the budget. We did not get everything we wanted but we have definitely had an impact, which will be clear for all to see.

The budgetary process in Ireland is undoubtedly a relic of the past and we welcome the reforms which have started but much more needs to be done. The Committee on Budgetary Oversight has done a good job in a short space of time. We now need the independent budget office to be established without delay. Budgeting has to become a whole-of-year exercise and there should be no late surprises. Take budget 2017, for example. Every Oireachtas Member and the public were repeatedly told there would be just less than €1 billion available in this budget for new measures. In the past week, this changed by 20% and now it is €1.2 billion. This makes a mockery of the budgetary reform process and places the Opposition at a distinct disadvantage to Government in the lead-up to the budget. This must change into the future.

This budget has been cast very much in the shadow of Brexit. The truth is that we do not yet know what it means for Ireland. Brexit is a leap into the unknown for Ireland and is set to become the dominant political and economic issue facing the island of Ireland, at least for the next few years. We have to accept a number of fundamental truths. Brexit is going to happen, perhaps as soon as in two or two and a half years' time. It may be a manageable, negotiated process or it may not. Competing interests in Europe will want to pull the process in different directions. We will be one of 27 countries on the EU side of the negotiating table, albeit the one with the most at stake. The fact that nobody wants a hard Border with the Six Counties does not mean it is not going to happen. The fact that the imposition of customs and tariffs would damage both the economies of the EU and the UK does not mean it could not happen, by accident or design. The fact that the common travel area we have with the UK pre-dates our membership

of the EU does not guarantee it will survive post Brexit. We have to accept these realities and plan accordingly. The negotiations that will formally commence when British Prime Minister, Theresa May, triggers Article 50 by next March will be among the most important this country has participated in and we need to be fully prepared.

Much like in the case of the European Commission's Apple tax ruling, the Government here seemed ill-prepared for the Brexit vote. It is an open question as to whether this Government has the strength and capacity to meet the challenge of Brexit. Only time will tell but, on the evidence of today, it is not looking good. There are a few bits and bobs in the form of practical measures, in particular on the tax side, but the Minister has provided just €3 million extra for the Department of Jobs, Enterprise and Innovation to address the major challenges facing our enterprise agencies, such as Enterprise Ireland in its efforts to help Irish SMEs to develop new export markets and the IDA in its efforts to attract inward investment from the UK. It is absolutely pathetic. There is €1 million in the Department of the Taoiseach for new units to deal with Brexit, parliamentary liaison and programme for Government commitments. The lead Department, the Department of Foreign Affairs and Trade, will establish a Brexit team within existing budget and staffing envelopes. Throughout Europe all the main countries, which have a lot less at stake than we have in the Brexit process, are investing a lot more and are much better prepared for what is coming down the track. The package for this purpose is pathetic and will have to be addressed and changed very quickly.

For the past number of decades, we have been in the enviable position of benefitting from US foreign direct investment while enjoying a strong trading relationship with the UK and gaining all the benefits of European Union membership and access to the Single Market. We now need clear leadership to navigate the enormous challenges posed by Brexit, both the knowns and the unknowns. This means defining exactly what we want from the negotiations between the EU and the UK. It means having a plan in the first instance but, critically, a plan that is credible and deliverable. There are very current and practical initiatives we can undertake now in order to prepare ourselves for the fallout of Brexit. Prior to the referendum in June, sterling was trading at 77p to the euro. Simon McKeever of the Irish Exporters Association has said its research points to 85p as the pain point for a lot of exporting Irish companies. With sterling now trading at 90p to the euro, that means a lot of pain for Irish firms and jobs have already been lost. This is making Irish goods and services sold in the UK more expensive and us less competitive. Many SMEs operating to tight margins are unable to pass this cost onto their customers and must instead try to absorb it for as long as they possibly can.

Some of the statistics around our dependence on trade with the UK are startling. We import 85% of our energy from the UK. Ireland and the UK exchange €1.2 billion worth of goods and services weekly. Some 14% of Irish goods and services are exported to the UK but Irish-owned companies export 44% to the UK and 30% of all employment is in sectors which are heavily related to UK exports. The fall in sterling is only one example of the immediate pain small businesses are facing in a post-Brexit vote environment. Many commentators forecast a further depreciation of sterling which will pile yet more pressure on SMEs and other exporting companies.

We have to have a national hedging strategy and draw in the support and expertise of the NTMA to assist SMEs struggling to come to terms with the depreciation of the pound in the short term. We welcome the plans to reduce capital gains tax for entrepreneurs. The SME sector is one of the principal backbones of our economy and measures like these will be of some modest help to start-ups and will help to sustain and create jobs. We encourage the Government

to provide more funding to Enterprise Ireland, IDA Ireland and local enterprise offices on the ground assisting SMEs which export to the UK on a day-to-day basis.

The agrifood industry is particularly vulnerable to Brexit, with over 27% of exports to the UK being in food and live animals. We encourage the Government to provide more funding for Enterprise Ireland, IDA Ireland and the local enterprise offices to assist small and medium enterprises which are exporting to the United Kingdom on a day-to-day basis. We all know that the agrifood sector, in particular, is extremely vulnerable to Brexit, with over 27% of exports to the United Kingdom being food products and live animals. My colleague, Deputy Dara Calleary, will address this and other issues facing the farming community in the context of Brexit and commodity prices.

Tourism Ireland informs us that the United Kingdom is one of our top four markets, delivering some 4.5 million visitors in 2015. Not only do we face being less competitive in terms of prices but we also face a return to restricted travel and passport controls between Ireland and the United Kingdom. This will place even more pressure on the tourism industry and is likely to significantly hurt smaller providers. We welcome the retention of the 9% VAT rate for the tourism and hospitality sector. This is vital against the backdrop of Brexit.

Brexit has serious implications for the Border region and our general relations with Northern Ireland. Having a hard border between the Republic and Northern Ireland would be a deeply regressive step, politically, economically and socially. Many businesses in the Border area rely on the free movement of goods and services and customers across the Border in order to succeed. A hard border could potentially sound the death knell for many businesses, North and South. We have a unique perspective, this being the only country with a land border with the United Kingdom. We need to emphasise this at European level at every opportunity. We welcome some of the measures announced by the Minister, but he will have to be prepared to do more, including providing for the introduction of targeted measures to deal with the issue of employers' PRSI for SMEs which are particularly dependent on export markets because they simply will not survive if the current trend continues.

There are, undoubtedly, opportunities arising from Brexit, too, which need to be highlighted, particularly in the context of inward investment by multinationals that wish to retain a foothold in the European Union, as well as by financial services firms currently operating in the City of London. IDA Ireland is going about its work quietly but with purpose and we fully support its efforts to attract more investment to Ireland in the context of Brexit. There are, therefore, particular opportunities in the financial services sector. We need to ensure the regulatory system has the capacity to accommodate and respond to more international financial service providers in Ireland. We do not want brass plate operations; we want real operations with real jobs located in Ireland. For all of these reasons and more, we have called for - we reiterate that call today - the appointment as quickly as possible of a Minister with overall responsibility for Brexit.

The budget provides for modest reductions in the universal social charge. Fianna Fáil supports these measures. There are those who say there should be no tax cuts whatsoever provided for in the budget. We believe working people all over the country deserve to benefit from the economic recovery. After all, they are paying the taxes which make it possible to provide the public services we all want to see provided in society. We should also bear one key statistic in mind. Prior to Ireland's economic crisis in 2008, less than 30% of all tax collected came from income tax. Last year workers paid over 40% of all tax collected by way of income tax. The reductions announced today will not make an enormous difference to anyone, but people will

take some comfort from seeing the USC moving in the right direction. Equally, it is important to be straight with people. Fianna Fáil does not believe it is either possible or desirable to abolish the USC during this Dáil term. It will not happen. To do so would be to put vital public services at risk. However, should the economy continue to recover, there will be scope in the years ahead to continue to ease the burden imposed by the USC. We also repeat our view that there is a need for a plan to reform and simplify the income tax system. Over time, we will have to deal with the issue of the entry point to the higher rate of tax - currently €33,800.

In Ireland we effectively have three tax charges on income, each with a different entry point and a total of ten rates, 15 bands and 22 personal tax credits. Fianna Fáil pressed for a reduction in DIRT in this budget. Savers have been hit incredibly hard in recent times. The Minister has announced a 2% cut for 2017 and further cuts in future years. I would like to have seen a greater cut, but the cut announced today is at least a start. Since 2008 the rate of DIRT has increased from 20% to 41%, with an additional 4% in PRSI for those with a certain level of unearned income. This has come at a time when interest rates and returns generally are at rock bottom. There are people who depend on interest income and they have suffered a double whammy in recent times in the hikes in DIRT and the collapse in returns. Today's announcement on DIRT is a modest step in the right direction.

It is every person's wish to provide financial security for family members and people close to them. People will naturally want to be able to pass on the benefits of their lifetime's work to their children, grandchildren and other family members, depending on their particular circumstances. Many will argue that this is not a priority issue at this time. On inheritance tax, we strongly felt the programme for Government commitment to only increase the group A threshold was very unfair and I made this point to the Minister in recent weeks. The yield from capital acquisitions tax has increased by over 65% since 2011. In 2015, the largest category of inheritance tax cases, at 33%, was nieces and nephews, followed by gifts-inheritances involving what is known as "strangers in blood", at 23%. A total of 21% of cases in which a liability arose concerned a sibling, with only 18% of cases involving group A recipients. The programme for Government commitment to reduce the group A threshold to €500,000 but to leave the group B threshold unchanged has been departed from. It is welcome that there is an increase, albeit a modest one of 8%, for groups B and C.

It is also welcome that the home carer tax credit is being increased again in the budget. Many families are dependent on a single income and this will be a small help to them. However, in the context of the child care initiative announced today which is welcome, single income families, in respect of which one spouse or partner makes the decision to remain at home to care for their children, will feel very put out that child care support is to be paid to those who have to or choose to go out to work. This is an issue which will have to be taken into account. The increase in the home care tax credit, although modest, is welcome, but we would like to have seen more in this regard.

I welcome the Minister's comments on Ireland's 12.5% corporation tax rate, which Fianna Fáil is unequivocally committed to defending. We are very sceptical of the European Commission's plans for a common consolidated corporate tax base, CCCTB. On corporation tax receipts, we are undoubtedly building dependence on a small number of companies and this issue will need to be carefully monitored. We need to continue to play our part in the international efforts to tackle the way in which multinational profits can be shifted from one jurisdiction to another, while at the same time defending our vital national interest.

Fianna Fáil firmly believes home ownership is good for families and communities. Having a place to call one's own, build a vibrant family life and pass on to future generations is a pillar of a normal, civilised and prosperous society, yet this basic dream is slipping away from an entire generation, for whom the tax reductions announced today will simply disappear into the widening chasm of rent that is swallowing up more of their income. The question is whether the Government has got it right in the intervention it is making by way of the first-time buyer's tax rebate. We do not believe it has got it right. We believe this initiative-intervention risks making the position worse. We should learn from the lessons of the past. We want to know, for example, whether there has been a full impact assessment of this proposal. We also want to know what expert advice is available to the Government in support of this measure and what independent assessment of the likely impact on the market has been made. Our overriding concern is that this intervention will push up the price of new homes. We have been repeatedly told that the problem is on the supply side. The Minister has made the point that this initiative is effectively to stimulate supply, but it raises a number of issues of fundamental fairness. For example, a returning emigrant who has not paid taxes in Ireland in recent years will not be entitled to benefit from the scheme. A person who wants to remain in his or her local community but is forced to buy a second-hand home in another area because there happens to be no new housing in his or her area will also be denied the right to benefit from the scheme. A person on a modest income who has not paid that much income tax in the past few years and a person who owned a property in the past will also be denied the right to benefit fully from the scheme. Also, a person whose marriage has broken down is no longer to be considered a first-time buyer. If this is about stimulating new supply, why is this cohort being excluded from the scheme? Fianna Fáil, in its manifesto, proposed a help-to-buy scheme which would have been a much more gradual, moderate response which would have taken time to build. Deputy Barry Cowen is working on supply side initiatives which he will unveil in the coming weeks. We have been repeatedly told that the immediate problem is on the supply side. We do not see how this will provide the boost to supply that is promised. The key issue seems to be that it is not viable to build in many parts of the country. An initiative based around a more aggressive plan to reduce development charges nationally could have made construction and new-home building more viable. The Central Bank submission on the review of the mortgage rules highlighted the need for tenants to be given some credit in the deposit calculation for the rent they paid. We have also argued that the deposit requirement for non-first-time buyers should be the same as that for first-time buyers.

We welcome the modest roll-out of further social protection benefits to the self-employed by way of dental, optical and invalidity pension payments and hope the process can be continued in the period ahead. We also welcome the further step made towards providing for equality of treatment in income tax and the equivalent of a PAYE tax credit for the self-employed. I hope it can be completed in the next year or so. When the dust settles on the budget, other issues which are key to household budgets will have to be dealt with. In the coming weeks at the Oireachtas finance committee we will push a Fianna Fáil Bill to tackle excessive standard variable interest rates. That issue has not gone away and has not been properly tackled. The Minister told me that he intended to meet the banks again shortly. I hope he will press them forcefully on the issue. It has gone to the ECB for consultation and the Oireachtas finance committee will in the next week or two start to deliberate on the Bill. We look forward to this very much because it is not just an issue for mortgage holders but also for small businesses, farmers and community and sports groups all over the country which are paying way over the odds in the terms of the rates paid elsewhere in Europe. It is also welcome that the Minister has committed to providing that, at the end of next year, mortgage interest relief will be renewed for those currently receiving it.

That will be of significant benefit to them.

Motor insurance costs are eating into household budgets. The entire gain from the USC reduction in the budget could be wiped out overnight by the policy premium renewals people are getting in the post. That issue is going to have to be dealt with. We are glad that the Government has established a task force. It must report as a matter of urgency and set out effective measures for implementation this side of Christmas to deal with the issue of unsustainable and spiralling spikes in insurance premiums. We look forward to that issue being tackled.

Deputy Dara Calleary will speak about the issue of flooding and our lack of preparedness and investment in flood defences. There is great concern in the areas which were affected by flooding last winter that the underlying causes have not been dealt with. People are very fearful of what is coming in the next couple of months.

Across a range of issues crying out for long-term action the Government has shown itself to be bereft of ideas. From pensions to infrastructure, energy security to research and development, the Government has foundered from the word go. Nearly 60% of private sector workers are not members of an occupational pension scheme. That is almost 1 million workers who will have to rely on the old-age pension. This is a particular problem as it will become increasingly common for people to pay rent in their older years rather than own a home outright, as was the norm. Among OECD countries, only Ireland and New Zealand do not provide for compulsory pension savings. This is one of the long-term strategic challenges facing the country which simply must be tackled. Another such issue is the State pension. We were pleased to fight hard and secure a €5 increase in that payment, but if further increases are to be guaranteed in the long term, we need a clear approach to planning for State pension payments, including public sector employee pensions. There are approximately 360,000 recipients of the contributory State pension and the number is increasing at an average rate of 5%. If one looks at demographic trends, there will be very significant changes in the balance between the numbers of people at work and pensioners. We must plan, not just in the short term but also in the medium and long terms for the challenges this creates.

I will leave the issue of capital investment and infrastructure to my colleague, Deputy Dara Calleary, to discuss, but I note that there has been a distinct lack of direction and imagination in this area, as there has been in the area of energy security. Energy security is a particular issue in the context of Brexit in that 85% to 90% of our energy supplies are imported from the United Kingdom. A hard exit could see energy import tariffs imposed in the United Kingdom and if they were to be passed on in turn in the Irish market, it would create fundamental difficulties for us. It is similarly the case in respect of multi-annual funding for science, research and technology, areas of vital importance to our long-term economic interests.

This is not the Government we wanted following the general election last February. On three occasions, we offered our party leader, Deputy Micheál Martin, as a nominee for Taoiseach and the only candidate who could lead an alternative to the Fine Gael-led Government. We all know the outcome of that process. It behoves us all now to work as best we can in the national interest. That is what we have sought to do as a party since election day. We look forward to debating the budget measures in much greater detail in the weeks ahead in the form of the Finance Bill and the Social Welfare Bill. There is a great onus on us all to examine in detail the measures contained in these Bills and we look forward to fulfilling our parliamentary duties in that regard. All Fianna Fáil Deputies and Senators will more than play their parts to ensure budget 2017 will receive proper scrutiny in the period ahead.

Deputy Dara Calleary: On 26 February this year the people sent an overwhelming message that fairness in public policy and associated and necessary investment in public services was their highest priority. In doing so they turned their backs on the US style of politics of those proposing excessive cuts in the personal tax burden; cuts that would have come at the expense of investment in public services, including health, education and social housing. They turned their backs on policies to minimise State involvement in service provision and allow the so-called free market to dictate the pace. They turned their backs on policies that denied medical cards to those in most need, ignored hospital waiting lists, cut supports for older people and undermined rural and urban community services across the island. Ultimately, they turned their backs on the spin of an economic recovery that many people on many parts of the island were not experiencing.

The Minister for Public Expenditure and Reform, Deputy Paschal Donohoe, spoke about a fundamental shift in the economic environment. There has been an even more fundamental shift, however, in the politics of the country since 26 February. While the message was clear, the mandates given were less so and that has resulted in a period of considerable instability. Parties and Independent Members in the House faced choices during March and April. As Deputy Michael McGrath said, Fianna Fáil sought the support of the House on three occasions to lead a Government that would act on the message sent and begin to reset the course the country was taken on in the past five years. We did not receive that support and the choice then facing us was either to walk away from the responsibility given to us on 26 February which, in turn, would have led to a second general election and possibly a third or to work with the result presented to us on 26 February to facilitate the formation of a Government and shape a fairer journey for Ireland. We took the second option, faced up to the responsibility presented to us by the people and facilitated the formation of the Government. The Minister says people are surprised that it has lasted this long. I look behind him, as he might, and see many of his colleagues who were saying that long before he did.

Is í aidhm an socrú muiníne agus soláthair ná infheistiú a dhéanamh i seirbhísí breise, cuidiú le pobail agus éifeacht phraiticiúil a thabhairt do na gealltanais a leagadh amach inár bhforógra. Is é an ról atá ag Fianna Fáil sa socrú muiníne agus soláthair ná dul chun cinn suntasach a dhéanamh sna bpríomhréimsí seo de bhuiséad 2017. The decision of the electorate and our decision to interpret it in the way we have resulted in stability that became even more crucial when the people of the United Kingdom voted to exit the European Union. Deputy Michael McGrath has dealt in detail with the potential consequences of that decision. The political instability which would have followed a second general election here would have added gravely to the negative consequences of that decision.

In facilitating the formation of the Government Fianna Fáil ensured at a minimum a two-to-one split of the extra money available in the budget for 2017 between investment in public spending and tax reductions. In 2015 the split was 50:50. That means that far more money is available for initiatives in health, education, housing, child care, social protection and capital spending. Achieving that split and the associated expenditure is the foundation on which the Dáil can respond to the challenge laid down by the electorate on 26 February. The Government has made the choices on the destination of much of that expenditure. In our confidence and supply agreement we identified a series of policy principles that we wanted to be dealt with during the course of the lifetime of the agreement. The budget shows progress on some of them. We will use the agreement to seek further progress over the next two budgets.

The notion of a confidence and supply agreement may seem a long way from daily life. It

may seem to be one of those articles of spin so often used in the House. However, arising from today's budget, if one is one of the nearly 79,000 people on a surgical waiting list, the priority given by Fianna Fáil to the National Treatment Purchase Fund and home help and home care packages will have a positive impact on that list. For those facing mental health challenges, the priority Fianna Fáil has given to ring-fencing funding for the ongoing implementation of a Vision for Change in 2017, a figure we understand to be €35 million, without the drama that has been associated with previous budget, will assist them.

For those on housing waiting lists, the priority we have given to the proper allocation for building housing and, more importantly, the scrutiny we will give to ensure that they are built will assist them. We prioritised child care in the confidence and supply agreement and, accordingly, we welcome the 35% increase in early years funding which will assist with child care costs.

For children with special and additional needs, we prioritised a range of services. The appointment of physiotherapists, occupational therapists, speech and language therapists and resource teachers is to be ring-fenced in order to address waiting lists for assessment and subsequent treatments and the delays in school services.

For students in secondary school, we prioritised the reintroduction of ex-quota guidance counselling and a commitment to the full restoration of the service over the next three years. For students in third level education, we prioritised additional investment in third level education to begin to stem the challenges facing our third level sector. For postgraduate students, we prioritised the restoration of postgraduate grants, ensuring that postgraduate education is not the preserve of the wealthy.

We prioritised resources for community initiatives such as CLÁR and RAPID in rural and urban communities around the country to build up community infrastructures. In many other areas, we have prioritised the delivery and development of services. My current party colleagues will focus on these areas during the debate. They include areas that would not have seen any progress without Fianna Fáil insisting on the split in expenditure before facilitating the formation of the Government.

We have not written this budget. There are areas on which we disagree strongly but we have a responsibility to the country to provide political stability at a time of great challenge. We have married that mandate of responsibility with the mandate of fairness given to us last February. While we have made progress to date on the agenda of fairness, there is still a long way to go. Many previous announcements on budget days and other days have made no impact. It is the priority of everybody in the House, led by the Committee on Budgetary Oversight, to ensure that the grand announcements made today and the big money mentioned actually hit the ground.

For instance, in June this year, an extra €500 million was allocated to the Department of Health. We were informed that it would assist in dealing with overcrowding in hospitals and the provision of extra home help hours, among other health priorities. However, across the country today there are no new home help hours available or new home care packages, despite an allocation of an extra €500 million. We were told that this money would solve the problem, yet many people today who are in hospital beds or who have palliative care needs cannot get home help hours and are wondering where the €500 million went.

Hospital waiting lists continue to rise in spite of the €500 million injection. The figures for

September show that 78,696 people are in a queue for surgery and nearly 9,000 of those have been waiting for longer than the maximum target of 15 months. Another 430,000 people are on outpatient waiting lists to see specialists, a jump of 3,000 compared to August. A total of 47,000 have waited to see a specialist for more than 15 months.

The failure to make inroads into waiting lists over the summer months, which are usually quieter months when more beds are free, and after a €500 million funding boost is particularly disturbing. There has to be early and measurable action on waiting lists. We believe the National Treatment Purchase Fund, by replicating the successes it had until it was removed from this area in 2011, can begin to do that.

We especially welcome the announcement that those in receipt of domiciliary care allowance will now receive medical cards. As I said, we await detail on the appointment of physiotherapists, speech and language therapists and occupational therapists for children with disabilities and special needs, in particular.

Why is it that services for children with disabilities and additional needs seem to conspire against their families in order to make already very difficult life journeys even more difficult? Why do parents have to fight different departments in order to get essential support? Why is it that the silo way of doing government - I do not mean this in a political sense but rather an operational sense - conspire against families who already have a difficult journey? If this budget and its provision for children is to do anything, it needs to break down the silos and make difficult journeys a little less difficult.

I welcome the 900 extra resource teachers, which need to go into the areas of most need and where the waiting lists are longer. If we cannot get an assessment for a child his or her journey through life will be even more difficult. Surely we can unite collectively to ensure this happens.

The ring-fencing of money for a Vision for Change is welcome. As I said, we believe that figure to be €35 million. What is especially welcome is that the last minute smash-and-grab strategy approach to mental health budgets of previous years has been avoided. Again, we will need to see the impact of this in terms of how this affects those who need the services.

While we welcome the reduction in prescription charges for those aged over 70, there is a case to be made for those who are disabled to get a similar reduction. My final thoughts on health are to remember that in 2017, there can be no Revised Estimate or an extra €500 million found. If the trends of previous years continue in 2017, there is no plan B. I am willing to give the Minister for Health, Deputy Simon Harris, a chance but the records of his two immediate predecessors in matching their budget day rhetoric to patient outcomes were appalling.

The split between expenditure and taxation has allowed for a small but expansionary social protection package. My party has been criticised for promoting an increase in the old age pension, in spite of the fact that it is a commitment in the programme for Government and was contained in almost all party manifestos ahead of the election. The notion, as expressed by a leading broadcaster last Saturday that pensioners are loaded is absolutely without foundation.

Older people were particularly targeted by Fine Gael and the Labour Party in the last Government. There were a raft of sneaky cuts and measures which directly affected the incomes of older people. There were hikes in prescription fees despite a promise to abolish them. Changes to the eligibility criteria for medical cards, the removal of the telephone allowance, a reduction in other household benefits and the abolition of the bereavement grant all combined resulted

in an increase in the rate of deprivation, from 9.5% to 14.3%, for those aged 65 and over. We make no apology for trying to reverse this trend.

We were not solely focused on pensioners, despite the narrative narratives of some in the House. The increase in working age payments is welcome, especially as it is the first since 2009. In conjunction with other measures across the budget, it will reduce the burden for many. We expect these increases to begin at the very earliest date of 3 March.

I particularly welcome the increase in the income disregard for lone parents. The €20 increase will go some way towards reversing the changes introduced by the last Government which were misguided and resulted in severe hardship for many lone parent families. As I said, it is only a start.

Child care is one of the cornerstones of the budget. We fully support the increase in funding to support families in meeting their child care costs and to support Tusla in its additional responsibilities. Let us be clear. The package for families will only kick in in September.

I want to highlight some potentially unforeseen problems with the model proposed. We fear that the scheme may be discriminatory in respect of couples who opt for a joint assessment of income. The proposal is that households will be able to automatically determine their eligibility by inputting their PPS numbers online. However, this means that in the case of a couple which has not opted for joint assessment, one partner who earns under €47,000 will be able to claim the subsidy even if his or her partner is also working. By contrast, an individual earning €47,000 who is part of a couple which has opted for a joint assessment of income and whose partner is also earning may not be eligible for the subsidy. A married couple who earns €50,000 may not get the subsidy while a cohabiting couple earning €80,000 will. That is something that needs to be examined.

The scheme seems to allow no choice for flexibility and relies heavily on Tusla registered child care operators. We know that crèches are already struggling to meet demand for places and the scheme could potentially double or triple demand.

3 o'clock

While I welcome the commitment to the funding of a sustainability study into the child care sector, it is essential that this information is available as soon as possible to ensure that there is no unmet demand arising from this proposal.

We have achieved a beginning on some of our priorities in education, such as ex-quota guidance counselling and additional funding for third level and postgraduate students. However, overall the education provisions are underwhelming. While progress on reducing the pupil-teacher ratio, PTR, this year was difficult only because of the demographic pressures, we have returned to the stop-start pattern of reductions in the PTR at primary level. We need to get serious about reducing the PTR, particularly for those schools under pressure. It must recommence in next year's budget. The re-introduction of ex-quota guidance counsellors was a key demand of our confidence and supply agreement. Guidance is essential at secondary school level. It is no longer the older career guidance that many of us would have gone through. It is now a much broader service and, effectively used, it can be an effective weapon in tackling many challenges facing our teenagers, particularly in the mental health area.

The announcement of an increased €31 million for third level education was another key

input for Fianna Fáil. The Cassells report offers a stark picture of the challenges facing our third level sector. I welcome the fact that the education committee, chaired by my colleague, Deputy Fiona O'Loughlin, is to begin an in-depth analysis of this report. It was essential that this budget sent a signal of intent. It is, however, our view that the national training fund offers further potential for increased funding for our third level sector. Given that it is in surplus and given the seriousness of the challenge facing our third level sector, we will continue to pursue this avenue in the coming weeks. The allocation of money to reintroducing postgraduate grants is a further indication of confidence and supply. Our ability to educate world-beating post-graduates continues to be a major factor in our ability to attract inward investment. However, postgraduate degrees cannot be the preserve of the financially secure.

Capital expenditure has long been the Cinderella of budget day. The additional money announced today above the pre-budget expenditure ceiling is a drop in the ocean compared to what is required to overhaul and future-proof our country's infrastructure. The current capital plan lacks ambition. It was an exercise in electioneering rather than a genuine effort to grasp the nettle of long-term planning. Its extension over six years was essentially used to manipulate the figures to bolster the appearance of significant increased investment. Ireland has only reached 1.8% of GDP on capital expenditure. Much of our capital spend is soaked up by on-going maintenance costs rather than developing or improving projects. We need to increase capital expenditure to 5% of GDP over the coming years to get to grips with the infrastructure challenge we face. When one considers that organisations such as the OECD, Think-tank for Action on Social Change, IBEC, Irish Fiscal Council, ICTU and Social Justice Ireland in a very rare coalition have all called for additional capital expenditure, it shows that this need is well outlined.

The confidence and supply agreement outlines a commitment to a full review of the plan in mid-2017. This was a critical part of the agreement for us. It is vital that this review gives an opportunity to take crucial decisions on pivotal infrastructure projects designed to address areas such as housing, transport, broadband, flooding and the bigger threats emerging from climate change. These areas are vital to our competitiveness and long-term prospects. After years of delay and deprived funding, they can no longer take a back seat. Fianna Fáil has called for the establishment of a national infrastructure commission to take a long-term view on our capital spending over the next century. This commission should be tasked with planning over a 25-year period and moving Ireland towards the target of 5% of GDP investment in capital infrastructure alongside a target of decarbonising. We must reach our targets.

Post-Brexit, it is imperative that the EU moves to increase capital expenditure. EU rules around spending must be revised with a view to enabling member states to target investment in crucial infrastructural projects. This will help ensure that the EU thrives in the aftermath of Brexit. As the country most exposed to Brexit, we surely have a strong case to make. This will require further work with to ensure innovative mechanisms like public-private partnerships remain off balance sheet. We must adhere to the fiscal rules to prevent imprudent fiscal policies engulfing Europe, but they cannot be allowed to strangle long-term investment projects. The Government must take a proactive approach in engaging with our EU colleagues to set this case out clearly and strongly. The post-Brexit gloom that has descended upon Europe cannot be allowed to undermine our capital ambition. We need to radically reassess the management of our capital budgets. As a country, we are still poor at delivering large-scale projects on time and on budget. There are so many examples of how poor delivery leads to delayed infrastructure and frustration. One of the most pressing issues is those communities that are facing the threat of

flooding once again this winter. The OPW has a poor record of delivery to these communities and while the extra allocation to it today is welcome, I remain to be convinced that the OPW has either the capacity or the wish to deliver a proper flood management programme around this country. Similarly in housing, while there is a big figure announced today, will it make a difference? The litmus test of the Government's housing strategy will be how new bricks and mortar housing units are delivered on the ground. It is fair to say that the central obstacles to new social housing provision under the Minister's predecessor's strategy was not the absence of targets or of spin. Rather, there was a failure to address the obstacle to increasing public supply of social housing. Some of these will be addressed with this funding commitment, but many will not. Local authority new builds in 2015 was the lowest output on record, with just 75 homes built nationwide by county councils. Now we expect councils to start building 1,750 a year. We welcome the ambition but we have heard it before. We have not seen a road map to that being achieved. I welcome the announcement of the infrastructure fund, but again it highlights, as do many initiatives, that co-financing is required from local authorities. While much of the attention within the Department of Housing, Planning, Community and Local Government is focused on the housing package, I believe it is important in the context of co-financing initiatives throughout the spending document to send a distress signal about the perilous state of local government finances. There has been much focus on the situation at Sligo County Council but let us be in no doubt that for most local authorities, finances are under considerable pressure and accordingly their ability to deliver on the spending programmes outlined in this budget and other basic services is considerably constrained. Many local authorities have no money to do basic repairs for tenants in local authority houses, yet the Government has set them the challenge in this strategy of bringing closed local authority houses back into use. They cannot make emergency repairs to roads when a problem arises and they are not in position to deliver on so many elements of the mandate that they have been given. Rather than putting the funding burden on local authorities through co-financing, it is time we got serious about the role and mission of local government. It is time that we properly defined it to deliver in the 21st century as opposed to the 19th century, for which many of its current structures are designed. We then need to design a financial model that can deliver on that newly defined role and mission rather than constantly adding things on to its role and making its funding model up as we go along.

The capital programme will be the final chance to get real about broadband and mobile telecommunications. The potential of the ongoing revolution in data and telecommunications should no longer be constrained by geography. This capital programme can ensure that. Communities across this island, both urban and rural, have suffered greatly as a result of the economic downturn but also as a result of a change in living patterns away from towns and cities, be they rurally or urban-based. This leads to a vicious circle in that population decline reduces the prospects of investment in turn leading to empty premises, withdrawal of services and further decline. I welcome the announcement of a new town and village strategy within this budget. Again, it must mean something. It must deliver and give people the opportunity to once again return to live in towns and in the empty spaces over many retail premises. Town centre living used to be a major factor of accommodation in this country. It is no longer for many reasons. A proper strategy would allow that. The re-introduction of funding for the CLÁR programme is a welcome step but, again, it must be targeted and focused on delivering on essential services such as water schemes and local broadband schemes. The package for regional road projects and local improvement scheme road projects must reflect the lack of investment in this area in recent years. The introduction of funding for RAPID is another acknowledgement of the short-sightedness of Fine Gael and the Labour Party in dismantling many low-cost community initiatives that were taken away when most needed. Urban communities face the same threat as

many rural ones but in different ways. The common denominator is the willingness of people to stand up for the future of their neighbourhood.

One of the biggest threats facing our country is the perfect storm being faced by Irish agriculture. Extreme price volatility, ongoing poor weather conditions and the impact of Brexit are all combining to wreak havoc on virtually all sectors of farming. The threat of Brexit to Irish agrifood is stark. IBEC has recently estimated that for every 1% fall in the value of sterling there is a parallel 0.7% drop in Irish agrifood exports. The analysis shows that the euro climbing to 90p translates into a €700 million drop in Irish exports and a potential 7,500 job losses.

I welcome the moves in taxation referred to by Deputy Michael McGrath. We also pushed hard through our confidence and supply agreement to restore cuts made to the farm assist scheme and the rural social scheme and to expand the GLAS scheme. While I welcome the €25 million sheep scheme, the ultimate litmus test of the scheme will be if it enables all types of sheep farmers - hill and lowland - to maximise the payment that they can draw down. The areas of natural constraints scheme is an important mechanism to help maintain the continued use of agricultural lands. While we pushed for restoration of the payments under the scheme, we are very disappointed that there is no movement on restoring them, but we will continue to pursue it.

Brexit represents a serious threat not just to our farming sector but to our SMEs, entrepreneurs and retail community. It also presents opportunities for the island. However, there is only a €3 million allocation given to our enterprise agencies to pursue those opportunities. That will hardly even cover salaries. We need to examine other areas, such as expanding the credit guarantee scheme and supporting Microfinance Ireland, to assist our small companies in dealing with the challenges presented by Brexit.

The delivery of the additional services in this budget will fall to our Civil Service and public service. We have highlighted the need for the path to pay restoration for our civil and public servants. I want to reiterate my party's support for the Lansdowne Road agreement, which provides for an additional allocation of some €400 million in 2017. Albeit on a small basis, this will continue income restoration across the board. However, the work of the new public service pay commission must commence now and we must set down a path to pay recovery. The difficulties and lack of trust between the public service and Government at the moment have as much to do with non-pay issues as with pay. It is essential that the Government recognises its past mistakes and bad attitude and works to build trust on non-pay issues. The spending split underpinning this budget will allow room to improve services and to increase employment in key areas. We now need the Government to improve on the other issues that are undermining its relationship with those who work so hard for the State.

This year's budgetary process was supposed to be very different in the context of our Dáil reform process. The reality is that it was very much the same. The continued last minute - and I mean last minute - nature of it and the changing goal posts do not lend to the credibility of the budget process or to the credibility of this Oireachtas. That said, foundation stones have been laid to change the way we do budgets and we must urgently build on them. The advent of the independent budget oversight office, which should be in place for next year's budget preparations, has considerable potential in terms of Oireachtas oversight and scrutiny. I am a member of the Committee on Budgetary Oversight and, while our discussions were more condensed this year owing to the late establishment of committees, we did get a sense of the potential of the committee to scrutinise positions and proposals. While committee members approached that

process from very different political perspectives, the discussions were at all times civil and informing. Arising from my experience of the first phase of the committee's work, I believe it has, if properly resourced, the potential not just in a pre-budget phase but, especially, in a post-budget phase to measure progress in terms of the themes outlined by me today.

It would have been politically easier to run to the hills and the beaches of the Mediterranean last March and April. Today we have not achieved everything we wished to achieve. It is the start of a three-year process. However, our first and major achievement is the spending split that has ensured Fine Gael has suddenly become converted to the values of fairness.

Others will criticise. They will say they would have done things differently. How does €1 billion extra in taxes sound? However, everyone who criticises needs to outline a number of things. Where were they in March, April and May when decisions had to be made about the stability, including political stability, of the country? They should account to every interest group to which they appeal today for their activities during that time and the work they have done to achieve their programme for Government. Fianna Fáil stood up to the challenge. We did not run to the hills. We did not seek the easy way out, and today the fundamental shift the Minister, Deputy Donohoe, referred to earlier has occurred not just in economics and politics but in the fairness of budgets. That fundamental shift is our print on this budget.

An Leas-Cheann Comhairle: Glaoim ar an Teachta Pearse Doherty. Ciúnas, le bhur dtoil. Beidh uair an chloig idir an Teachta Pearse Doherty agus an Teachta David Cullinane.

Deputy John Brady: Will the Deputies not wait to hear from the real Opposition?

Deputy Mary Lou McDonald: Government time is now up.

Deputy Pearse Doherty: Gabhaim mo bhuíochas leis an Leas-Cheann Comhairle. Now we will hear from the Opposition on the budget.

Deputies: Hear, hear.

Deputy Pearse Doherty: The only thing we have been missing for the past two hours is the two Michaels crossing the floor and giving each other a big hug so much was the love-in between Fine Gael and Fianna Fáil. We have heard from Fianna Fáil, the only party ever to produce an alternative budget without a costing or a figure for it. To answer the question Deputy Dara Calleary posed, we were the party that was drafting legislation to bring in rent certainty, which his party voted against. We were the party that was developing the motion to end water charges, which his party voted against. We were the party that tabled the motion during that period to set up the committee to deal with the crisis in homelessness and housing, while his party walked in and out of Trinity College Dublin drinking cups of tea and passing the time with their buddies in government.

During the past few decades the Irish people have each year had to live with the consequences of budgets drafted by either Fine Gael or Fianna Fáil. They had one or the other, time after time. Now we get both of them in one budget – the politics of the nod and wink and of short-termism. The cycle of boom, bust, economic collapse, emigration and underinvestment will carry on regardless. In the good years money was squandered by these very same political parties and in the hard times it was our families and friends that were asked to pay the cost. We are told this is an era of new politics and that things are different now. Then why is this Government repeating the same mistakes in this budget as Fianna Fáil Governments did in the

past? Why is it shrinking the tax base, introducing property tax incentives that will only push up house prices and relying on vulnerable tax receipts?

The answer might be that many of the same old faces that sat in government or led the Opposition - those same faces that sacrificed our sovereignty - are still around and still selling the same old nonsense. They have no new ideas. They just want to go back to the way it was, but that was the wrong way. This is not new politics: these are the same old political parties and the same old failed economics.

We are at a moment of real opportunity. It is an opportunity, as the economy grows, to chart a new course, build a fair economy, grow employment, reduce the cost of living, invest in public services, deliver tax fairness and invest in our future and that of our children. Today is a missed opportunity. Instead of seizing that opportunity, we have a deal cobbled together not in the interests of the country but in the interests of Fine Gael and Fianna Fáil. We have a backroom budget that is lacking in vision and failing to learn the lessons of the past. Our people deserve better, our economy deserves better and damn sure our country deserves better.

Caitear finscéal amach go raibh muid dúghafa go millteanach leis an bhorradh is leis an chliseadh eacnamaíoch. Deirtear nach bhfuil aon smacht againn ar na cúrsaí sin. De réir Fhianna Fáil agus Fhine Gael, ní raibh siad nó a gcuid gníomhaíochta freagrach as an ghéarchéim. De réir iadsan, ní raibh ann ach mí-ádh. Seo an bhréag atá le feiceáil mar chuid den bhuiséad seo a nochtaíodh inniu. Bhí na beartais dhochracha curtha i bhfeidhm acu - idir Fhianna Fáil agus Fhine Gael agus a gcuid cairde a bhí in éineacht leo i sruth na meala seo - taobh thiar den chliseadh baincéireachta agus geilleagair. Agus arís tá macasamhail de na polasaithe seo á ndíol acu mar chuid den phacáiste úr seo atá curtha os ár gcomhair inniu.

This is the first big test of this new Government. Come the end of this debate when the Dáil backs this budget, the Government and Fianna Fáil will undoubtedly say they have passed the test. However, the test is not about political majorities stitched up in backroom deals. The real test of the budget is whether it will end the threat of villages in the west being flooded because of a lack of flood defences, whether older people will no longer be left on trolleys for days on end in hospitals and whether the thousands of children who will call a hotel room home tonight will have a home. When the results of this test are looked at, they will clearly show that the budget has been a complete failure.

We have been through a great deal in recent years. The most brutal and unfair things have been done to Irish people in the name of saving banks and satisfying international capital. A generation's hopes and rights were sacrificed. What happened was wrong. Austerity was and is a brutal concept that prolonged and deepened the recession and made tough times not only tougher but more unfair, too.

In 2016, a century after a group of men and women with a clear and genuine vision of what the country could be struck for Ireland's rights, we must start rebuilding. We are told the economy grew by 26% last year and that corporation tax receipts are booming, yet 1,000 families are homeless in the capital city. Last week an average of 376 people were on trolleys in hospitals, while there are more than 500,000 people on hospital waiting lists. This is the type of dysfunctional economy Fianna Fáil and Fine Gael have built. The economy should serve the people, not the other way around.

This is a Government which, time and again, has sided with landlords over tenants and

banks over mortgage holders. It is a Government which has let the insurance industry rip off struggling families while rewarding the wealthy. It has empowered the vultures and begun selling the country to them, brick by brick and tax-free, from beneath our feet. This could have been the budget in which we started to reduce the cost of living and invest in public services. This should have been the day on which we increased capital investment to an appropriate level to build homes, schools, health facilities and roads and to undertake flood relief works. Budget 2017 should have been the starting point for the development of the all-Ireland economy and investment in long-term economic growth.

Today should also have been about making the taxation system fairer. Tax is not something that should be derided. It is part of the social contract that is supposed to be a core basis for a republic. Taxation can and should be used as a tool to deliver fairness and invest in essential public services and infrastructure. In budget 2017 the Government is beginning to implement its policy of abolishing the universal social charge, USC. While the Fianna Fáil Party protests, it pursues very similar aims. The policy of abolishing the USC was described by the Department of Finance as regressive and one which would benefit the wealthier and have little or no impact on those on low and middle incomes. The proposed cuts to the USC amount to €330 million, but the process being put in train will hollow out the tax base of the State by €5.6 billion by 2021. That is the context in which the steps being advocated today must be discussed. Not one credible expert, advocacy group or economist believes this is a sensible policy; all of them have argued against it.

The cuts will mean little for an individual struggling on €20,000 per annum who will get back a mere €1.90 per week. They will be of little comfort to those facing a cost of living of crisis, with the average worker on annual pay of €35,000 set to get back a paltry €3.30 per week. I have no doubt that many people will welcome paying a few euro less in USC, particularly those who are struggling to get by, but it will not go far when a person's car insurance quote is suddenly twice what it was last year and the Government does nothing. It will not go far for those whose bank is ripping them off on mortgage payments and when sending a child to college costs the same as taking out another mortgage. A sum of €3.30 a week is of little use to a person who has to wait at a Luas stop for 20 minutes and then squeeze on to a packed tram or to those who pay more in rent for a room in town than their parents paid for a mortgage on a house in the suburbs. Those who are struggling to get by day in and day out would be better served by investing the €5.6 billion in tax cuts the Government is planning in its lifetime in the services we all use and which keep the country running and working. Tackling these issues requires vision, but Fine Gael and Fianna Fáil do not do vision; they do gimmicks, short-termism and tax breaks.

Thankfully, public opinion has not swallowed the lie that the abolition of the USC is possible or even desirable. Make no mistake - despite having to rein in their swagger this year, both Fine Gael and Fianna Fáil are determined to give the wealthy tax breaks at the expense of public services and ordinary workers. This is their short, medium and long-term policy, as they made clear in their manifestos. It is a reckless and dangerous approach and they know it. It is deeply dishonest of any party to continue carving out the tax base, while stating it will make the investment the country needs because doing both is simply not possible. This cynical *mé féin* approach, of which Fianna Fáil was the master during the 1990s and noughties, served us poorly in the past and serves us poorly now.

I sat through the banking inquiry which heard of the ever increasing reliance placed on stamp duty in the period preceding the crisis. When construction stalled and eventually crashed,

stamp duty receipts disappeared, wreaking havoc on our finances. Nowadays, it is not stamp duty but corporation tax receipts that are vulnerable. In 2015 a total of 40% of corporation tax was paid by ten companies. This illustrates that tax revenue is increasingly vulnerable to the tax affairs of a small number of companies. In 2015 corporation tax payments from the top ten companies amounted to 6% of total Exchequer tax revenue, approximately the same proportion of overall Exchequer tax revenue for which stamp duty accounted just before the bust. We are going down a dangerous road and it seems no amount of warnings from Sinn Féin or Central Bank, International Monetary Fund and European Commission economists will convince this coalition Government that it is a bad way to go.

The most unfair tax break the Government has proposed in the budget - one which is being celebrated by the Fianna Fáil Party - is the increase in the threshold for capital acquisitions tax. This tax change will benefit only 2,000 people each year, all of whom will have inherited €280,000 tax free and will now be allowed to inherit an additional €30,000 tax free. The measure will cost the taxpayer nearly €20 million. Let me put the Minister's political choices in context. Last week the Government side, supported by the Fianna Fáil Party, voted against a Sinn Féin motion to roll out 24/7 care for those in need of treatment for mental health issues. The provision of this service would cost €20 million. Why do Fine Gael and Fianna Fáil believe 2,000 individuals who have already received a tax-free windfall of €280,000 deserve an additional tax write-off of €20 million when people suffering mental health illnesses and experiencing suicidal tendencies do not have access to the services to which they want to reach out at night or at weekends? Why do they prioritise a tax break for 2,000 people over services for people suffering mental health problems? Fine Gael and Fianna Fáil must answer that question. We hear platitudes and the right words when we discuss this issue. When it comes down to brass tacks and making political choices, however, these parties fail. In rejecting the Sinn Féin motion on mental health services last week the Chief Whip stated, "We do not have the magic calculator that Sinn Féin obviously possesses." It is not the Government's calculator that is broken but its sense of right and wrong.

While I do not know if the Minister reads his Department's strategy papers, I doubt it because otherwise he would know that the previous reduction in capital gains tax did not result in a dramatic increase in the tax yield or economic activity. Despite this, he proposes to further reduce capital gains tax. According to a departmental paper, "tax yield and economic activity are not increased overall but simply moved in time" as a result of a reduced rate of capital gains tax. Many assets were cashed in only after the reduction was introduced in full knowledge that less tax would be paid. Again, Fine Gael returns to its norm, which is to cut taxes at the expense of taking the harder options to make our country more competitive.

The move to increase the self-employed tax credit is a measure we welcome, although my party would have gone further by increasing it to €1,300. This is a fairness issue and I am deeply disappointed by the Minister's announcement that he is dragging his feet. The tax credit, like many others, should be tapered off, so there is no open-ended gain for the high earners in society. There are other issues that arise from this budget that are also to be found in Sinn Féin's alternative budget. Where the Government has done the right thing, we will support those measures and make sure they are actually implemented.

I want to turn to what the Minister calls the help-to-buy scheme or the first-time buyer's grant. There is no help to buy or help for first-time buyers in this budget, although there is a help-the-banks scheme and a help-the-builders scheme. A version of this was first proposed by Fianna Fáil at its 2015 Ard-Fheis and it is taken directly from the Fianna Fáil guide on how to

wreck the economy. Anybody who has looked at the idea has slammed it. It failed miserably when the Tories introduced it across the water. We all know what will happen as a result of this move, namely, it will lump further debt onto young families. It sums up this budget, which is about old failed ideas dressed up as bad new ideas.

What part of the supply and demand rule does the Government not get? The Minister again says this will increase demand and, therefore, supply will increase. The demand is out there. While the Minister may not recognise it, we have a housing crisis. All the Minister is doing is putting fuel on the fire in regard to that demand, which will do nothing but increase prices. Of course, I could see the attraction of this if I were buying a home but, overall, this scheme is ill thought-out. House prices will follow the credit available, as we know. I urge the Minister to drop this reckless proposal. I put it to Fianna Fáil that if it is not in support of this, it is not going to fly. It is not going to happen because it requires legislation to be introduced. It is a reckless proposal and if Fianna Fáil belatedly accepts that, it is to be welcomed.

There has been much talk of Brexit in the budget. We need to recognise that while there are many issues outside our control, there are areas where we can influence the effects of Brexit, and they go far beyond taxation policy. That is why Sinn Féin many months ago proposed an all-Ireland forum and that we get all the partners in to discuss the way forward. We have known Brexit is happening for four months now, yet that forum has yet to be convened.

What is the Fine Gael and Fianna Fáil answer to Brexit? From today's announcement, it seems the answer is tax cuts. That is simply not good enough and it is a lazy and cynical approach. The far more fundamental point the Government misses time and again is that Brexit is so damaging because it compounds partition. "Partition" is a word that had to be deleted from the budgetary committee report on the suggestion of Fianna Fáil because we are not supposed to mention partition in these Houses. For this country, partition is the problem. A Brexit of Britain without the North of our country would be a far less daunting prospect. That is why policies that tackle the damage of partition and undermine partition itself must be supported in response to Brexit and why we need to increase the funding for North-South bodies and capital projects. The best defence we, as a country, can have to a downturn, whether triggered by Brexit or anything else, is to have made the investment in our infrastructure. That is why Sinn Féin has proposed front-loading €1.2 billion of capital spending, using the flexibility allowed within the fiscal rules. Once again, the Government has come up short.

As the Minister will know from previous years, every budget throws up a new issue or something unprecedented. This year, the Minister for Finance is ignoring the Revenue Commissioners, the same Revenue Commissioners he defended so vigorously when it came to deals with multinationals, when he said we cannot under any circumstances take the €13 billion we are due from Apple because that would be a slight on the Revenue Commissioners. He asked what would he be worth as Minister for Finance if he did not defend his Revenue Commissioners. Today, he tells us that increasing excise duty on a pack of cigarettes by 50 cent will bring in €65 million, and we will have to vote this through before midnight. However, in information available on their website, through replies to numerous parliamentary questions and through costings provided to us, the Revenue Commissioners actually say that this move could cost up to €44 million. If that transpires, there is a gap in the budget of €109 million. Why does the Minister not believe Revenue on this issue? His Department refers Opposition parties to the Revenue reckoner, yet the Minister can ignore it when it seems convenient. The Minister is so determined to cobble together things to raise money to cover his USC fixation that he will simply ignore what the people who collect the tax say. It is pulling a fast one, in view of the

evidence we have.

The Minister brought in a range of poorly thought-out tax breaks, which echo the days of Charlie McCreevy. I fear the make-up of the tax the Minister envisages is wishful thinking. As I mentioned in regard to the Revenue Commissioners and excise duty on cigarettes, these are dodgy figures. The Minister claimed that an additional 50 Revenue staff and some new equipment will bring in €50 million in extra revenue. I have long called for this issue to be dealt with. We were the first to raise it and we have proposed it year after year. However, to think that this type of investment will yield that type of return is very optimistic. The Minister claims that clamping down on section 110 companies and abuse of funds will bring in another €50 million. Yet, just a couple of months ago, the Minister did not even know this was happening, or so he claimed. It was only after we brought it to his attention that funds were buying up Ireland tax free and section 110 was being used to buy distressed debt tax free, that he moved on this issue. When I asked his Department how much these changes would bring in, it told us it had no idea, so where does the €50 million come from? The Minister says clamping down on offshore tax evasion will bring in €30 million. Again, I welcome the principle and it is something we have long advocated but one can only wonder why it has taken so long. I believe this figure is also wishful thinking, if not just a wild guess. Is the Minister telling us there is no crossover between these three measures? The principles here are solid, of that there is no doubt, and long overdue but the figures seem a bit fluffy. Perhaps the Minister's commitment to slash taxes means he had to use a little imagination on the other side of the balance sheet.

This is a budget where the Government parties and Fianna Fáil have finally admitted they are simply giving up on the public health service. It is to be run down and health care is to be something for the better off. The measly increases of today will not sustain the hospitals and clinics of the State. We heard a lot about the €1 billion from the Minister, Deputy Donohoe, and then it became €500 million additional. However, when we go into the bowels of the document, we see it is actually €260 million additional and when we look at the individual measures to deal with the crisis we have in emergency departments and the fact 530,000 people are on waiting lists, we find out the winter initiative gets €40 million additional and the waiting lists get €15 million additional. This is a total of €55 million to deal with the crisis in accident and emergency departments and hospital waiting lists. To take the issue of hospital waiting lists, it is €15 million for 530,000 people in pain who are waiting month after month for treatment, some for years, yet the Minister gives more in a tax break to 2,000 people than he will invest in those 530,000 people who want access to our public system.

There is not enough money in this budget to keep our health system operating in 2017, even at its critically overloaded state. The reliance on the National Treatment Purchase Fund shows up in bright lights that there is no vision and that the idea of a universal health service from Fine Gael or, indeed, Fianna Fáil is dead and gone. Sinn Féin has shown how this budget could have been the start of building a health service fit for the 21st century and accessible to all. We would have real, additional combined capital and current investment of €600 million. That would reopen 500 hospital beds, provide for the nurses and doctors to look after citizens who need them, begin to build a world class mental health care system and reform and resource our suicide prevention strategy. From maternity care and empowering people with disabilities to dental care provision, a universal health system could have started today but the vision to start that work does not exist on the other side of the House.

Today, the Minister announced €150 million extra for capital investment in housing. Once again, the Government has failed to recognise the extent of the crisis and the resources required

to address it. In Sinn Féin's alternative budget, it has called for an additional investment of €491 million in the delivery of more social housing units. That is more than three times what is in the Government's plan.

When are the resources going to match the rhetoric we often hear from the Taoiseach? In 2011, he pledged to end homelessness by 2016, which is this year. In December 2014, after the tragic death of Jonathan Corrie only metres from here, the Taoiseach said, "I believe we best honour Mr. Corrie by acting once and for all on the issue of homelessness". Last year, when I said his budget would not solve the homelessness crisis and that it would make it worse, he heckled me. Yesterday, the State had 4,000 adults and more than 2,300 children living in emergency accommodation. This is the Taoiseach's failure and legacy. He has shown today that he is not willing to put in the resources required to address that crisis. The action plan for housing, while better than its predecessor, lacks ambition and the urgency necessary to put a stop to homelessness. Sinn Féin has shown how the Government could invest an additional €491 million in building houses but it refuses to listen.

One of the biggest cost-of-living expenses is rent. In Dublin, rents are increasing by about €40 per week. We have fought hard in Sinn Féin for rent certainty. We have produced legislation on this. Unfortunately, Fine Gael, supported by Fianna Fáil voted, for whatever reason, against Sinn Féin's rent certainty Bill in June. What has this meant? It has cost families thousands of euro in rent, with rents increasing in certain parts of Dublin by up to €2,000 per year. The legislation the Government voted against would have reduced the cost of living for thousands of renters while providing certainty to landlords. It would have prevented many families from becoming homeless.

We have heard a long debate on older people in the lead-up to this budget. It does a great disservice to older people to lump them together and tell them they will be looked after at some time in the future. For those pensioners most in need, Sinn Féin would have arranged for an increase of €5.70. We would have made it available from 1 January 2017, with no ifs or buts. Practical, targeted measures are needed.

We would also have reinstated the transitional State pension payment, we would have increased the fuel allowance period by three weeks, we would have introduced a bereavement grant of €600, we would have extended the warmer homes scheme, we would have increased home help provision by 1 million hours, and we would have increased home care packages by 10%. A total funding package for older citizens of €410 million would have been available from the first day of January 2017. That is what a well-thought-out, properly resourced package for older people looks like. Instead, the Government thinks it can buy off pensioners with €5 per week. To add insult to injury, it says they will have to wait for it.

At the Cabinet table earlier today, did the Government members collectively blush when they decided pensioners and others would have to wait until March, although Deputies and Ministers will not have to wait to see an increase in their pay next year? Each Deputy will see his or her pay rise by €2,700 by April 2017, and he or she will see the same again the following January. That is small beer, as the Taoiseach well knows, considering what he will get. He will get a whopping €14,650 over the next three years, and the Ministers beside him, Deputies Paschal Donohoe and Michael Noonan, who signed off on the deferment of the social welfare payments, will both get an increase of €11,735. Despite this, pensioners have to wait, and we are told somehow that we should celebrate this.

There is an alternative to the bad habits. The alternative involves reducing the cost of living and investing in public services. It is about resourcing an adequate capital plan to build homes, schools, health facilities, flood defences and the roads the country needs. The answer to Brexit is the creation of an all-Ireland economy through long-term investment. The alternative is fair taxation. That means abolishing the water charges and the local property tax.

On that subject, let us note that not one penny is provided in the budget to abolish water charges beyond 31 March 2017. Not one cent of the €58 million that is required has been provided in this budget, yet Fianna Fáil has signed up and agreed to it. It is very difficult for us to figure out which way Fianna Fáil is going on this issue day in, day out.

Deputy Eugene Murphy: The Deputy should not worry about us.

Deputy Micheál Martin: The Deputy is flogging a dead horse.

Deputy Pearse Doherty: Could somebody please clarify how Fianna Fáil, which says it is the champion of abolishing water charges, has signed up to a budget that does not provide a penny to abolish water charges?

Feicfimid go bhfuil laghdú de 9% ar bhuiséad na Gaeilge, na Gaeltachta agus na n-oileán. Tá dearmad déanta ar an Ghaeilge arís. As bhuiséad de €1.3 bhilliún, ní raibh ach mórán os cionn de €4 mhilliún á lorg ag Conradh na Gaeilge ar son Fhoras na Gaeilge agus Údarás na Gaeltachta le haghaidh an chlár infheistíochta a sheachadadh mar a bhí molta ag os cionn 80 eagraíochtaí Gaeilge agus Gaeltachta. Éileamh cothrom is measartha a bhí ann agus é á teastáil ó ghrúpaí atá lárnach dár tsochaí agus dár gcultúr, ach tugtar neamhaird orthu arís sa bhuiséad seo. It should have been provided and it should still be provided in respect of the proposals to go through the Dáil as we deal with the finance Bill.

We were all told that it would be different this time. We have the warnings from the Central Bank, the Fiscal Council, European Union and so on but the conservative old-school politicians all know better. Fianna Fáil and Fine Gael know better; they think we can go back to the way things were and that, this time, it will be different, but it is not different. It is the same old politics, and it is the same old politics that failed us before. This year, we have a clearer choice than ever before. We have a choice between a policy that invests and strengthens or a policy that returns to the same old ways.

Maybe things will proceed satisfactorily for a while, and more and more tax breaks will pop up. They will be temporary at first and then permanent, and spending will be willy-nilly, short-term and without any plan. Eventually, when the next challenge comes, the whole economy and country will be left exposed. The health, education and social systems will stagger on with no vision and only the bare minimum in investment. Eventually this, too, will be exposed when the services are needed most.

The people who steered the country straight into the crash are not the people to build a new economy. They are not the saviours; they are the inside men who want the old days back. The old days were wrong and this budget does not deserve the support of this House.

Deputies: Hear, hear.

Deputy David Cullinane: It is quite obvious that the Taoiseach's Government is not short on numbers. We can see that from his own benches and those of Fianna Fáil. That said, it is

short on ideas and vision. The challenges that are faced by our economy and communities cannot be tackled by Fianna Fáil, Fine Gael and the Independent Alliance. This is quite clear when we see today's budget. The budget is a master class in spin, sleight of hand and political trickery. It is massaging figures to pull the wool over the eyes of the people again and to cloak its underwhelming characteristics. The Taoiseach and his Government are not capable of seeing past the soundbite economics that brought so much boom and bust to the past, and they do not understand that real, targeted investment in our society and economy is essential to Ireland's future. Today, to hide his blushes and those of the Taoiseach and the rest of the Government, the Minister for Public Expenditure and Reform, Deputy Paschal Donohoe, announced €4.5 billion in capital investment. In reality, this is only €400 million more than the figure in the 2016 Estimates. As the Taoiseach knows, it is nowhere near enough to tackle the capacity issues in the areas of housing, education, health care and public services generally. It does not meet the needs of our people.

The Minister should note that one cannot announce as new funding that which already exists. Any new investment announced here today is only one third of what my party proposed in its alternative budget, which was costed by the officials from the Minister's Department, some of whom are present today. We have shown what is possible once the political will and vision exist. We have shown what can be done once the soundbites are dropped and the ideas are embraced. Neither the Taoiseach's party nor his agnostic partner in government, Fianna Fáil, cares about ideas. They are simply not capable of the fresh thinking this State needs. Let me remind the Minister and the Taoiseach that politics is about delivering change and solving problems and about ideas and solutions. The choices we make here today are crucial for people, crucial for families, crucial for communities and crucial for the economy. We must deliver for the people listening in to this debate, the people who have borne the brunt of all of Fine Gael's austerity budgets and the austerity budgets of Fianna Fáil. The Government has failed to do so again today. The choices we make here today are crucial for all those citizens. The test for this Government and all of us here is to deliver for families and working people, and again the Government has failed to do so. This is all about keeping the Taoiseach in office, doing side deals with Fianna Fáil and the Independent Alliance and keeping the Taoiseach's Government and the show on the road. It is not about the future, it is not about vision and it is not about investment in public services. It is about keeping the Taoiseach in his role, and he knows it.

I put the following questions to the Minister sincerely. When he and his Cabinet were putting the finishing touches to this budget, did they consider even for a second the child sleeping in emergency accommodation or the families sleeping in their parents' or grandparents' front room? Did they consider the hundreds of people sleeping rough on the streets in our capital city and across this State? The Taoiseach nods his head but he is not providing the resources to deal with these matters in any significant way. Did they consider the person lying on the hospital trolley as we speak? In hospitals across this State, patients are lying on hospital trolleys, and the Taoiseach tolerates this. He stands over it and will not provide the resources to reduce waiting times. He also tolerates patients having to wait longer than 18 months simply to see a consultant.

We all know that this country has come through a tough time. We know this because the people we represent have borne the brunt of all the bad policy choices of this Government. People in this State saw cut after cut which so severely impacted on their quality of life. We came through a recession that was created by the bad and bankrupt policies of the Fianna Fáil Party. The Taoiseach was a cheerleader for those policies as well, as was his party. I remind

him that my party opposed those bad and bankrupt policies then and we oppose the same bad policies and bad choices he makes here today. We in Sinn Féin stand for investment in public services, in reducing the cost of living for families and in decent work and decent pay.

Today our country is at a crossroads. We have choices to make and there are options open to this Government. We face many challenges but we also face opportunities. In our alternative budget, we set out for the Taoiseach what those opportunities are and how we can and should invest in people, families, communities and public services to make sure that those who work on the front line have the resources to provide the public services in housing, health and in all the other areas people need. However, the Taoiseach continues to repeat the mistakes of the past. The Minister, Deputy Noonan, said earlier that all the measures in the budget aim to avoid repeating the mistakes of the past, yet measure after measure will do precisely that.

The Government has failed to invest in the future. It has failed to deliver tax fairness. It stands with multinationals over the investment needs of our people. The questions are obvious. Do we take the opportunity to abolish unfair, regressive taxes like the property tax and water charges or do we ignore the democratic will of the people? As has been said, nowhere in this budget is there any provision for the abolition of domestic water charges. On two occasions, we gave an opportunity to the Fianna Fáil Party to vote for the abolition of water charges. It refused to do so, yet it told us that this decision will be made at budget time and on budget day. Here we are on budget day and there is no provision whatsoever to abolish domestic water charges. Here is a party that has done 180 degree turns almost every week on the issue of water charges. It is letting down the people who voted for it and those tens of thousands of people who came out onto the streets in Dublin, in my constituency of Waterford, in Cork and in rural areas up and down this State to demand an end to domestic water charges. The Taoiseach, his Ministers and Fianna Fáil all know that nowhere in this budget is there a provision that abolishes domestic water charges. This shows again that Fianna Fáil speaks from both sides of its mouth.

Do we invest in roads, flood relief, transport and in rural Ireland or do we allow further decline? It is quite obvious from today's budget that the Government is repeating the mistakes of the past by ignoring the need for investment, encouraging an over-dependence on a small number of multinationals and introducing schemes like the first-time buyer's grant, which could again line the pockets of developers and those who build the homes and not those who want to purchase the homes. It is also quite obvious that Fianna Fáil and Fine Gael are doing what Fianna Fáil and Fine Gael always do, that is, they try to buy elections with promises they cannot keep and then break the economy trying to keep them anyway.

This budget is a product of the Taoiseach's exaggerated and false election promises. He fed the people a line that the recovery was on and that the rising tide would lift all boats. How many times in our history have we heard from Fianna Fáil and Fine Gael that the rising tide will lift all boats only to find that those boats are never lifted and so many families are left behind? We hear it from this Government all the time, and it never happens. This budget will not lift all boats, nor will it create the fair society we need. The Taoiseach promised in the general election campaign to abolish the universal social charge and invest in public services. He wanted people to believe that he could take homeless people off the streets, build the houses people and families need and put the staff back into our health service and the beds back into the system to make sure that people are not on trolleys or waiting years to see a hospital consultant. At the same time, he wanted people to believe that he could abolish the universal social charge. Of course, he was wrong. It is just not possible to do so.

What did the Taoiseach do after the election, when his policies were not supported by the people and the big majority he had with the Labour Party was reduced? He turned to the architects of the crisis, namely, Fianna Fáil, and the two conservative parties in this State came together. We are told it is not a real coalition. Does anybody really believe that? We are told this is a partnership based on confidence and supply. In truth, this is a temporary little arrangement and a grubby little deal that would make even Charlie Haughey blush. It is about maintaining the *status quo* and smothering any chance of change. The reason Fianna Fáil would not talk to Sinn Féin, the reason Fine Gael would not talk to Sinn Féin and the reason Fianna Fáil and Fine Gael do not want us to be in government was that they knew that we would deliver for ordinary working families and not the wealthy, the elites and the multinationals that do not pay their taxes. We stand for tax justice and investment in people and communities, and that is what members of Fianna Fáil and Fine Gael cannot tolerate. I am afraid that in this so-called temporary little arrangement, confidence is in very short supply and the Taoiseach needs to take note of that, as he failed to do during the course of the election campaign.

Fianna Fáil is here today, trying, as it always does, to have it both ways. On the one hand, it proclaims in desperation that it is in opposition to the budget while on the other, it attempts to claim credit for what it sees as good in it. This was exactly what we saw from the two Fianna Fáil spokespeople earlier today. The fact is - Deputy Micheál Martin knows this - that Deputy Michael Noonan delivered Fianna Fáil's budget here today. Fianna Fáil is here to support a Fine Gael budget, and that is what it will do. Even if Fianna Fáil Deputies abstain, they will still be supporting the budget.

Deputy Micheál Martin: I thought the Deputy said that the Minister delivered our budget.

Deputy David Cullinane: It is a Fianna Fáil and Fine Gael blueprint with a few sprinkles from the Independent Alliance. The most underwhelming aspect of this budget is that it lacks ambition. It fails to provide solutions and will not meet the needs of the people.

Let us hear from those at the coalface of this Government's policies. Sometimes the Taoiseach needs a reality check. Sometimes he needs to hear from the people who work on the front line of our health services and other public services and from those who are victims of the housing crisis, the lack of investment and the bad choices that the Government makes.

4 o'clock

The following quotes are taken from the group, Support for Nurses, Midwives and Front-line Staff in Ireland. I want the Taoiseach to listen carefully. I want each word to sink in. I want him to truly understand the struggle facing many of the staff who work on the front line in our public services. This is the message these nurses and midwives shared with each other:

Stay strong. Together we can make the health service a much better place for our patients by providing enough nurses and midwives to deliver high quality care and we can make the health service a better place to work for our nurses and midwives! Pay restoration is an absolute must! Together we can do it!

That is the message of the public sector under severe pressure. These people know exactly where the problems lie because they deal with them every day. They see the cuts because they are expected to paper over them. The Government wants to treat every problem with a plaster. It is not enough.

The Taoiseach needs to hear from the people who are working day-in day-out in the system. This is the actual experience of one nurse:

Words cannot express how miserable I was today and have been on so many occasions in the past ... I never got to breakfast or have a proper lunch. I managed to stuff a few crackers ... in my mouth between phone calls which consisted mainly of trying to support people who wanted to self-harm, people who were in distress, people who needed adequate support and care from more than one student nurse who couldn't cope with running a day hospital on her own sick, tired, hungry and needing [to use the toilet]. I felt faint at one stage.

I hear those stories every day and yet the Government does nothing to solve those problems. Those at the front line know that this is about investment. They know that our health service has been starved of resources. They know that the Government is intent on making nursing a low-pay occupation and we know why they do it; it is because they want our health system to be a bargain basement for private investors.

Last year the Government spent €207 million on agency staff in the health service. In 2011 when the previous Fine Gael-led Government came into office that was just over €100 million. There has been a 100% increase in the amount spent on agency staff. This is more privatisation of our health service. It is obvious what this is about. The Government has not shrunk the wage bill, it has simply outsourced it. I welcome the recruitment of new staff, but what has been announced falls far short of what is required. The Minister's plan will not address the crisis in health care or move us towards a fair, single-tier health service.

It is incredible that Ministers would come to the House today and stand over the housing crisis and not put the capacity and resources into the issue. Everybody accepts we have a housing emergency. I am amazed that the Minister stood up in this Chamber and said with a straight face that he will see increased demand and that supply will follow. What planet is the Minister on? It is similar to the situation where when a fire is blazing fuel is put on it. The lack of supply will not be addressed through help-to-buy schemes. It can only be fixed by building more houses. The Minister knows that needs to be done.

I want to bring this back to reality to ensure that the Taoiseach understands the extent of the crisis. In July *The Irish Times* ran a story about some of the 1,000 homeless families who live in single hotel rooms and bed and breakfasts. This is one of those stories:

Karen suffers from anxiety and frets about accidentally breaking the rules ... Everyone is given a list of rules when they arrive.

She has been homeless since early in 2014...

Karen has been told that she could be here [in the hostel] until Christmas. In the meantime she has done her best to make the room as homely as possible [for her and her children]...

The single bed is covered in stuffed toys ... There's also an engraved glass heart hanging there. Karen's older son bought for her birthday. It reads: "The best journey always takes us home."

The problem is that because of the Government's policies, too many people like Karen and

far too many families in the State do not have a place to call home. The Government has done very little about that in today's budget.

How can this situation be solved through rent-a-room tax reliefs? It is nonsense. The Government is not serious about tackling the housing crisis. It does not care about those who find themselves homeless. This is the reality of Fianna Fáil and Fine Gael's confidence and supply agreement. This is the inequality they want to keep in place while they make excuses for developers and speculators. To actually do what is needed to tackle inequality in Ireland would need a complete change in policy and practice. It would require meaningful investment in public infrastructure, in education, in housing and in health.

This is where we get to the crux of the issue. For Fianna Fáil and Fine Gael, austerity was just another way for their friends to get paid. And all that Fianna Fáil and Fine Gael see today are opportunities for their friends to make money. They have the tax-avoidance sweetheart deals involving Apple and other multinationals that we know of from the past. We have the tax-avoidance schemes that end up giving us a GDP growth figure that was the laughing stock of the world. We have the vulture funds, buying up Irish mortgages at a pittance, making families homeless and making a fortune in the process. This is putting money in the pockets of people who are buying up people's distressed mortgages rather than dealing with the problem.

All of this has been done by the Government, through policies Fine Gael designed. The Government and its friends in Fianna Fáil are incapable of seeing the bigger picture. We could have had better access to financial services and credit, but this might upset the banks according to Fine Gael. We could have had better access to health care, but this might upset the privatisation agenda so beloved of the Minister, Deputy Harris. We could have strengthened workers' rights, but this might upset plans to bring back social partnership and blunt the trade union movement. We could have had more direct investment in public infrastructure, but this might upset the plans for public private partnerships that end up costing more.

In order to lower the cost of living through investment we need to take on the vested interests that run deep in our society. However, the biggest bloc protecting those interests is sitting across the Chamber and on both sides of us, Fianna Fáil and Fine Gael.

I believe that we can build a better future. I also believe that we can tackle the issues facing our communities and our economy. We need to tackle years of underinvestment. We need to lower the cost of living. We need to build today the future we want tomorrow. We need to create a just and fair society.

In our alternative budget we set out to show what can be done. Sinn Féin is committed to a sustainable capital investment programme. In our alternative budget we set out €1,266 million for additional funding for capital investment. It is one that sees housing, health, education and transport as essential social and economic pillars. Our plan is equivalent to 2.5% of GDP for 2017. This is the type of plan and vision that we need. It is the type of investment we need. It is not just about the social problems, as important as they are. It is also about investment in jobs, in rural areas, in regional development, in broadband and in flood relief, and investment in ensuring that businesses have the opportunities to grow and flourish. That can only be done if we invest. Today the Minister has proposed an additional €400 million in capital investment. That will not deal with the problems the country has today.

In housing we would deliver an additional 7,000 social units in the first year. We would

do this because this crisis cannot be solved through tax breaks and rebates. It can only be addressed by providing the homes through acquisitions and new builds.

We need to invest in social housing so that we can bring a proper balance to the housing sector. That would also have a positive knock-on impact by reducing rent prices in the private sector. For too long Fianna Fáil and Fine Gael produced policies that ignored social housing needs and favoured putting money into the pockets of private landlords. It continues to do so by putting an additional €111 million into the pockets of landlords again, rather than building the homes that people need.

Deputy Pearse Doherty: Hear, hear.

Deputy David Cullinane: These sectors are as important to housing as home ownership but instead, the Government has decided to treat social housing and rental as secondary options and because of this we have a full-blown crisis. When we invest in social housing we are bringing balance back to the housing market. That is why Sinn Féin would increase capital funding to local authorities by €315 million. That is why we would allocate €140 million to the Housing Agency to purchase housing units on behalf of local authorities. It is also why we wanted to restore the funding for Traveller accommodation to €40 million. I remind the Taoiseach that on the anniversary of the Carrickmines tragedy, it is very important that was done. The very small amount of money provided in the budget today does not go far enough. Sinn Féin also wanted to increase the Housing First response scheme by €24 million.

We hear a lot of lip service paid to Ireland as an entrepreneurial State but we only need to look at our education system to know that this is little more than words. Education has suffered as a result of harsh cutbacks. Supports for children with special needs have been cut so they now have less time with special needs assistants and resource teachers. Student fees have been increased and grant supports have been cut, which means that many third-level students have had to leave their courses. We see this happening all the time. It is an unbearable reality that many families cannot cope with the cost of sending their children to third and fourth level education. We also see far too many of our children being taught in over-crowded classrooms, while school principals struggle to cover the basic costs of running a school. The costs of our so-called free education system are being passed on to parents and these costs present a real burden to lower and middle-income households. Sinn Féin believes that a strong and vibrant education system is essential to our future. That is why we would invest over €450 million in education, both current and capital spend. Sinn Féin would start the prefab replacement scheme next year instead of 2019 as proposed by the Government. We would increase the summer works scheme, and provide investment in the construction of new schools and the reduction of class sizes.

I will now return to the sleight of hand in the budget. When the Minister for Finance presented his figures earlier, he said the additional spending in health was €497 million. In fact it is €266 million. When the Minister said the additional spend in education was €458 million, it is in fact €170 million. When the Minister said the additional spend in child care was €86 million, it is in fact €32 million because demographic changes and public sector pay are included in the figures. It is not additional in terms of what was not already accounted for. This is the sleight of hand we get from this Government.

At the start of my contribution I spoke about choices and about making the right decisions for people and families. When one looks at this budget it is clear that it will not deal with the

real challenges facing people. It will not deal with the reality of far too many people who are on hospital trolleys or the record numbers of people on long waiting lists in hospitals. It was not so long ago, when the Taoiseach came in to Government, that a previous Minister for Health said that all patients would be seen within 12 months. The Taoiseach was not able to meet those targets. There was a failure to provide the necessary funding. What did the Taoiseach do in response? He changed the goalposts from 12 months to 15 months. We still have tens of thousands of patients, in all parts of the State, who cannot see a consultant, even within 18 months. We also have record numbers of people who do not have a roof over their heads, people like Karen, about whom I spoke earlier.

Will the Taoiseach consider all of those families and children who are in emergency accommodation and all the children who are sleeping in the front rooms of other people's homes? They deserve homes of their own. They deserve the same opportunities that I have and that the Taoiseach has. I remind the Taoiseach that it is our responsibility to deliver on those commitments. That is what I meant when I said the Taoiseach and the Government are not rising to the challenge. They are not rising to the challenge that these people deal with every single day of the week. The Taoiseach will get his pay rise, Deputies will get their pay rise next year and the year after, but these people need our support and real investment. They need a Government that will represent the interests of ordinary working people, invest in public services, build the homes, abolish the water charges and deliver a fair and just society. They will not get that from Fine Gael or Fianna Fáil.

Deputy Joan Burton: This is a budget with a purpose, not economic and social objectives, it is a budget with a political purpose to keep the show on the road, to maintain the fiction of a Government in command and control and to deny the fact that this Government is a ramshackle bus, the wheels of which are in serious danger of coming off. The motto for this budget is keep the show on the road. It is a tawdry and disappointing show for those people who had expectations for today but find they have been addressed in a very limited and disappointing way, if at all. The budget and the financial plan for the next year should seek to maintain employment and maintain the attractiveness of Ireland as a country for investment. We have to recognise the risks of enormous changes in Europe, not least Brexit, but also the fact that as Ireland remains in the EU and the United Kingdom leaves, it implies enormous potential changes in the Union itself. Our closest trading partner is preparing to leave the Union and one has to ask what will the Union be like without the UK? We need to provide, in this budget, for stimulus that will maintain the economy notwithstanding shocks, particularly by providing for investment in housing, transport, education, health and all the things that improve people's lives. We also have to rectify anomalies and especially, we have to continue to alleviate the impact of the terrible crash and the great recession of 2008.

In his Budget Statement the Minister for Finance made an extraordinary proposal. I am not sure if it had been run past Fianna Fáil because I know its motto for this budget was no surprises. Perhaps Fianna Fáil are in on this. The Minister for Finance's proposal is to squeeze and squeeze this economy for the next ten years. It sets out, to the mid 2020s and beyond, to bring down the debt-to-GDP ratio to 45% of GDP. The very tough German fiscal rules require Ireland to reach a ratio of 60%. Yet, today the Government, Fianna Fáil and the Independents are proposing that we drive that figure down to 45%. This may well be a response by the Minister for Finance to the letter sent by the Governor of the Central Bank to the Committee on Budgetary Oversight on the same day that he sent it to the Minister for Finance in which he suggested that Ireland might go for a target below 60%, but he certainly did not dare even broach a 45% level.

The oddness of this, together with the rainy day fund, is that this is, by common consent of both the Government and the Opposition, a country where one of the consequences of the great recession is that we are suffering from a serious deficit with regard to capital investment. What the Government has put at the heart of a ten year economic strategy is that we should squeeze the economy ever harder in regard to capital investment. I have no idea if this was discussed by the three-partner structure to the budget today - Fine Gael, the various Independents and Fianna Fáil. If it was not discussed and it is a surprise, I can tell them that it is a seriously wrong policy that will strip the country of the capacity to make a capital investment at the level required in the next ten years to meet population growth and the deficit in infrastructure. It is a poor proposal.

I am pretty sure parents on a net income of €50,000 or less will welcome today's package for children aged under three years. There is an undefined supplementary package for children between the ages of six months and 15 years. The principal package, for which only €32 million has been provided from next September to December, is for children aged between six months and three years, but there is very little information on how the scheme will work. I have no doubt that the devil will truly be in the detail of the proposal, on which the Minister has until next September to work. The question does not seem to have been asked by anybody at this stage. Perhaps Fianna Fáil is privy to all of the details, but certainly we are not and the general body of parents with children in this age group are not privy to the details either. Who will implement it if it is to be implemented by an existing body? It appears to involve heavy means-testing to get to the net income mentioned in the newspapers of €80,000 gross and €50,000 net, presumably on the basis of briefings and leaks. I assume that these figures are correct, but all we have is an overall cost and the indicative age groups in the budget briefing books. Revenue could possibly do it if it had real-time information, but when the Mangan committee examined how to get information on child care structures in real time, Revenue was not in a position to do it. It may be at a future date, but it is not in a position to do it now. Perhaps the Department of Social Protection could do it, based on something such as the family income supplement system. Parents who were sold a big story about a child care package deserve to be dealt with honestly and told what exactly is contained in it.

This is moving away in a big way from the principle of universal child care support to a means-tested system. Last year, when in government, we provided for the introduction of two weeks of paternity leave, the first time it had been provided for in the State. From what I understand from the budget briefing book, the major scheme is for children aged between six months and three years. The Labour Party has stated it would prefer if the State worked to reach a situation where at least the first nine months to one year of a child's life would be spent at home with either parent but generally the mother. The scheme potentially seems to move a child to crèche and Tusla-registered childminders as early as six months. I wonder about the wisdom of this move. There has been much discussion, particularly among women involved in politics and the many fathers who now take such an interest in their children's upbringing, and I wonder why this conversation has not been had more widely in order that as a society we can discuss what is best for our precious children. Is the subvention exclusively for children in crèches or with registered childminders? Many in Ireland, particularly when a baby is very small, avail of a variety of arrangements and child benefit is a universal payment which allows people choice. It is very important that we maintain the principle of choice because not every parent and child are in the same position. Neither is every family. Very often, as a child gets older and reaches pre-school level, the child care arrangements change. How do we ensure the benefits of the €32 million will be passed to the child's parents and through improvements in wages and conditions for child care workers and those working in crèches, many of whom are

on very low pay, despite possessing graduate and other child care qualifications? Many work limited hours and are in receipt of social welfare payments for part of the year because they are not provided with full-time contracts.

The biggest omission in the budget is the failure to provide for an increase in child benefit. In our pre-budget proposal, as was the case last year and the year before, we proposed a €5 increase in child benefit. There is a reason for this. In Ireland we do not recognise in the tax code the cost of raising and bringing up children. We recognise the cost in respect of an adult by giving personal allowances and credits, but I believe it was way back in the 1960s when children last figured in the tax code. Instead, we make a universal child care payment, which now stands at €140 a month. We proposed that this figure be increased by a further €5 per month. The money is paid to all caring parents, usually the mother, regardless of the child care arrangements the family may make. In this way, it allows for maximum choices by families and various arrangements, particularly in the early period of a baby's life.

Nothing is given in enhanced benefits to the more than 600,000 families who between them have 1.1 million or 1.2 million children who benefit from child benefit. It must be asked who in the Government has it in for children over three years of age for whom there is no defined benefit in the budget? I fail to understand this. What about children in middle income families aged three years and over who will not qualify for what is described in the budget book as a means-tested payment? Who in the Government has decided to ignore such families? Everybody in the Chamber knows people with two, three or four children. They are often in negative equity on their mortgages, but, thankfully, they are now beginning to get out of it. Many self-employed tradesmen with a small firm went to the wall. I am speaking about people in my family who are now getting back on their feet. Child benefit is a crucial source of cash flow to the family table in terms of budgeting how they will spend money on their children.

The second set of headlines I saw, particularly today and over the weekend, indicated that this would be a grey budget and that pensioners would benefit, in particular. They must be feeling as though they are sucking on a lemon because the package announced today by the Government is significantly below the package of benefits granted last year when there was an increase of €3. I absolutely acknowledge that I would have liked to have been in a position to give €5, but we did not have the resources to do so. We did, however, reintroduce the Christmas bonus which Fianna Fáil had cancelled in 2009. In the first year the figure was 25% which last year we increased by 50 points to 75%. For a pensioner, the payment was €173 in the month before Christmas, allowing him or her to buy presents and provide a little extra, all of the things people who receive the Christmas bonus do carefully. Last year's increase was worth €3 a week on average and it applied from 1 January.

In previous years the social welfare Bill has been passed by the House by 31 December to provide for social welfare increases, in so far as is possible, to be paid from 1 January. It is a dereliction of duty to decide that they can be postponed for up to three months. We do not even know at what time of the year the other payments listed, which will be welcomed by those who receive them, will be paid. That is not outlined in the budget briefing books. Last year, we also increased the fuel allowance by €2.50 a week for the less well off among the elderly, lone parents and long-term unemployed, which was important. Last year's package, therefore, for pensioners, particularly the less well off, was worth €7.25 a week. We are not sure about the split in this budget because it is not clear but it seems to be approximately €4 a week compared to €7.25 last year. There was a great deal of spin about how wonderful the budget would be for retired people. By and large, they cannot work and earn additional money in the way those

who are, unfortunately, unemployed can get back to work with support. As soon as they return to work, their income increases significantly. That is why we focused on pensioners and carers aged over 66. Whoever designed this did a bad day's work.

I referred to Brexit earlier and I would like to make a recommendation to the Government parties. If they want the country to be dealt with more seriously, particularly by senior bureaucrats and eurocrats in the EU and the different political figures in the UK, they would do well to invest in the arts and, in particular, to continue with the 1916 investment, which we were party to in government, in our national cultural institutions and the arts generally around the country, including the proposal by my colleague, the former Minister for Public Expenditure and Reform, Deputy Howlin, to provide a restoration fund for the various arts centres and theatres which had been built when President Michael D. Higgins was Minister with responsibility for culture. I am ashamed to refer to the sneaky line in the contribution by the Minister for Public Expenditure and Reform, which suggests that funding for the Department of the Arts, Heritage, Regional, Rural and Gaeltacht Affairs will increase. On the contrary, it is being reduced from €188 million to €158 million, a decrease of 16%, at a time people have to lobby like they have not had to do since the crash to present Ireland in the most positive way and to make what they can in the most positive way of the difficulties and challenges thrown up by Brexit. This is penny wise and pound foolish. The capital allocation for the arts will also reduce by €17 million or 13%. That is what the Government parties think of the arts. The arts allocation within the Department's budget is being cannibalised to provide for regional development. I have no issue with regional development but why cannibalise the arts when it is our most important international calling card and when it is so important to the general well-being of our society?

I refer to a number of other issues. What has the Government got against the Irish language? Funding has been reduced by 9%. The Government would not agree to a sugar tax. We are coming down with expert reports highlighting that obesity among children is a serious health risk and, in addition, warning that there will be a serious economic cost associated with obesity for a health system that is struggling. We do not want children to end up in a lifetime of a diabetic treatment because of sugar consumption. Is it true that funding for sports and recreation has been reduced by 17%? We can all try do to a bit more but we should ensure our children are encouraged to be as fit and healthy as possible. That is a deplorable decision. I did not notice much happening with transport but my colleague, Deputy Sherlock, will deal with that.

The national minimum wage will increase by 10 cent an hour. Can the Government not do the decent thing? During the lifetime of the previous Government, we increased it by €1.65 an hour. Many people at the time said that was not enough but an increase of 10 cent an hour means someone working 40 hours a week will take home only €4 extra.

Some weeks ago, I heard a compelling presentation by the leader of Fianna Fáil who said there should be Oireachtas all-party resolution on Syria and, presumably, in respect of the awful events in Aleppo. One would think that would be reflected in the budget but there is no change in the provision for overseas development aid, ODA. As Tánaiste, I secured an agreement with the Taoiseach and leader of Fine Gael that we would accept 4,000 refugees over a period of years. I said that we should focus, in particular, on families with children, on children who were on their own in different parts of Europe and on the vast numbers of people in camps near Syria who badly need support. I am astonished and disappointed that not one extra cent has been provided in ODA in the context of the wonderful work done by the Naval Service in the Mediterranean Sea and by the various aid agencies.

No reduction in class sizes has been provided for in the education budget, which is a missed opportunity. While the additional teachers are welcome, they will only address demographic needs. With regard to the capital budget, as the Minister for Education and Skills has acknowledged, five projects have been delayed because they do not have sufficient funding. There is no evidence in the budget briefing books that additional funding has been secured. I acknowledge it is early days in the budget discussion but I hope it is provided.

Fianna Fáil, through its leader, sought an additional €100 million in third level funding. I can only see approximately €35 million. What happened to that conversation and what is the €35 million for?

As a Dáil, we have to discuss taxation generally. As Deputy Calleary said, the budgetary oversight committee was a good exercise in at least starting a conversation in detail about the budget. Taxation is changing globally and we have to develop a critical plan for a fair and equitable corporation tax structure while maintaining, as we are entitled to, our 12.5% rate. We need a minimum effective corporation tax rate because we cannot have a headline rate of 12.5% which, through various devices, is whittled away to almost nothing. In light of the current debate on international tax developments we will not be able to do this any more so we need a conversation about it. Structures need to be in place which will, while encouraging foreign direct investment into Ireland, provide that a minimum effective rate is paid. This is something we did for income tax some years ago and it has worked quite well. Very large tax losses have built up in the Irish tax system and this is something we need to look at and to which I will return at a later stage.

There is to be an embryonic rainy day fund in a couple of years' time. It is very difficult to see what that will achieve in the context of the underinvestment we are experiencing and given the investment the taxpayer made in our banks when they collapsed, which at some stage will certainly yield us a return. I have no idea what the strategy of the Minister for Finance is about when the country is crying out for investment in transport. The biggest threats from Brexit are to the agricultural economy and how producers get their goods to market, particularly our biggest market, namely, the UK. We need serious additional investment in public transport and in the maintenance and improvement of our road system.

The dogs on the street know that the first-time buyers' tax refund is a direct subsidy to builders and it should not be called anything else. At the height of the boom times the benefit of such schemes was soon transformed from extra money in buyers' pockets to extra money in builders' pockets. It is difficult to know why the Minister has focused on that. We should be just as keen for people to buy second-hand homes and I am glad the VAT relief scheme is being expanded for a further two years, because when younger people buy a second-hand home major renovations have to be carried out and these provide excellent employment for small and medium-sized builders.

In the past few years the Revenue Commissioners have carried out successful studies into the question of tax compliance among medical practitioners, consultants and contractors. This shows a small but consistent number of people who either underpay their taxes or seriously fail to be tax compliant. We have said that we need to expand that work and I am glad the Minister has increased the resources available to Revenue, particularly for the areas of big data and data analytics but also for inspections and audits. He should go further, however.

Our proposal for inheritance tax has been that it should be linked to the consumer price

index and phased in over a longer period. It is difficult to justify the €20 million devoted to the issue today in the context of other pressures. Taking care of the thresholds by linking it to inflation would be a much fairer and more appropriate way of doing it. There is a series of capital gains tax reductions and we will have an opportunity to discuss them in the debate on the finance Bill.

There is an old saying that, “A camel is a horse designed by a committee”. This budget has at least three humps. One is light blue for Fine Gael; one is slightly green for Fianna Fáil; and the other is multicoloured for all the Independents. A social media response to the budget was “meh” and that sums it up. For parents with children it is an unknown quantity. What is the child care improvement going to be? Will it really drive down the cost of child care or will it be absorbed by the providers? We do not know the answer yet. Elderly people have got an unfair deal from this budget and I am surprised that it has escaped Fianna Fáil’s attention, given the extent of the budget proofing there was supposed to have been from that party. It certainly will not escape the attention of older people, who expected better from this budget.

The budget should be about opportunity and building up confidence, of the country and the people. Last year, people who worked on community employment schemes and Tús schemes, and gave 19 or 20 hours a week to their local community, received an additional €2.50 a week to recognise the contribution they made. This might be small but there is no evidence that anything like that has continued this year. This is a pity because we still have just under 300,000 unemployed, many of them in rural Ireland and many of them aged over 50 who, once they are let go from a job, find it extremely difficult to get another job. I am sorry that there is no focus on how the budget is impacting on different people in different areas of the country.

We have enormous challenges with Brexit and the budget comes in at well under the expenditure limits. The Christmas bonus is paid out of the current year’s resources and always has been. I am glad it is going up from 75% to 85% of its full value but, for an extra €30 million or €40 million from this year’s ample resources, we could have brought it to 100%. Given how badly older people and those on long-term social welfare have fared in the budget that would have been the decent thing to do.

Deputy Sean Sherlock: This is a do-nothing budget in a do-nothing Dáil. It has been designed by committee and makes a mockery of the Dáil reform process on which we had purportedly engaged after the last election. We were supposed to have a more collaborative approach to budgetary mechanisms and the forming of the budget but these have not transpired. It is a do-nothing budget because on account of the political reality that exists at the moment, it spreads itself so thinly that it has no material benefit for any citizen.

We are trying to form a budget in this House against the backdrop of an uncertain global and political landscape, with the far right on the rise in Europe and disenchantment with politics around the world, which we ignore at our peril. It is not difficult to understand why people are cynical when they hear that we are supposed to be involved in a paradigm shift with new politics but then see this budget, in which there is no evidence of societal changes nor any economic benefit to them in their everyday lives. This is the result of the lack of real engagement on what was supposed to be a real reform in the procedures of this House on behalf of the people. We all threw our weight behind the new politics. If anything, what it has taught us is that the budgetary process is the same old political chicanery dressed up in new clothes. Budgetary oversight was to be based on the presentation of a set of figures on which we would all make our case for those whom we sought to represent, but this week we were treated to the same old political chicanery

in that after the main Opposition parties had published alternative budget proposals, we were told an additional €200 million to expand the so-called fiscal space had been found through savings. It is pointless having a budgetary control committee or a budgetary process if on budget day the detail is to be announced on “Morning Ireland” before the Ministers for Finance and Public Expenditure and Reform have had an opportunity to announce it in the House. Fair play to the media: they got the scoop, but it makes a mockery of the process in which we are engaged such that all we are doing is going through the motions.

Following publication of the White Paper we sought clarification from the Minister for Finance and the Minister for Public Expenditure and Reform, but they did not provide any. Following the remarks last week of the chief economist at the Department of Finance at the Committee on Budgetary Oversight the White Paper published over the weekend confirmed that there would be a further Supplementary Estimate on the capital side of approximately €190 million. This was despite the fact that the Minister for Finance had made it clear to the Committee on Budgetary Oversight that there could be no further Supplementary Estimates. He also indicated in response to a parliamentary question that there was no scope for additional voted expenditure above the aggregate level already approved, but, lo and behold, an additional €200 million has been found in the period between when he issued that response and today. This proves the point that nothing has really changed in this House.

A budget that seeks to be all things to all people will be nothing to anybody. If this is about playing to the gallery of Fianna Fáil or the Independents, let us not have Fianna Fáil Members on the plinth later tonight trying to play Tadhg an dá thaobh and saying they are disappointed the Minister has not done this or that when they were clearly part of the process. If we are honest, new politics in this new paradigm is no longer about Civil War politics or the political exigencies between Fianna Fáil and Fine Gael but about management and who has the better management plan. Perhaps it is time they buried the hatchet; otherwise let us get on with the new politics in a real and meaningful way.

On public sector pay, the Minister for Public Expenditure and Reform incorrectly stated: “Today’s budget includes the provision of €290 million for pay increases agreed under the Lansdowne Road Agreement.” I would like to nail that lie. The provision relates to the restoration of pay. It is important that the impression not be conveyed from this House that it is for pay increases; it is for a hard fought for restoration of pay by the former Minister for Public Expenditure and Reform, Deputy Brendan Howlin.

This is a budget that misdirects resources in its scatter-gun approach. It provides an additional €50 million plus for child care services and over €25 million for a sheep scheme. It does very little by way of an impact on child care. I refer to Deputy Joan Burton’s contribution and what could have been done in that regard. The Labour Party’s budget submission was costed on the basis of the parameters provided for last week, notwithstanding the additional €200 million that has been found. For example, as proposed in the Labour Party’s submission, for an additional €177 million we could have a universal child care scheme for children under 12 years, at a cost of €71 million, and a cap on the cost to parents at €4.25 per hour for up to 40 hours a week. This would have a real impact. What we have instead is an opaque scheme, subject to publication of the details, which provides for subsidised child care from September 2017 for parents earning under €47,000, up to a figure of €8,000 for children from six months to 15 years old, and a €900 subsidy for those on a combined income above €47,000. If the budgetary process is to mean anything, these details should have been furnished to us. If we are about ensuring a more collaborative Dáil in checking the power of the Cabinet, we should have had the

real detail in order to engage in a critique of it today and receive an early response in that regard.

The additional spend of €35 million on child care service is not very imaginative when one considers that, as I said, €25 million is being provided for the sheep sector. This speaks to the imbalance in the Government's priorities. The Minister did not refer to upskilling those involved in the child care sector. Within the envelope of €177 million he could, for example, have created a living wage of €11.50 per hour for all child care workers, at a cost of €62 million approximately. He could also have provided for an additional four weeks of paternity leave, at a cost of €42 million. The Labour Party proposed a set of measures which, instead of providing for a piecemeal reduction in the USC that will have no real knock-on effect in quality of life for people, would have enabled the Government to invest taxpayers hard earned taxes in the delivery of a more comprehensive child care sector which would have provided for the upskilling of workers, proper wages for those within the sector, opportunities to engage in continuing professional development and for a greater degree of universality. I acknowledge that there is a degree of universality in what the Minister is proposing, but we want to see the details. It would have been good to have had them immediately.

Budget 2016 provided for an increase in the old age pension. Last year the Labour Party was excoriated in every constituency by Fianna Fáil for having only given old age pensioners a miserly €3 extra in their pension payments.

5 o'clock

When one weighs up the increase in the Christmas bonus and looks at the €3 increase for those on the pension, it amounted to an increase over a full 52 weeks of €271. People from Fianna Fáil went out and did battle for the €5 increase. The net result of this Fianna Fáil-Fine Gael budget will be a total net increase, when one adds in the Christmas bonus and the €5 from 1 March, of €245. In fact, the cumulative or net increase in 2017 is less than the net increase in 2016. That is not taking into account the increase in the fuel allowance last year, which I see no evidence of this year.

Deputy Eugene Murphy: There are two more budgets.

Deputy Sean Sherlock: Let us look at health. Where is the money that will follow A Vision for Change? Where is the money for mental health? The former Minister of State, Kathleen Lynch, did battle internally and with our friends in Fine Gael to protect a mental health budget but I see no real monetary mention of in this budget today. Let us look at what the Labour Party would have provided for €375 million. We would have reduced prescription charges. We would have looked at the recruitment of early intervention teams for all children with disabilities. We would have put in place an extra 780 staff across the disciplines every year to clear the backlog. We would have employed more occupational therapists. We would have put €18.2 million into home care packages and built out an extra 1.3 million home help hours at a cost of €20 million. We see no evidence of real increases in the number of home help hours provided by this Government. We do not know what to tell people who are caring for others. If they look at the budget, they will find nothing in it of benefit to them. That is extremely disappointing.

I referred to mental health earlier. We would have provided €7 million for better mental health, which would have provided more access to counselling for 16 to 25 year olds. We would have extended the Jigsaw programme to five further locations at a cost of €4 million and we would have ring-fenced mental health funding. For €200,000, the Government could

have hired 25 specialist suicide prevention nurses. We are not seeing evidence of that in this budget today. We do not even see a nod towards the issue of mental health in terms of real and concrete proposals. Do we have to wait for the national service plan, of which the HSE has ownership through the Department of Health, for that? What we would have loved to have seen was some degree of exploration of the vision around mental health from either of the Ministers who spoke. Deputy Joan Burton referred to sport, which is inherently tied to mental health. If one looks at the figures of the Department of Public Expenditure and Reform, one sees an actual net decrease in the investment in sport. The Minister said he was going to announce a sports capital scheme. While such a scheme would be very welcome in most communities throughout the country, it can only go so far. We must align a greater degree of investment in sport, including minority sports, with mental health. We must also ensure that A Vision for Change is implemented in full.

Let us look at health in the round. There is €15 million for the National Treatment Purchase Fund, which is a negligible figure. I wonder if it will really have an impact on waiting lists. There is only €10 million for 950 home care packages, 58 transitional care beds, expansion of the community intervention teams and 55 acute beds. That will not clear the backlog. It will have no impact at all in real terms and it goes to the point I made at the outset of my intervention that if one spreads oneself too thinly and tries to be all things to all people, one will deliver nothing in terms of real impact for the vast majority on the ground. If the budget had focused on significant investment in child care, it would not have pleased all the people but it would at least have gone some way towards effecting societal change. It would have gone back to the idea that people should derive some benefit from the hard-earned taxes they pay. They are not feeling that now.

Let us look at education. There is provision for 680 new teachers to meet demographic demands. That is not new and, as such, I would not be trumpeting it as an innovative measure. More teachers are needed as the population increases in any event. There is provision for 900 extra resource teachers and 115 SNAs from January 2017. Deputy Burton outlined the €35 million for higher education. Fianna Fáil said it wanted €100 million. I am not sure how the figure went to €35 million but I am sure there will be some engagement on it in future. For the €268 million we were going to provide through our costings, we would, *inter alia*, have reduced the pupil-teacher ratio at primary school level by one point at a cost of €6 million and reduced it at second level to 18:1 in general and 17.25:1 in DEIS schools at a cost of €15.7 million. This year, most school principals contacted Members of the House because they are finding themselves increasingly constrained in trying to teach while also handling administration and increasing numbers of pastoral issues. For €4.2 million, the budget could have provided every teaching principal with one administration day per week. It is a modest amount in terms of the impact it could have had.

The national training fund has been increased by €21 million to address demographic growth at third level. Additional funding could have been provided for the technological universities along with €30 million capital for minor works and the investment in equipment. Something beyond the mere demographic adjustment was required. We all recognise that every budget allows for demographic changes but it is necessary to be a little bit more imaginative than that. That is why there is a sense of disappointment on this side of the House in regard to education where more could have been done. Postgraduate grants could have been reinstated for instance. It would have cost €40 million and had a tremendous effect for taxpayers throughout the country. For €10 million, 2,000 additional apprenticeships could have been created. The schools

building programme could have been expanded by €50 million. We talk about climate change and the greening of our economy. For €24 million, solar panels could have been provided to schools. The full cost of that measure over time would be approximately €100 million.

This is a budget which has failed to deliver a significant impact for most people. It was telegraphed to us early this morning and most people will have found that it fails to deliver much by way of a societal impact. It is not delivering a whole pile in terms of their incomes. They will not feel an increase in their incomes as a result of the budget and they will not feel an increase in the levels of services for which they have paid heavily through taxation. That is why we are saying it lacks imagination in terms of what could have been done.

In terms of the concept of decency at work, the Government could have changed the mandate of the Low Pay Commission. We proposed a target of a minimum wage of 60% of the median earnings by 2021 to deliver a living wage for all. Instead, what we got was a 10 cent increase in the minimum wage, which will be eroded by inflation in 2017. More imagination in this area could have resulted in an amendment to the terms of reference of the Low Pay Commission, which would have had an impact.

We wanted to do more in regard to transport. The Government has announced €15 million in current expenditure and €55 million in capital expenditure to increase the subvention, which is welcome on one level. However, at a cost of €1.2 million, the Government could have delivered a 2% increase in the subvention to Dublin Bus, to Bus Éireann at a cost of €1.8 million and to Iarnród Éireann at a cost of €2.2 million.

In terms of the immediate approval of all national road projects where planning has commenced, we proposed a spend of €61 million and for the road network from Cork to Limerick and Galway, an additional €10 million this year to bring the project to a planning stage. If the Government is serious about regional development - the Action Plan for Jobs states it wants to create 350,000 jobs outside of Dublin - then proper infrastructure is required. We need to develop the Atlantic corridor, which includes the line between Sligo, Galway, Limerick, Cork, Tralee and Kerry. It is very important for regional development and nationally as well.

In my remaining time, I wish to discuss the help-to-buy scheme. I took some soundings from first-time buyers who cannot get on to the first rung of the housing ladder. The couples to whom I spoke are young. They come into our constituency offices and tell us they cannot get on the first rung of the ladder. Their early analysis of the help-to-buy scheme is that if a sunset clause of December 2019 was applied to the scheme, in real terms it would mean that more people would seek to take advantage of the scheme which would result in a system whereby first-time buyers would be competing against each other. It is a Darwinian theory. The scheme is unworkable and unfair on those couples. They are already stressed to the hilt by virtue of the fact they cannot get on the first rung of the ladder.

I do not know what €600,000 would buy in terms of a starter home. I do not know what the logic of that figure is. Maybe in south Dublin or in the bastions of Fine Gael, there are such price ranges. The people we represent will not be buying starter homes for €600,000. The scheme needs to be worked through.

I am always inherently suspicious when I hear the Construction Industry Federation welcoming a scheme. One could argue that it will have an inflationary effect on the cost of housing, which is something we have to prevent. We need a bit of equity. Information we have states

that no rebate will be paid on house purchases in excess of €600,000. I do not know the logic of the Minister's position on that.

The threshold for rental income in the rent-a-room scheme has increased by €2,000 to bring it from €12,000 to €14,000. What will the effect of that be? It will increase rents for people who are renting rooms in houses right across the country. Where is the logic in that?

This is a do nothing budget and has been designed by a do nothing Government and a do nothing Dáil. It will not provide any real material benefit for the vast majority of people. It will actually work against a large swathe of people, in particular young people who want to get on to the first rung of the housing ladder. They will look at the budget and say there is nothing here for them.

An Ceann Comhairle: Deputies Richard Boyd Barrett and Paul Murphy are sharing time.

Deputy Richard Boyd Barrett: This budget is an establishment budget of crumbs and scraps that will make next to no difference to the lives of the vast majority of ordinary citizens. It will, as usual, protect the interests of the very wealthy in Irish society and will further enrich landlords, in particular. It would be a fair, short description of this budget to refer to it as a landlord's budget. Incredibly, there are more giveaways to landlords who have effectively been profiteering from the worst housing crisis in the history of the State. Rents have gone through the roof and record numbers of people have been made homeless. Yet, quite a few of the significant measures in this budget involve further giveaways to landlords. It is quite extraordinary.

Before I move on to those details, it is very important to try to puncture much of the narrative that Fine Gael and Fianna Fáil have tried to create around this budget. There has been a sort of conjurer's trick whereby they have tried to narrow the discussion to an illusion called the fiscal space. The entire budget debate becomes about how we divvy up a miserable €1 billion. This is against a background where the same Government crows about record economic growth rates and talks about Ireland being the fastest growing economy in the whole of Europe.

The contradiction between the rhetoric about the success of recovery and the wonders of economic growth all gets narrowed down into a miserable debate about how we share out the crumbs. It points to the conjurer's trick in which the Government is engaged. It is trying to hypnotise people with a discussion about the fiscal space while the real issue is the untaxed wealth of a tiny minority of corporate and financial giants and a super wealthy elite which the Government refuses to touch but instead protects and insulates.

Thankfully, in trying to explain this point, we now have to refer to Apple and the €13 billion that the State does not want. It will tool up with lawyers to make sure we do not get the money. When it comes to a budget in which we urgently need major investment in housing, health, education and in developing strategic sectors of our economy and to deal with chronic poverty, low pay and inequality, we only have €1 billion. We do not want €13 billion; we only have €1 billion to discuss in the so-called fiscal space.

It is as though we will not talk about what lies behind the €13 billion figure, which is only the tip of a very large iceberg. That is what People Before Profit and the Anti-Austerity Alliance have tried to allude to in our pre-budget statement. Of course, when we have tried to do the same over recent years for successive budgets, the standard response of the Government, Fianna Fáil and Labour has been to talk about fantasy economics. That is nonsense. They say that there is no pot of gold. They say that we only have this miserable little bit of fiscal space. They

say that there are not these billions of euro that we talk about to use to address substantially and radically the inequalities and problems in our society and public services. Surprise surprise, who comes to confirm our version of events? Only the EU with the Apple ruling in disclosing that one company alone owes the State €13 billion in tax and that the State colluded with this company in order to ensure that it did not pay that tax. In our budget statement, in our argument to the Government and, more importantly, to the people out there, we say to break through this nonsense and begin to go after the money that these corporations are dodging in tax.

The untold story of the last number of years is that while the incomes of ordinary people were slashed to a degree of 15% to 20%, our health budget lost €3 billion, the public sector lost 30,000 workers, education and disability funding was cut and we managed to engineer the worst housing crisis in the history of the State, in almost every single one of those years corporate profits jumped, and jumped significantly. That is the elephant in the room that needs to be addressed. That is what we seek to address in this budget debate and in our alternative budget statement. One can add to that the odious debt that we are forking out. We will pay €6 billion again next year. Last year, it was €6 billion and it was €7 billion the year before that. Let us not talk about that. We can only afford €1 billion for everybody and everything, but we can afford to pay out €6 billion on a debt that resulted from the greed and gambling of a corporate elite in this country.

We cannot talk about the €8.6 billion in cash held by NAMA and the strategic investment fund. Even if we talk about it, we cannot spend it because of the insane fiscal rules. We are not allowed to spend money we actually have to deal with the housing crisis, health, education and the likes of the arts, forestry and child care. I will go on to talk about the details of some of these things. We do not talk about that. This money is literally being given away. That speaks to a wider trend of the cumulative effect of establishment-type budgets of this sort, of the way the Government has reacted to the economic crisis and of the neo-liberal policies the Government has pursued for the best part of 20 or 25 years variously between Fianna Fáil, Fine Gael and Labour, which have seen an ongoing and dramatic transfer of wealth from the have-nots to the haves. The top 10% has gone from having 34% of all income to now having 39% of income. That same top 10% has received 50% of the benefit of the increase in total income of €21 billion. In wealth, the transfer is even more dramatic with the top 10% previously having had 42% of the wealth of this country - itself an obscene figure - and now having 52% of the wealth. Meanwhile, the bottom 50% of the population - the bottom half - has only 5%. These are extraordinary levels of inequality. There is nothing being done about that. Instead, there is a continuous transfer of wealth to that ever-richer minority at the top of Irish society.

That brings me to some of the details in this budget. I do not know if some of the things fully come out, but this is the cost of not looking to tax the corporations, the wealthy, the high income earners, the financial speculators in the IFSC and continuing to pay out billions of euro in interest on odious debt. The arts were cut, again, by 16%. That is a €30 million cut in the arts budget. I do not know if anybody has even referred to that. It is absolutely disgraceful. After the debate we had in this House only a few weeks ago just before the summer break about the importance of arts in which people waxed lyrical about the role of our culture and heritage, of its economic value and its intrinsic value in itself, we cut the arts budget by 16%. It is absolutely outrageous. The budget for the Irish language has been cut by 9%. So much for our concern for our own heritage. The budget for sports has been cut by 17% in a total cut of €21 million. The budget for local government, which was supposed to receive extra resources as a result of the local property tax, was cut by 70%. That is a €30 million cut in the local govern-

ment budget.

I was out supporting librarians in my own area recently where they were protesting the fact that there are moves on to have libraries run by machines rather than the human beings and librarians who are trained to help the young people, the disabled, the elderly and so on who come into them. They are being replaced by machines and it seems that now justifies a cut in the money that goes to local government and the local services on which people depend. That is the reality of this budget if the Government confines itself to this miserable, neo-liberal fiscal space which is nothing other than a straitjacket designed, on the one hand, to force us into repaying these bondholders and bankers who wrecked this economy and, on the other hand, to be used essentially as a tool to force us to privatise and run down public services to the benefit of private interests, the private sector, private developers and so on. These people want to move in on these areas, take them over, profit from them and, as in the case of the housing crisis, actually to benefit and profiteer from the misery of human beings who are turfed onto the street or who are waiting for 13, 15 or 16 years on a housing list.

That brings me on to the specifics of housing and the much-crowded about €1.2 billion in housing. What a load of nonsense. What is the reality when one looks at the actual details of the housing proposals? We are going to get 1,500 direct build council houses next year. That is in the budget books: 1,500. Let us put that in context. There is a housing list of nearly 160,000. In my constituency of Dún Laoghaire-Rathdown alone, there are more than 6,000 people on the list. The entire new build of local authority housing next year would not even cut by half the housing list in my area - in one area. That is how bad it is. It is absolutely pathetic. Where is the money going? Again, it is in the book. There is €100 million under housing assistance payments going to private landlords. There is €137 million under the rental accommodation scheme going to private landlords. There is €200 million in infrastructure grants going to private developers and landlords supposedly to encourage them to provide affordable housing. There is going to be public land handed over to these private landlords and private interests, as is happening already in the case of O'Devaney Gardens. It is as if we did not learn from the disaster of what happened with Bernard McNamara and these same public private partnerships, in that these people will pull the plug on these developments if there is not enough profit in it for them. Yet, the Government wants to go down the same road again.

As I stated to the Minister the other day, and it is now confirmed with this budget, with the roll-out of the housing assistance payment, HAP, scheme there will be an exponential growth in the amount of public money, year-on-year, going to private landlords. That is confirmed by the fact that the majority of next year's budget is going out in payments to private landlords. The HAP scheme, rental accommodation scheme, infrastructure grants and - lest we forget it - rent allowance continues to put money into the pockets of private landlords. The whole country will only get 1,500 social housing units and not even all of those will be local authority units. It is shocking. Despite all the rhetoric, what is going is - I will not even say it is a stealth privatisation, it is staring us in the face - the wholesale privatisation of the housing sector and our public land, and we are paying for it. It is disgraceful.

Then we look at the health system. People are waiting in chronic pain for two years on a waiting list to get hips replaced. They are waiting for hours and days on trolleys in hospitals. There has been a complete failure to resource mental health services and implement A Vision for Change. This policy has been agreed for years but it has never been resourced or staffed. Then we have the scandal relating to home care packages. I spoke on two occasions in this House about Mr. William O'Brien - it is useful to humanise this issue by referring to this man -

who has been looking for a home care package for his son. His son has a very serious disease. This old man is looking to be the carer for his own son, but he cannot get the home carer package despite the need having been accepted.

What do we get? After we take out the cost of standing still, the cost of demographic changes and the effect of the Lansdowne Road agreement, there will be only a few hundred extra million euro for the health service. Almost the whole lot of it will be eaten up by the increase in demographic pressures and by the Lansdowne Road agreement. The cumulative effect on A Vision for Change is nothing. If we look in the document, we will find nothing. There is no extra money for A Vision for Change. There will be an extra 950 home care packages. This is to be set against a background where - as is the case for William O'Brien and presumably many others like him - we have been told since May of this year that the budget was used up. We have had approximately 2 million home care hours cut from the system since 2009. In 2009, 55,000 people were getting home care packages, but the figure was cut to 47,000. Now we are getting an extra 950 packages. This will not go anywhere near meeting the desperate need of people who need these packages. It is pathetic.

There is virtually no provision for disability services. A miserable €21 million is provided for but more was sought. Senator John Dolan has already stated what a disgraceful disappointment the budget is in terms of addressing the desperate needs of those with disabilities. These people have been hammered as a result of the cuts in recent years and were always short-changed, under-resourced and lacked the supports they deserved. There is nothing substantial provided for them.

An extra €5 per week has been allowed for pensioners and other social welfare recipients, but here is the rub. Every single category of social protection recipient, except the pensioners who are the one exception, will still be worse off next year than they were in 2009. That is how bad it is. Eight years after the crash and the beginning of the austerity assault on people's supports and incomes, the poorest and most vulnerable will be getting less following this so-called give-back budget than they were getting in 2009 despite living in the fastest growing, most successful economy in the world. It is pathetic. Of course, the cost of living has gone up during that time on a number of fronts and the cost of accommodation has gone out of control.

Those in receipt of disability allowance, lone parents and jobseekers, who were on €204 per week in 2009 will, despite the increase, be on only €193 per week and carers, who were on €220 per week in 2009, will be on only €209 per week. As if that is not bad enough, it is even worse for young people. Those aged between 18 and 21 years, after the increases, will be on €102 per week when they were on €204 per week in 2009. It is similar for those aged 21 to 24 years. Those aged 25 years, who were on €204 per week in 2009, will receive €147 and those aged 26 years, who were on €204 per week in 2009, will receive only €193. This is not progressive, equality budgeting. There has been no targeting of those who suffer disproportionately from poverty and deprivation, the figures for which have increased exponentially. There has been no targeting of those who are suffering poverty and deprivation. The €5 increase - which the Government is crowing about - masks the fact that it does nothing at all to address the deprivation and inequality that has grown substantially over that period.

The plans on child care have been much trumpeted. We will have to examine the details and the Minister, Deputy Zappone, will address the House on them later. There may be something in it. However, it is significant that the overall allocation for the Minister's Department in 2017 is more or less the same as the allocation in the 2016 budget. There is only a marginal

difference. This tells me that there is not much extra money available. It begs the question, will people benefit from it in any significant way? It is possibly explained by the fact that it will not be implemented until September of next year. Therefore, when one examines the figures, the money does not seem to be there for one of the big, headline measures in the budget, which is about child care. It certainly is not there in 2017. Perhaps it will be there in September. We will see.

Yesterday I spoke to a child care provider, who told me that even if the money was there it would not be possible to accommodate the demand. Even if people get the support, child care providers will not be able to accommodate the demand because they cannot get the child care workers to provide the child care. The reason they cannot get them is the pay levels are miserable, the work is part-time, because the work is only available during term time, and no one wants to do the job. Unless there is investment in creating a proper, publicly funded, national child care service, as we have proposed and provided for in our alternative budget, it is doubtful that the Government will be able to deliver the child care services it speaks about to those who need it.

There is no mention of the need to address the pupil-teacher ratio and class sizes. To paraphrase my comrade, when one examines the details, there are more holes in the Government's budget than there are in a Swiss cheese. However, it is not funny when we consider how serious and urgent are the problems. This is the consequence of operating within crazy fiscal rules that limit us to fighting over crumbs, namely, the €1 billion we can share out, while leaving untouched the tens of billions of euro in corporate profits. Since the 1990s, gross corporate profit has increased from approximately €50 billion to approximately €80 billion per annum. Corporations are paying 6% or 7% on their profits, rather than the 12.5% rate. Moreover, they pay this on the profit is on their books, while tax is evaded off the books through the double Irish mechanism. Companies will be able to avail of the double Irish until 2020 because the Government has still not closed down.

Rather than move on the scandal of corporate tax evasion, we were given a little sop. We have championed this issue in the House where it was not raised until the left got people elected. Ireland is an offshore European tax haven. The Minister of State, Deputy Pat Breen, may smile but that is the view of every other country and jurisdiction. I understand Brazil recently included Ireland on its list of tax havens and rogue tax jurisdictions. As the ruling in the Apple case confirmed, Ireland is a tax haven.

The big, dirty secret behind this budget and previous budgets is that Fianna Fáil, Fine Gael and the Labour Party in government worked together to protect corporate interests, introduced more tax breaks to benefit them and allowed them to get away with even more tax evasion. If we made corporations pay their taxes and imposed a financial transactions tax, we would have the money needed to transform society and provide direct public investment to deliver the tens of thousands of council houses we need. We would have the investment required to develop a universal national health service and an education system with class sizes on a par with other European countries, as opposed to having among the most overcrowded classrooms in the western world. We would have the money to treat people with disabilities in a dignified way and give them the rights they are entitled to and deserve. We would not have to discriminate against young people and drive young educated university graduates from the country in record numbers. Last year, more university graduates left the country than in any other year in the history of the State. The Minister of State may shake his head all he likes but that is a fact, as any young nurse or teacher he chooses to speak to will tell him.

We would also have money to invest if the Government adopted our proposal of introducing a tax on landlords. Having made a fortune from rocketing rents in recent years and profiteering from the misery of others, landlords should be made to pay a little. Why are they being offered tax breaks instead of paying tax when we know they are making a fortune? We propose a modest tax on landlords which would allow us to abolish the property tax on the family homes of ordinary people who cannot afford to pay it. Under our proposal, landlords would pay approximately €1,000 on each of their properties.

Similarly, a financial transactions tax would cover the cost of abolishing water charges. Despite the vast majority of people making clear they want water charges removed and the Oireachtas being given a democratic mandate to remove them, the Government did not include in the budget a measure to abolish water charges and the property tax. It should introduce progressive taxes to redistribute wealth in a fairer manner and develop a sustainable economy that is not dependent on the whims of tax evading multinational corporations. Such dependence is the result of a dangerous strategy. We should have learned from our excessive dependence on the property sector before 2008 how dangerous it is to put all our eggs in one basket. This is what the Government is doing by luring foreign direct investment, multinational corporations and, incredibly, developers and landlords and it is an accident waiting to happen.

We have proposed a sustainable alternative that would make a difference and insulate us from the ups and downs of a global market that is in serious trouble, as anyone seriously examining developments in the international economy is aware.

Deputy Paul Murphy: Unemployed young people will receive an increase of €2.70 in the jobseeker's allowance, not the €5 by which the Minister for Public Expenditure and Reform, Deputy Paschal Donohoe, stated it would rise, not the €226 extra per week Ministers will receive and not the €104 extra per week Deputies will receive. The Minister did not make any reference to the €2.70 increase because he was ashamed of it, as he should be. It encapsulates the unfair, right-wing budget of inequality before us. Not only did the Government decide not to undo the discrimination against young unemployed people, but it decided to double down on it by making the gap with other payments even greater. Young unemployed people are expected to live on €102.70 per week while Ministers live on almost €2,000 per week.

The Minister for Social Protection, Deputy Leo Varadkar, revealed himself yesterday as the nasty Minister that he is when he gave an explanation for the €2.70 increase. He stated that if young people were to receive €188 per week, it would be bad for them. Numerous homeless charities argue that this same reason is a driving factor in youth homelessness. Poverty and homelessness are bad for young people but the Government decided young people deserve to be discriminated against and they will not even receive the €5 increase being provided to other groups. Young people face an unemployment rate that has increased to 16%. One in five of them is not in training, education or employment and more than 30,000 of them are emigrating every year, with the number of young emigrants higher last year compared to the preceding year. This is not their fault but the fault of the bankers and bondholders and the parties that represent their interests and the economic system of capitalism that crashed. As a result, the burden was placed on working people of all ages who were driven into poverty and low paid jobs or driven out of the country. The Government now seeks to blame young people, discriminate against and ideologically demonise them and present them as being responsible for their fate.

Young people will ask what is wrong with them that the Government hates them so much, does not treat them with respect and fails to offer them a future. In addition to being discrimi-

nated against in the social welfare system, many are on the minimum wage. One in eight workers aged under 30 years is on the minimum wage and this group accounts for almost 40% of all those on the minimum wage. What did people on the minimum wage get today? They got an extra 10 cents per hour, which means the lucky ones on a 39 hour week will receive an extra €3.90 per week. The large number of people on zero-hours contracts who work perhaps 15 or 20 hours per week will receive much less than that and certainly much less than the fiver that has been advertised.

Among the many features of the budget is that it is anti-young person. It does not offer any future for young people, does not provide investment in jobs for young people and makes no attempt to deal with spiralling rents facing young people. Others, including pensioners, people with disabilities and those on a low or medium wage, got less than a fiver or an amount dressed up and delayed in a way that made it look like a fiver. What we have, dressed up in the language of fairness, is a budget written by Fine Gael, Fianna Fáil and right-wing Independents. It is written with the advice of Ireland's own Donald Trump, Michael O'Leary, and contains exactly the type of measures one would expect from that source. What we have is a very right-wing budget. It is a budget that will reinforce the vast inequalities that exist in our society. It is a free market budget, a builders budget, a landlords budget and a big business budget. We oppose this budget. We oppose the pay rises for Deputies, Ministers, the Taoiseach and the Tánaiste. We represent working people and it is a principle for us that we will only take an average worker's wage precisely so we do not become completely out of touch with the people we represent, like so many in here.

James Connolly wrote about ruling by fooling, and he described it as a great British art. It is clearly an art the Government is trying to mimic but, unfortunately, it is one that it has not mastered. It would like the idea that this is a late, late budget and that there is something for everyone in the audience. However, what it is really trying to do, as with the loaves and fishes but with 4 million people instead of 4,000 and with no ability to conduct miracles, is to take a tiny amount of money from the fiscal space which it will allocate to ordinary people, as opposed to the tax breaks for corporations and higher earners, and then try to dress it up. Therefore, what is a €4 increase for pensioners over the course of next year becomes a €5 increase. While cigarettes go up tonight, people will wait until March to get the fiver that is the only thing this budget is delivering for people. It is reminiscent of Del Boy and Rodney's "tax in the post" in the window of their van. The fiver is in the post and it is coming sometime next year, together with many other things in this budget. It is a trick and people will not be fooled. They will see it for what it is. They will think they might get a fiver in a few months' time if they are lucky but they know that, even before they get the fiver, it will be eaten up by rents that are soaring, by increased medical insurance, by increased car insurance and by the cost of living crisis that results from the neoliberal economic policies that have been pursued and that are reinforced in this budget.

There are meagre increases for low paid people, those on social welfare, pensioners and people with disabilities but let us look at the other side of that. There is a whole series of tax cuts for the wealthy and for big business. IBEC, which represents big businesses in this country, obviously undertook pre-budget lobbying and had a pre-budget statement and a wish list. Its wish list, unlike the wish list for young unemployed people, those on the minimum wage and other workers, has largely been ticked off. IBEC wanted capital gains tax on sales of businesses cut from 20% to 10% - tick, the Minister, Deputy Noonan, delivers. It is a race to the bottom-style cut to compete with Britain in the context of Brexit. The cut to inheritance tax is a cut

that will only reinforce inequality. A small number of people will benefit and it will reinforce the inequality that exists in our society. There is the extension of the special assignee relief programme, a tax break for corporate executives working in Ireland. The Minister, Deputy Noonan, tells us there will be a tax cut for share options - another IBEC demand - but with no details of costings yet, and a reduction in DIRT by 2% a year over the next four years, with a cost this year of €9 million and a similar cost over the following years.

There are also changes in incomes that have taken place as a result of the tax changes. These, again, are regressive measures. A single person earning €12,000 a year gets €3 a week and a person earning €20,000 to €25,000 a year gets €2 a week, whereas a couple on €90,000 a year will get €855 over the course of the year. Employees on €70,000 plus will be getting up to three and half times as much as those who are on the median wage while the biggest benefits go to the single, self-employed person on €70,000 plus, who is getting €14 extra, which is seven times as much as a single person earning €20,000 to €25,000.

There is the absence of anything in terms of providing for people with disabilities. The Government throws them an extra fiver but takes no account of the extra cost facing people as a result of the disability, which can be over €200 for many people. When funding for people with disabilities has been cut by €159 million from 2008 to 2015, it is very unlikely that this cut will be undone to any significant degree, given the level of increase in health spending.

Let us take a look at the kind of society we live in and then have a think about the impact this budget will have. Obviously, they know now they should not have said it, although they thought it, but Fine Gael told us we should keep the recovery going, although many workers felt then, as they do now, that there was no recovery. What matters for people is their living standards - good jobs, decent wages, affordable basic living costs in housing and child care, and disposable incomes that allow people to feel they are living as opposed to just scraping by and just existing. In those terms, the recovery is a mirage. Irish living standards are the fourth lowest in the EU 15 at 12.5% below the average. Disposable incomes are 10% lower than before the crash. There is a huge cost of living crisis, which comes because Ireland is a low wage economy, with the third highest rate of low pay in the OECD, and this is combined with completely underfunded, devastated public services that result in soaring costs for housing, child care and insurance. Therefore, even those who get the meagre €5 know it will be more than taken away by rising costs.

Years of austerity and regressive budgets have served their purpose. They have deepened inequality to a point where the richest 10% of the population in Ireland controls 54% of the net wealth, leaving just 5% for the bottom 50%. They have also driven - as is their purpose, in my opinion - a transfer of wealth and a shift from wages to profits. Workers' wages still remain lower than in 2008 in weekly terms or in hourly terms, but they have also fallen as a percentage of GDP from 53% in 2008 to a projected 40% next year. What happened to corporate profits? They went from €35 billion in 2009 to €51 billion in 2014 and then to €75 billion in 2015. The recovery is certainly working very well for some and is working the way it is meant to in terms of austerity policies and neoliberal policies driving a shift of wealth.

What is contained in the budget is more of that same right-wing economic policy. It is a very right-wing budget. It is a very free market approach, even when it is attempting, or pretending to attempt, to deal with the problems that face people. In every possible area, there is a further drive towards marketisation and liberalisation. In housing, child care, education and transport, it is an explicitly neoliberal, free market approach which will reinforce those inequalities of the

system and make the cost of living crisis worse for people. At the same time, it will make some people, the kind of people who support and who are represented by Fine Gael, a lot richer.

Take the case of child care. We know this is a crisis facing many families. Effectively, it is a second mortgage for people. The average Irish family pays 34% of its household income on child care compared to just 3% in Austria and 6% in Sweden. Parents need to earn €30,000 a year just to fund the cost of child care for two children. The consequence is that many women are forced out of the workplace and 84% of stay-at-home mothers want to work but are trapped by child care costs. It also contributes to pay inequality, with women aged 25 to 44 with children earning 31% less than men.

What is the Government's answer, and apparently the centrepiece of the budget? The Government's answer is to outsource the State's responsibility for child care through subsidising private child care to the tune of €120 million. It will make a small difference for some parents, although, over time, as prices rise, that will be eroded. It will swell the profits of the big providers, which are made off the backs of a low paid, 99% female workforce, who get an average hourly wage of some €10. That sort of outsourcing by the public sector already costs the State over €11 billion a year. Fundamentally, that approach will reinforce inequality and reinforce the notion of a shrunken public sector that does not provide basic public services to the people it is supposed to. It is a neoliberal approach.

The socialist alternative, outlined in our budget statement, is quite simply to develop a State-run, publicly owned, national child care system free at the point of use.

6 o'clock

We outlined how €2 billion could be invested in the child care sector in the first year, employing over 50,000 child care workers and acquiring child care facilities across the country. That would make a real difference to people's living standards and lower costs. However, it is ruled out because of the neoliberal blinkers of the Government.

Let us consider the question of housing. It is so blatant that this is a budget for builders and landlords. Contrast the extra money for landlords with the amount to be invested in building social housing. The total capital investment in local authority builds and others, including under Part V, is €307 million. Another €100 million is being provided for the housing assistance payment scheme, which is money for private landlords. Mortgage relief is to be increased for landlords. A transfer of wealth is taking place as opposed to building the homes people need. Central to this is the notion of the so-called help-to-buy scheme. The Minister, Deputy Michael Noonan, gave away that the scheme was rooted in an extremely right-wing Thatcherite view of how the economy worked. Incredibly, he argued that in all markets supply increased to meet demand and that the help-to-buy scheme would increase the demand for newly built homes by assisting first-time buyers to put a deposit together. He said he expected the building industry to meet this additional demand by increasing the supply of new affordable homes. It is an article of free market faith that supply increases to meet demand. Is there a problem with the demand for housing in this society? That is nonsense. People are screaming for houses, including first-time buyers, those in mortgage distress, those facing unaffordable, soaring rents and those facing homelessness. They all face a crisis and are desperate for a solution. What the Minister is actually saying is that if we pump in more money which will ultimately be transferred to the developers, prices may go up further and thereby incentivise more builders to get involved. It is not a solution for first-time buyers or anybody else. It is another transfer from the public purse

to the private profiteers. Developers will pocket the €20,000 per house, leaving first-time buyers and everybody else no better off. The answer is, of course, for the State to intervene directly to solve the housing crisis.

The Government's whole plan involves a plethora of grants and tax breaks for developers, landlords and other housing speculators who are profiting from the crisis. We explained in our statement how €4.5 billion could be invested to provide 50,000 new public homes next year. I refer to directly building 20,000 public homes at cost price as part of a major public housing programme to build 100,000 homes in the next five years and to acquiring 30,000 vacant homes for public housing. It is a case of providing them in a real public housing system to make them available to all, whether renting or buying, based on a system of differential rents and mortgages, ranging from 10% to 25% of income.

There is another tax relief for landlords. Incredibly, the Minister, Deputy Michael Noonan, is saying it is to stop landlords from exiting the market. That is quite incredible when they are already making massive profits. The 5% increase in relief will not make any difference to those in long-term arrears. That money would be better spent in having State-owned banks such as AIB write down buy-to-let arrears and take properties into public ownership for public housing. Instead, the banks and the State stand by while thousands of buy-to-let tenants stand to be evicted. The extra relief will act to encourage landlords to take buy-to-lets and increase competition for a limited supply of housing and drive up prices even further. That is the market solution to the housing crisis and it is a disaster.

Let us consider the question of education. I do not believe anybody has picked up on this point yet. The Minister for Public Expenditure and Reform, Deputy Paschal Donohoe, made an interesting reference to initiating a consultation process on the design and operation of an Exchequer-employer investment mechanism to operate from 2018 onwards. That is in the context of the Cassells report and the crisis in funding the third level education sector. "Exchequer-employer investment mechanism" is a nice term for the further corporatisation of the education system. It means big business being given an input into the shaping of the third level education system, or a greater input than it already has in reality. In other areas of education nothing is being done to address the pupil-teacher ratio.

On the question of transport, there are to be three new major public private partnerships, as well as another handout to major construction firms that will likely see a further expansion of rip-off, regressive tolling.

On health care, instead of building a national health service that could be achieved and that would get rid of the two-tier health service, there is a drive towards the National Treatment Purchase Fund ending up in private hospitals as opposed to making the necessary investment.

In every single respect, this is a big business and a free-market budget. It is even more than that, however; it is a budget made for an Apple republic. It is made for a country the establishment of which, as in Panama and the Cayman Islands, has a developmental strategy built on so-called tax competition. In reality, it is operating as a tax haven. The Minister for Finance, Deputy Michael Noonan, claims that "our corporate tax regime meets the highest standards in tax transparency." It does not and nobody believes it does. To quote Professor Philip Alston, the UN special rapporteur on extreme poverty and human rights, "Nobody believes Ireland is not a tax haven." The cost of this tax avoidance, or Ireland's operation as a tax haven as part of a global chain of tax evasion practices, is massive on a global scale. Some \$200 billion is

stolen from poor, developing countries and workers around the world, including in Ireland. The only winners of such a strategy of tax competition are the big businesses that benefit from it and a small number of accountants and lawyers who make their money from it, including in this country.

Let us consider what the Minister is doing about this. There are token clampdowns on tax avoidance. Consider the figure the Minister has given on the section 110 loophole. He says a sum of €50 million could be raised. More than €1 billion in tax is avoided under section 110, yet the Minister says €50 million could be raised. This is because he actually does not plan to close the loopholes. Consider the extra amount to be raised in addressing offshore tax evasion; it is only €30 million. That is a drop in the ocean considering Ireland's role as a tax haven. Getting €50 million extra from hiring 50 extra Revenue Commissioners staff is also a drop in the ocean.

An incredible figure was released a few weeks ago. The Comptroller and Auditor General states in his report that 40% of people or companies randomly audited by the Revenue Commissioners had not paid sufficient tax, with an average payment due of €18,500 each. If we invested more in the resources of the Revenue Commissioners and tackled existing tax avoidance and evasion, as in the case in question, more money could be raised.

A scary truth from the point of view of the Government is that Apple is only the tip of the iceberg. More cases will be taken by the European Commission. Some 70% of corporations in Ireland do not pay any corporation tax. Google paid corporation tax at a rate of 0.14% between 2005 and 2011. Starbucks paid a grand total of €45, not €45 million or €45,000. Vulture funds feasting on the carcasses of the property crash paid €250 in tax on assets worth billions of euro. Despite this, the Government is doing nothing.

As Deputy Richard Boyd Barrett mentioned, the double Irish tax scam will remain open until 2020. The knowledge development box, the replacement for the double Irish, will cost the public €550 million this year. Section 110 and the other loopholes will cost €1 billion. The only thing the Minister has announced is a review, a one-man commission review of Ireland's tax haven status, with the explicit condition that one cannot touch the corporation tax rate of 12.5%. He has asked Mr. Seamus Coffey to do this. Mr. Coffey is a well known economist and I am sure the Minister is aware of his views on these issues. He has been quite forthright in expressing them. For example, he said, "What the Commission have done in the case of Apple goes against all principles of taxation". This was in an article entitled, "Why tax campaigners should be aghast at the Apple ruling". He said the €2.3 billion rise in corporation tax receipts was real and not a distortion. He stated, "There is no doubt that a 26.3 per cent real GDP growth is bizarre but it was not farcical, false or based on fairy tales." We now understand why the Minister has chosen him. He has a particular view, which is that Ireland is not a tax haven and has nothing to answer for. That is fine from the point of view of the Minister.

The Minister stated previously and repeated today that the corporation tax rate "never has been and never will be up for discussion." Therefore, young people's dole, payments for people with a disability, the arts budget and everything else are up discussion and debate but corporation tax is above democracy. One cannot decide to ask the corporations that are making massively increased profits to pay taxes. I have news for the Minister and the rest of the Government: we do not accept that it is untouchable. All loopholes, including the double Irish, the knowledge development box and section 110, should be closed immediately.

In addition, the Anti-Austerity Alliance argues that the rate of corporation tax for big business should be doubled to 25% on profits in excess of €800,000, linked to a strategy of public investment and the shifting and transforming of the economy from a corporate tax haven to a socialist green economy.

The fiscal space has served its purpose. The purpose of the fiscal space is not to ensure that we have sustainable growth. The purpose of the fiscal space is political convenience and a trick of misdirection in asking people not to worry about or discuss the big cake of €230 billion worth of output over here, not to talk about the €75 billion worth of corporate profits over there, but instead to talk about the €1.2 billion or €1.3 billion in the budget, which is crumbs. That is how it is possible to construct a pre-budget debate in which the highlight is a discussion about whether pensioners or people with disabilities or carers deserve a €5 increase. That is an encapsulation of the fiscal space: neo-liberal economics in action, the artificial creation of scarcity, the pitting of people against each other to fight over who gets what. We reject that scarcity, we reject that fiscal space and we break out of the straitjacket of what it means. The truth is that the EU Commission ruling on Apple and the fantastical 26% growth figures shine a light on the real nature of the Irish economy as being a fiscal paradise for the multinationals and the rich while failing to deliver for working people.

The starting point of a real alternative, and the starting point of the AAA-PBP and the AAA budget statements, is to break out of the straitjacket of the fiscal space and reject the notion and the strategy of Ireland as a corporate tax haven, which has resulted in a weak domestic private sector and a basket case economy in which growth figures bear no relation to the reality of the economy or people's lives. We need a rupture from that developmental model and from the capitalist system. The Apple tax scandal demonstrates very clearly to people, some of whom are watching this debate, that the obstacle to resolving the massive social crises that face people is not a lack of resources or wealth, which are plentiful, but rather political decisions, rules and, fundamentally, the capitalist free market system which claims that the profits of the 1% should come first. The centrepiece of our statement of strategy is a break with that model. Deputy Michael Noonan still talks about foreign direct investment, FDI, as being the seed potatoes of economic development, 60 years after this strategy was originally introduced. Also in our budget statement are calls to reject Ireland's operation as a tax haven, scrap the loopholes and increase corporation tax rates, raising at least €4 billion.

We do not accept that the question of debt has just gone off the public agenda except in the case of the Government looking for an even better pat on the head from the EU Commission and the rest of the troika and saying we will pay even more of the debt down. In a situation in which the State spends €1 in every €10 raised in tax on the servicing of a debt that largely arises from the banking crisis and is not ours, that must be part of the debate. We therefore put forward a strategy of debt repudiation which would save, on a conservative estimate, at least €3.22 billion. We put forward the need to scrap austerity taxes for working people, scrap the water charges and refund those who paid, scrap the property tax and the USC and in their place put forward a series of other taxation measures. These include the introduction of a new millionaire's tax, that is, a tax of 2% on net assets exceeding €1 million, which would raise almost €3 billion; a landlord's tax on non-family homes, which would raise €450 million; and a high income social charge and new rates of marginal tax on high levels of income to replace the USC and raise €2.33 billion.

In addition, we point to the almost €9 billion available in NAMA and the Ireland Strategic Investment Fund. There are funds that are, incredibly, not allowed to be spent because of the

expenditure benchmark fiscal rule. These funds are there but cannot be spent. That rule, like the fiscal space and all the other fiscal rules, must be broken and those funds used to fund major capital programmes in housing, renewable energy, water, health and child care.

As I outlined earlier, we put forward an ambitious plan to build or acquire 50,000 homes. Instead of treating our two-tier health service as an inevitability, we advocate spending an additional €3 billion on health in 2017 as part of the development of a national health service this country. This would fund an additional 1,000 acute beds, 5,000 additional health care workers, the abolition of prescription charges and the allocation of an additional €200 million to mental health services alongside other measures. As mentioned, we call for the development of a national child care scheme in addition to more than €1 billion in funding for education, providing genuinely free education at all levels: free schoolbooks, an end to all voluntary contributions and an end to third level fees.

In addition, we budgeted to have full pay equality in the public sector, that is, to do away with a situation in which so-called “new entrants” are discriminated against and provide for an immediate restoration of pay to 2008 levels.

We argue for massive public investment. There is huge underinvestment in this economy by both the public and private sectors. We argue for €3 billion in direct State funding to create 50,000 jobs in renewable energy, water infrastructure, forestry and green agri-food.

The central point is that the problem is not one of resources: the problem is how those resources are owned and controlled. A left government with socialist policies, through taxation but also through public ownership of the banking system and the key sectors of the economy, would enable a paradigm shift in the economy based on renewable energy and sustainable growth: a socialist green economy.

Deputy Joan Collins: In the run-up to the budget, people were treated to a phoney war between Fianna Fáil, who are the architects of the crash in this country, and the Government, which carried on the baton and continued the austerity measures that ordinary people have faced over the last eight years. We were led to believe the key question in the budget was a dispute between Fianna Fáil and the Government over whether a €5 increase in the old age pension would be paid and when it would be paid. I was out knocking on doors last Saturday morning. I met a pensioner who said he did not know what he would do with such a bonanza. He said he might go and have a pint to think about it, but then the bonanza would be spent and probably well before he was due to get it anyway.

I welcome the increase in the old age pension, along with the increases in the welfare payments, but they are absolutely pitiful compared to what is needed. I note the Minister for Finance made no commitment to restore basic welfare rates to their 2009 level, which would mean an increase of €23 per week for a couple on the basic rates. Other points have been made about the 2009 rates for people with disabilities, lone parents and jobseekers which this budget fails abysmally to move towards restoring. I said it was and is a phoney war because in all the essentials there is no disagreement between Fianna Fáil, Fine Gael and the Independents in government. There is no disagreement on continuing austerity, which is the result of keeping borrowing within the limits of the fiscal compact treaty with no effort to think about off-the-books borrowing or increasing income by taxes on wealth, big business and very high earners. There is now a growing consensus internationally of people who are not by any means radical socialists that, faced with a stagnant world economy with very low levels of private investment,

austerity needs to be replaced with a programme of state-funded infrastructural investment. This country is crying out for such an approach, particularly regarding social housing, but this budget continues with the muddle of low personal and business taxes and extremely low investment in public services, one of the lowest in Europe.

One hundred years after 1916, we are now one of the most unequal societies in Europe. There was no mention of inequality or measures to lessen it by either Minister in their speeches today or indeed the two Fianna Fáil spokespersons who contributed today. The recent report from TASC on inequality in Ireland makes for shocking reading. In 2014, 29% of people experienced deprivation, double the rate of 2008. This shows the effects of austerity and increasing poverty and inequality. The word “inequality” was not even uttered today in the Fine Gael and Fianna Fáil interventions. In 2014, 26% of children lived in deprivation, again a doubling of the rate since the crash, and a staggering 58% of lone parents are in this situation. The “recovery” has been for the better off only.

A staggering 50% of the increase in income in the past five years has gone to the top 10% of earners. The bottom 50% got just 6%. That is the inequality that the last Government and the previous one created, and the present Government is continuing to stoke it up. In this situation, a commitment to phase out the universal social charge is completely incomprehensible and reprehensible.

I welcome the increases in spending on health and education and the employment of more public sector workers. Even the Government and its loyal opposition in Fianna Fáil are not immune from public opinion. A recent poll by *The Irish Times* indicated mass support of over 70% - consistent with other polls - in favour of greater public spending over tax cuts. Free health care, genuinely free education, affordable housing, cheap public transport with proper subvention from the State, and affordable child care would greatly increase the real standard of living for the huge majority of people. This would benefit the so-called squeezed middle far more than further tax cuts.

I welcome that Government is talking about recruiting 1,000 new nurses. However, without changes in their workplace conditions and restoration of their pay, the majority of those nurses will go abroad and will not come into our health service where we need them.

The establishment of a living wage and stronger rights for unions and workers would raise wages generally - these are the real solutions for the working poor. With a 10 cent per hour increase in the minimum wage, I am sure they will all be saying “yippee” and skipping into work with such a huge increase in their wages.

After this budget, we will still have the lowest level of public expenditure as a proportion of GDP in the entire EU. We will still have the lowest level of investment in infrastructure in the history of the State. I ask Deputies to think about that - a lower level of investment in infrastructure than in the poverty-stricken State of the 1930s.

This brings me to housing and specifically the urgent need for action on social housing. The budget contains nothing new on this issue, with an allocation of just €1.2 billion. By my reckoning, €1.2 billion would build 6,000 to 7,000 houses, when the housing lists run to more than 90,000. The approach here is completely complacent given the urgency of the situation. Money is available: €5 billion in the Ireland Strategic Investment Fund and €1 billion to €3 billion from the credit unions. We need an off-the-books agency, a not-for-profit agency, to

borrow these funds on a commercial basis to build and rent homes.

I will give two examples of how the budget will fail to improve certain people's lives. A 48-year old woman came to my constituency office on Friday. She had lost her rented accommodation in the area. She is a recovering alcoholic on a community employment scheme and is homeless. She did not want to go into an emergency hostel because she was a recovering alcoholic and did not want to be too near people who would be more chaotic than she is - she wanted to stabilise herself. She is sleeping in a car every night.

When I contacted the Dublin Regional Homeless Executive, I was told it could do nothing. It did not have access to rooms that would give this woman a bit of protection and security in the night. I asked if she could go on the six-month bed contract list. I was told that she could go on the list but she would be No. 69. That means 69 women waiting to go into such accommodation. I was also told a further 130 men are in the same circumstances. That is absolutely incredible.

A mother with two children and one grandchild, who had been in the Burlington Hotel for three months, was informed about three weeks ago that she had to move out by the following Monday. Again, we had to contact the housing executive. The only place they could get her a room was in CityNorth Hotel in County Meath. They had to get a taxi that cost €95 to the hotel because a young child attends a school in Walkinstown. That is the madness we are facing. That is the sheer chaos of people's lives on the ground and the budget will have no impact on them.

The budget gives certainty to landlords, whose interest relief has been increased. They have been told it will be brought up to 100% over a period of time. We are told that the corporation tax will remain at 12.5%, so there is certainty for the multinationals. They will still get away with the double Irish and the knowledge box will continue. The USC is to be phased out over a period of time. Some high earners are certain that will be cut and they will be back into the system again. The inheritance tax threshold has been increased, which is not necessary at this point. It would be far more important to give 24-7 mental health access for people who need it.

There is no certainty about increasing the minimum wage to a living wage. There is no certainty for people on social welfare to restore their benefits to 2009 levels. There is no certainty for the 1,000 nurses who will graduate on whether they will be able to go into decent jobs with decent pay in a health service that is fit for purpose. There is no commitment that future budgets will be equality based and there is no certainty for 24-7 mental health access.

The refund of up to €20,000 for first-time buyers does not make sense. It is a joke to say that the building industry would be spurred to meet demand by such a measure. This is nothing more than a conduit for a subsidy to developers and bankers. When young couples are trying to get on the housing ladder, they will go out and start bidding. They have an extra €20,000 that they know is there. They will go for €20,000 extra and keep pushing it up again. This will not solve the problem facing ordinary people.

If we are offering tax breaks for private landlords, what planet are we on when people cannot even access the rent these landlords are imposing on them?

We need a new approach. We need to tax those who have the wealth and get them to contribute more to society. We need restoration of pay for those who need it. We need to start fighting for a new republic and not the old one that we thought we had.

Deputy Maureen O’Sullivan: Is cinnte go bhfuil athrú tagtha ar chúrsaí a bhaineann leis an mbuiséad. Tá atmaisféar difriúil againn inniu. Bhí na buiséid a bhí againn le blianta beaga anuas go huafásach. Chuir siad isteach go háirithe ar dhaoine ar an imeall agus ar dhaoine faoi mhíchumas. Chuir siad isteach freisin ar sheirbhísí meabhairshláinte agus ar sheirbhísí do dhaoine óga.

In recent years, we have been subjected to horrendous budgets. It is all very well talking about debt and the country being in a bad place, the IMF, etc. The measures taken were hard hitting, but they were disproportionate. Those with the least suffered the most and those who were more able to take the cuts were not affected proportionately.

Recent events in Dublin Central and the north inner city have certainly shown the cumulative effect of those cuts. We know the effect of 30% cuts on our community, youth services and other projects. It contributed to further social exclusion, deprivation and hardship.

I listened to the Ministers’ speeches and they outlined very fine principles - to build a fair and just society, that the benefits of our economic recovery would be felt by all and that it would make life better for all, but especially for the most vulnerable in our society. Nobody could disagree with those aims. However, will the measures announced today achieve those aims? We need a mechanism for constant monitoring and evaluation of the measures to see if they are making a difference and if not there should be a change and a readjustment.

This brings me to a general point. We know that budgets are rooted in economics and politics. However, ordinary people can get lost in the statistics and figures - the GDPs and the GNIs. There is always a need for equality proofing and the social impact analysis in that economic debate to ensure that budget measures make a difference to those who are most in need.

We know that budgets are political. Whether one is in government or in opposition, there will always be an eye on the next election. This budget does appear to be more of a collaborative effort. It had to be. Perhaps we will see an extension of that collaborative approach, working through a consensus and compromise, which we can develop further with the new independent budget committee. We could get to a point where the committees will have a more progressive and active role in determining budgets and allocations.

As well as the budgets being in the political and economic arenas, we also need to have a philosophical input. That has to do with quality of life and how budgets contribute, not take from, the quality of life of citizens. Surely the common good, and improving the quality of life for everyone, has to be central. Mr. Ban Ki-moon has said, “There is one word above all that must guide us on this road map to ending poverty, transforming lives and protecting the planet. That word is dignity.” I look at today’s budget and ask how much is it contributing to the dignity of all citizens, especially those who are living in poverty, living with a disability or a mental health issue, those in homeless accommodation or who are sleeping on the streets, Travellers, our new communities, those coping with an addiction or in recovery from addiction and trying to stay in recovery? How will the budget add to the dignity of our prisoners and those coming out of prison? Next Monday is the UN day for the eradication of poverty. How much will this budget contribute to eradicating poverty? Again, constant monitoring is vital.

There are positives in this. I hear the “Late Late Show” cliché being used about this budget, but there is a danger that if resources are spread too thinly there will be negligible impact. Consider a specific issue such as housing. The year before last the budget announced a package

of €2.2 billion for this area. Last year it was €500 million. What happened in the meantime? The situation did not improve and we know the increasing numbers, especially in Dublin, of people who are homeless, who are in negative equity and people who are being evicted. There are positive gains but sometimes it has been one step forward and three back. We hear the frustrations of people every day - lone parents and families on housing lists who are being told they are placed at 400 or 900 or so on that list. This time next year, will I be standing here and saying that today's budget did make a difference?

I see the student accommodation developments in Dublin, which we know are needed. The idea is that it will reduce the numbers in private rented accommodation, which is positive. I do not, however, see the same urgency in building social housing as I see in the building of student accommodation. The great aim of the help-to-buy scheme is to assist first-time buyers in putting together a deposit for a mortgage but there is a strong likelihood that this scheme, far from being progressive, will result in house prices increasing. The property market has the element of the sacred cow about it; there can be no controls. Will the tax relief in respect of the home renovation incentive scheme be applied to tenants in local authority housing who have the space on which to build? It would help to alleviate overcrowding because there are tenants who are willing to co-operate with their local authority and contribute with finance.

Excessive and exorbitant rent is hindering the first-time buyer. If rent was reasonable and if there were controls in rent then those people would be in a better position to build up a deposit. Will the draft amendments to section 110 of the Taxes Consolidation Act 1997 relating to companies and other special purpose vehicle-type arrangement clip the activities of the vulture funds?

The €5 increase in social welfare payments is positive, but we have to be sure we are not giving €5 with one hand and taking it back with the other in the form of further stealth taxes and increases in the cost of living. In Dublin I know the particular hardship of the prescription charges, especially for elderly people. I welcome the reduction for the over 70s, but it needs to be extended to people with disabilities. What is the budget contributing in making a positive difference to those people living with a disability? They have additional costs of living because of their disability, but this is not being recognised. Prescription pricing charges have increased by 500% since it was introduced in 2010. Advocacy groups point out that a single person, under 70 years of age, with a disability will only get a medical card if earnings are less than €184 per week, whereas a single person who is over 70 can have a means of up to €500 per week and be eligible for a medical card. I believe everybody over the age of 70 years should have a medical card but surely it is time for those who have disability to be given a medical card. It has been a disappointing budget for those with a disability. The Disability Federation of Ireland has stated it is disappointed that while there was a real opportunity for a focused impact with funding for people with disability, it was not taken.

With regard to the cigarettes increase of 37 cent, it is unfortunate that the views of the group Retailers Against Smuggling were not considered. The group has pointed out that the illicit trade in tobacco has cost €1.2 billion in the past five years. In the first six months of 2016 the tobacco products seized by Revenue led to a loss of over €15.8 million to the Exchequer, an increase on the figure for the previous period. There is a growing black market, it is on the increase and an increase in the price of cigarettes will further grow that black market. The Retailers Against Smuggling had asked for a moratorium on further increases until there was more research done on the subject. A packet of cigarettes is now €11. On the black market a packet would be €4 or maybe €5. We have anti-smuggling rules, but they need to be strengthened.

This price increase is not going to put off smokers but it is going to have more of them turning to the black market.

I am glad to see the reference to overseas development assistance. It is quite a distance from our commitment to 0.7% of GDP. While there has been an increase, we are going down the percentage line and we have no indication of how we are going to move towards that 0.7% target. Ireland played a very strong role in sustainable development goals. The President and the Taoiseach were in New York representing Ireland at the UN summit, which adopted the goals, but we do not appear to have an Irish sustainable development strategy and a concrete implementation plan that would contribute towards co-ordinating the achievement. We know of poverty and exclusion in this State, but in the developing world we know how much worse it is. Philip Alston, UN special rapporteur, made an interesting point when he said there would be “little to be gained by providing assistance unless the structures of the society can be encouraged to develop in directions that can make [more] effective use of that aid.” One of those structures is tax. The Minister, Deputy Michael Noonan, said the 12.5% corporation tax rate would not be changed. What is our effective tax rate? With regard to our obligations internationally on tax justice, is our tax policy undermining the tax take of those less well-off countries? I welcome the closing of the double Irish loophole and country-by-country reporting, but we have to ensure we do not facilitate multinational tax avoidance and that our tax and fiscal policies are grounded in principles of human rights.

As someone interested in animal welfare issues, when I heard the provision of €25 million for a new animal welfare scheme, I was delighted. I was waiting to hear that the funding was going to the animal welfare groups, those organisations that work on animal welfare issues and with animals we know are being ill-treated, injured and abused, such as greyhounds, hares, foxes, badgers or puppies. However, what is the €25 million for? It is for sheep. No disrespect to sheep, but during my involvement with animal welfare, we had no issues brought to our attention with regard to the abuse of sheep so I wonder who is actually benefitting from the €25 million. The Irish Council Against Blood Sports has stated that since 2001, the Government has handed over nearly €250 million to the greyhound industry, including €14.8 million in 2016, yet we know the abuses in this industry.

Tá an-díomá maidir leis an laghdú sa mhaoiniú don teanga Gaeilge. Dé Máirt seo chugainn, beidh cúpla uair an chloig againn sa Dáil agus beimid ag caint faoin nGaeilge agus an féiniúlacht chultúrtha. We will make fine speeches on that occasion on how important the Irish language is. At a time when demand is on the increase for gaelscoileanna there is a decrease of 9% in Irish language funding.

I welcome what the Minister for Children and Youth Affairs, Deputy Katherine Zappone, is trying to do in child care, that it is of quality, more affordable and progressive, but there are concerns from stay-at-home parents and those who provide child care at home. They feel very hard done by with this measure. I am sure the Minister will take these issues on board.

There are positives in the budget for those who start their own businesses, the self-employed, farmers and fishermen. There is the Christmas bonus. There are going to be additional teachers, gardaí and nurses, but we have to have the conditions in schools, hospitals and nursing homes in order that people will want to work in them. The HSE budget is up by 5%. I note the staffing hours will be increased for the community and addiction projects. Budgets have the ability to hurt or help the weak, the ill and the frail. It is only in time that we will see how much this budget is contributing in a positive or negative way.

Deputy Thomas Pringle: It has been very interesting in the past week or ten days to look at the fight that has gone on between the three pillars of the Government over the changes in the budget. We have Fianna Fáil fighting hard for the pension increases, which is probably more about positioning and trying to capitalise on the so-called grey vote, whenever it can bring itself to collapse the Government and go back to the country again. We then see that Fine Gael has suddenly realised and discovered this advantage. In order to try to counteract Fianna Fáil's fight on behalf of the grey vote, Fine Gael has brought in an across the board increase of €5 for all social welfare recipients, which is put back until March next year in order that it can fit into this famous fiscal space around which this whole debate has been framed. The Independent Alliance is also trying to put its stamp on it, stating it is it which is really capitalising and championing on behalf of the grey vote. Much of this amounts to positioning for an upcoming election. In reality, nobody really knows when it will be held. It is about capitalising and looking at the people likely to vote and who can gain the most from them.

The problem with the debate in the past while is that it has moved the focus away from many of the other issues which could have been tackled by a Government really interested in looking at income inequality and resolving inequality issues throughout the country. In the run-up to the budget we had no discussion on the provision of tax relief on pension scheme payments. More than €2.6 billion a year is forgone in order that we can subsidise the pension pots of very wealthy individuals. A total of 56% of the tax relief on private pensions goes to the top 10% of earners. We give a subsidy of more than €1.3 billion to the top 10% of earners through tax relief. If we had just taken the measure of reducing the marginal rate of tax relief on private pension contributions to the standard rate of 20%, it would have brought in €560 million. We could have used this money to increase welfare payments for pensioners across the board and done so from 1 January. We could have then used the social welfare budget to benefit all other social welfare recipients and started to go down the road of making some real changes for them.

While the €5 a week increase is welcome, it must be taken in context. When we look at it over the period of time since austerity budgets have come into being, in real terms, it means an increase of €1.70 per week when we factor in inflationary costs since 2008 and 2009 when social welfare payments were originally slashed. These are the types of issues we could have debated and examined.

Does anybody in government believe it is essential to our society and economy to provide €1.3 billion in tax relief for the top 10% of earners? This is not to mention the fact that those on higher incomes will benefit more from this budget than those on lower incomes. When the changes in the USC and everything else come into play, people earning more than €70,000 a year will benefit by between approximately €500 and €800, whereas those on the minimum wage will benefit to the tune of approximately €230. In this context, we could have had a debate and discussion about making tax credits refundable. This would have a direct and immediate beneficial impact on those on low wages. Low income earners do not use their tax credits because they do not earn enough to pay tax which would allow them to benefit from the credits. Credits could be made refundable, which would benefit them directly and immediately and go some way towards removing income inequality.

We could have had a discussion on the €500 million given every year to subsidise the private health insurance market, but we know we cannot do this. A number of weeks ago the Minister for Health opened a private clinic in Donegal. It was established privately to provide diagnostic services in the county, where the local public hospital cannot fully utilise its diagnostic services because of how the health service is run. This is the type of discussion we could have had in

the run-up to the budget, which would have made a real and meaningful difference to people's lives. We give a total of €3.1 billion in subsidies to largely better off individuals every year. We could have spoken about and discussed these issues.

We could also have had a discussion on corporation tax, not about increasing the rate, although Ireland has one of the lowest in Europe, but on introducing an effective corporation tax rate in order that corporations would pay a reasonable amount. It might not be too onerous to ask them to pay 9% or 10% of the 12.5% rate, which would bring in quite a number of billions of euro which could be used to redress income inequality throughout the State.

These are the discussions we could have had, but we did not because Fianna Fáil is focused on the next general election, Fine Gael is reacting to Fianna Fáil and the Independent Alliance is reacting to Fianna Fáil and Fine Gael. Everybody is jockeying for position to see who can most benefit the people who, in their minds, go out and vote and can make a difference in an election. That is what it comes down to.

Some of the measures included in the budget are welcome. Any increase in social welfare payments is welcome because even a very small amount benefits some people. I welcome the introduction of the fisherman's tax credit. It is a useful innovation which will go some way towards helping fishermen and making this employment viable for them. We should have looked at helping self-employed fishermen to avail of social welfare benefits during the very long periods in which they cannot go to sea and cannot avail of benefits either. We have a crazy situation where self-employed fishermen who pay a voluntary contribution to claim benefits must have paid 120 PAYE contributions at some stage in their working lives to be able to avail of it. We could have done away with this requirement and while it would not have had a huge impact on the social welfare budget, it would have made a big difference to the people concerned and given them some income support in the times when they could not go to sea to fish.

We could have reversed some of the cuts made during the years to benefit seasonal workers such as increasing the availability of jobseekers' benefit from six and nine months to nine and 12 months, which would cost €25 million but have a huge impact for seasonal workers throughout the country.

There is an announcement in the budget book on farm assist, but we have not seen any of the detail. We will have to wait for the press conference outside the House with the Minister for Agriculture, Food and the Marine to hear the detail. I hope it will go some way towards redressing the wrongs done under farm assist and restoring some of the income disregards done away with during the years of austerity which have not ended. This is a budget of continued austerity when we look at the fact that the social welfare increases have only taken a very small baby step along the road towards restoring lost income. Those on the basic social welfare rate are €22 a week below the poverty line. With the €5 increase, they will still be €17 a week below the poverty line. This is the burden with which they must still live. Austerity continues for them and will continue for many years to come, given how budgets are worked out by Fianna Fáil, Fine Gael and the Independent Alliance.

The help-to-buy scheme means that we have effectively increased the price of houses. I would love to know if there has been any analysis of the actual impact a €20,000 tax credit for first-time buyers who buy a new house will have on new house prices. In the backs of their minds, all developers will be thinking the person coming to buy a house could be availing of a €20,000 tax credit and they will certainly want to get some of it for themselves. We will, there-

fore, see an increase in the price of houses. What we are doing will only increase the price and we are not doing anything to deal with the lack of supply in the market. We could have had a discussion on ensuring land would be used and made available, with incentives and penalties for those who sat on it. That is where we could have made a real impact in the budget.

On education, we see no mention of capitation grants or reducing class sizes. While there is an increase in the number of teachers, most of it will be taken up by the natural increase in the number of children going to school during the years and the increase in the number of resource teachers being provided. In rural Ireland we talk about cuts in Gaeltacht and language funding. This is mind boggling. It is very hard to understand the mentality that would even allow this to happen. We see in the budget book a supposed increase for *Údarás na Gaeltachta*, but we cannot see it being provided for anywhere in the costings. There is a reduction in support for the Irish language. Does this counteract the increase in funding for *Údarás na Gaeltachta*? It is very hard to see how it is being provided.

There was much talk about Brexit in the run-up to the budget and the impact of exchange rate fluctuations on the agrifood sector, but I do not see anything in the budget book about the matter. Despite it being mentioned by both Ministers in their contributions, I do not see anything to help businesses that are suffering because of the exchange rate variations since the Brexit vote. The Government parties have taken a wait-and-see approach and are probably hoping that the exchange rate will rebound and take the pressure of them in order that they will not have to deal with any of these issues.

Overall, while I have to welcome the increase in social welfare funding, the budget has missed more opportunities than it has dealt with. We could have had a proper debate in the House and in society around the different tax expenditures, how wealthy people are subsidised in respect of their private pensions, and how private insurance companies are subsidised to provide private health care. Perhaps the reason we do not discuss that is the Government wants to develop the privatisation agenda. *Fianna Fáil* is happy to play along with this because that was its agenda, despite its newfound concern for equality and a fairer society. When people sit back and look at the budget, they will not feel any better off and there will be no goodwill factor in respect of it. They are right. They will look more on the opportunities that have been lost.

Deputy Thomas P. Broughan: It was comical listening earlier to the response of Deputy Michael McGrath and *Fianna Fáil*, still torn between pretending to be an Opposition party and being a party of government. Of course, this a Fine Gael-*Fianna Fáil* administration which has cobbled together the budget before us. This is the 11th austerity budget since autumn 2008 when *Fianna Fáil* began a decade of austerity and capped expenditure. I welcome some of the small restorations of payments in what is essentially a standstill budget. I sent in my own submission to both Ministers, which outlined a number of measures I felt could have been included with even a reasonably extended fiscal space, significantly beyond the €1.2 billion provided for in this budget.

The report of the Committee on Budgetary Oversight, which was published recently, reflects many hours of meetings and outlines members' views following the hearings on the fiscal context for budget 2017, including the risks and opportunities for our economy, especially during and post-Brexit; the amount of fiscal space; the need to increase capital expenditure, especially in housing, health and education; the need for a new model of child care; future strategies on taxation policy, including the forensic estimation of tax expenditures; and the closure of tax avoidance loopholes such as section 110, qualifying investor alternative investment funds,

QIAIFs, and real estate investment trusts, REITs. I thank Oireachtas staff and the committee Chairman, Deputy John Paul Phelan, for these hearings. It was regrettable that we did not meet representatives of key bodies in civic society but they made presentations to us as individuals Members. I hope that will take place in 2017 for the 2018 budget.

I remain totally opposed to the continuing suffocating application of the EU budgetary rule with its expenditure benchmark, convergence margin and reference rate, and debt rule, which combine to continue the austerity era cap on Government expenditure. I argued as forcefully as possible at the committee that every effort should be made to limit the impact of the EU budgetary rule on 2017 spending. This is particularly the case with regard to capital expenditure, which is still greatly constrained. In my independent submission to both Ministers, I urged that consideration be given to a number of revenue raising measures to expand the fiscal space to approximately €3 billion. These included the introduction of a wealth tax on the wealthiest 5% of all households. It was estimated last year that would yield up to €400 million. Many leading economists such as Professor Thomas Piketty and Professor Joe Stiglitz have said that a wealth tax is the hallmark of an advanced country in the OECD as part of its revenue raising arsenal. The restoration of the capital gains tax and capital acquisition tax rates from 33% to 38% would have yielded an additional €178 million in a full year. I also argued for an increase in the stamp duty on shares from 1% to 1.5%, which would yield an additional €220 million a year. That took place in the context of the discussion on the financial transactions tax which the Minister for Finance told the committee he is still not keen on advancing, despite the fact that 11 OECD partners are moving forward with it.

Closing section 110 and other tax avoidance loopholes and ensuring the effective rate of corporation tax is 12.5% would significantly increase stable corporation tax revenues by between €650 million and €2 billion per annum. The effective rate seems to have increased in the past two years with the Minister at long last introducing legislation to implement the base erosion and profit sharing, BEPS, programme. It is disappointing that the Department of Finance, in its budget briefing documents, estimates that section 110 and funds changes and measures to tackle offshore tax evasion will realise only €80 million in 2017. That is difficult to believe if the job is carried out properly by the Department. I also called for an increase in Revenue personnel through the addition of 200 audit and compliance staff and I estimated that would produce an additional Exchequer yield of up to €100 million per annum, but the Minister has only provided for an additional 50 audit and investigation staff, which he says will yield €50 million. However, the departmental briefing documents indicate the yield will be lower.

Budget 2017 should have begun the process of equalising rates of excise on automobile fuels between petrol and diesel vehicle engines because of the health concerns about carcinogens in particulate matters. I drive a diesel car but the equalisation of the rates has occurred in Great Britain and Northern Ireland and it is opportune for us to move in the same direction. The introduction of the sugar tax and the vacant sites levy could have been brought forward to next year.

As my colleague, Deputy Thomas Pringle, said, the increase in the State pension and the other weekly social welfare payments by €5 per week is a welcome, tiny step but it is deplorable that this increase will not come into effect until March 2017. The increase from 75% to 85% in the Christmas bonus for 2016 is also an Ebenezer Scrooge-like increase for hard-pressed families. These increases represent expenditure of €301 million against a minimum package of at least €500 million which the Minister should have brought forward. That would have included a more significant increase for pensioners of at least €7 per week. It is also regrettable that child benefit cuts have not been further restored by at least €5 more per child per month and that fam-

ily income supplement thresholds were not increased by at least €5.

Given the risks to the economy, the vice-grip of the EU fiscal rules and the ongoing huge deficit in infrastructural provision, major tax cuts and new tax expenditures should have been avoided in this budget. The Minister for Finance said the budget package of €1.3 billion favours expenditure increases over revenue reductions by a ratio of 3:1. Some constituents feel that USC reforms are necessary but it should not be abolished. I recommended that the SIPTU proposals for the USC should be proceeded with. The cuts in the USC of 0.5% in the three lower rates, the tiny increase in the 2.5% rate ceiling and other changes will cost the Exchequer €335 million, but the distributional analysis in annex A of the Minister's presentation shows tiny weekly gains of between €2 and €7 for taxpayers and households earning less than €55,000 a year. He said taxpayers would not be throwing their hats in the air today and given these figures, they certainly will not. The so-called "squeezed middle", the middle ranking salary cohort of citizens and households, deserve some easing of the income tax burden in 2017. A key initiative in this regard would have been to widen the income tax standard rate tax band or to index tax bands and credits but, again, this has been avoided by both Ministers.

The Minister for Finance wants to re-establish a rainy day fund from 2018 when the budget will be in surplus. Previously, we had Charlie McCreevy's €1 billion savings fund. Much of it, unfortunately, was put into rescuing the banks. However, the parallel decision to now also aim for a debt-to-GDP ratio of 45% by 2025 seems incongruous in the context of funding deficits in health, education and key national infrastructure. Ireland, at a ratio of 76% debt to GDP, is now well on the way to reaching the 60% Stability and Growth Pact goal.

To address the unmet needs of the health system, including the move to universal health care for all citizens, an additional €1 billion was needed for the health budget in 2017.

7 o'clock

At least €100 million of this should have been allocated to intellectual disability services and to good mental health promotion and care for children and younger citizens. Today, the Minister, Deputy Paschal Donohoe, announced a package for additional health spending of just under €500 million and trumpeted the fact that our under-resourced health system spending, at €14.6 billion, had reached the highest level in our history. However, I welcome the medical card coverage for all children on the domiciliary care allowance. We know that hospital waiting lists are also at an all-time high at 535,000 people, a disgraceful figure for which the Minister for Health, Deputy Simon Harris, is responsible. In my constituency there are no plans to immediately begin construction of a new emergency department at Beaumont Hospital or for additional beds there or at other key hospitals across the country.

On the subject of disability services, I have received briefings from St. Michael's House, St. John of God and Prosper Fingal indicating the ongoing need to provide additional funding for placements for many young people, especially the 18 year old cohort which graduated in 2015, and for additional capital and personnel resources. I estimated that the further provision of these services in Dublin Bay North and the other 40 constituencies would cost €100 million per year; therefore, I look forward to hearing how the Minister of State at the Department of Health, Deputy Finian McGrath, achieved this later this evening or tomorrow.

The Minister for Public Expenditure and Reform, Deputy Paschal Donohoe, rightly calls education the bedrock of our society but almost the entire additional spending of €458 million

in the budget is needed just to meet our demographic needs and it is disappointing that no major initiative was taken in relation to the pupil-teacher ratio or capitation grants at first or second levels. An action plan has recently been published by the Minister for Education and Skills, Deputy Richard Bruton, but where are the costings? Where is the money for it in the budget today? There is no sign of it, as the INTO has rightly stated. I agree with the Irish Congress of Trade Union's pre-budget submission that, in the medium term, funding for education should be set at the equivalent of 7% of GDP.

The Union of Students in Ireland made a powerful case to me for the investment of an additional €140 million in the higher education sector, but the Ministers have today only allocated an extra €36.5 million. They talked about an Exchequer-employer investment funding mechanism, whatever that means. I strongly support Barnardos campaign for an additional €142 million for high-quality, affordable child care for all families, which includes the introduction of a child care subsidy to support parents of children under three and further support for the ECCE programme. The rise in early years funding of €120 million is, therefore, welcome, including the extra €86 million for the ECCE scheme and the free pre-school scheme. At the meetings I attended, all members of the Committee on Budgetary Oversight were at one on one area of expenditure, namely, capital investment. Professor Tom McDonnell of Nevin Economic Research Institute made the valuable point to our committee that capital spending was below our depreciation rate of 2% of GDP. That is unsustainable and, while it is going up to €4.5 billion for 2017, it is still within the range of 2% of GDP and still not enough for key areas of investment such as housing, education, transport and other areas where there are infrastructural deficits.

The help-to-buy housing scheme will not address the huge problem that young couples have arising from the application of the macroprudential rules. It is the responsibility of the Minister for Finance, Deputy Michael Noonan, to ask the Governor of the Central Bank to rectify these, but he has dodged it. I wanted a much bigger programme of spending on social housing, but it seems that the key element of meeting the household needs of 21,000 housing applicants is to have 15,000 households availing of the HAP in 2017.

Fianna Fáil, Fine Gael and the Independents could have significantly expanded the fiscal space to give better protection for the most vulnerable citizens and to invest in health, education and housing.

Deputy Catherine Connolly: With their acute awareness of the crisis in housing, health, public transport and water services, the voters in the recent general election elected us not to limit the debate on how we could reduce taxes but to change the debate and, among other matters, to look at what level of tax was required for the country to provide the essential services, which are a prerequisite for a cohesive and civilised society, one that allows all of us to participate with a measure of dignity. Notwithstanding that very clear message from the electorate, the Government and its Fianna Fáil colleagues have failed once again to hear the message and for months have centred the debate on how much of the available €1.2 billion fiscal space should be spent on reducing taxation and how much on services. One side or other of the argument is congratulating itself on winning as the resulting budget tinkers with various reductions and increases and misses the fundamental point that every budget, including this one, must not be seen as an end in itself but as an essential ingredient of an overall plan and vision - one based on the value of human dignity, equality, human rights, solidarity, sustainability and the pursuit of the common good. These words are not mine but come straight from the policy document of Social Justice Ireland, not a radical left group. It is a vision with which no democrat in this House could have a problem, yet this budget again fails to hear that message and to recognise

the interdependence of a vibrant economy, social cohesion good governance and sustainability, which characterises any society if it is to thrive in the long term.

The Minister for Finance, Deputy Michael Noonan, said the economy was in good shape, but he was talking about giving free rein to the market. Both Ministers talked about learning from mistakes, but neither has learned. The Minister also saw fit to set a new domestic target of debt-GDP at 45%, a figure pulled out of the sky with no justification or no explanation as to why this would be necessary. He also talked about a rainy day fund but with no explanation as to why that might be necessary or any consideration of the alternative that the best rainy day fund is an educated population, with people working to their maximum ability, regardless of whether they have a disability.

The Government has learned absolutely nothing if it has not learned that the market will not provide. It has not provided and it will not provide. We have a most serious housing crisis. We know the national figures, but I will give the local ones. There are approximately 15,000 on the waiting list in Galway city and they have been on the list since 2002. We are in the process of building 14 houses this year, notwithstanding the show taken around the country by the Minister for Housing, Planning, Community and Local Government, Deputy Simon Coveney, on rebuilding Ireland, and will be lucky if the total of 69 projected for this year will start before the end of the year. This budget gives free rein to the landlord class and if Davitt is listening, he will be turning in his grave at the amount of money being given over to the landlord class in this country to provide homes for people with absolutely no security of tenure.

I will come back to some of the positive things for the health service, but there were 44 patients on trolleys in a centre of excellence yesterday. We hear story after story on this subject every day. Cancer clinics are being cancelled and there are waiting lists of two to three years. People are staying in bed and breakfast accommodation and there are delayed discharges and admissions. When one asks why that is the case, the Minister says a little more money will sort it out, but no money will sort this out. There have been years of deliberate depletion while public money went into the private sector. There has been a refusal to employ nurses or doctors in the numbers required. There has been a total failure to have any vision or plan to enable us to have a public health service which is available for everybody.

Almost every Deputy has spoken about his or her experience of mental health, families he or she knows who have been affected by this and the rate of suicide, but the budget mentions nothing about an implementation monitoring body for A Vision for Change which was in place previously for periods of three years because the Government at the time had the vision to see we needed it to ensure documents did not pile up on desks. There is no reference in the budget to an implementation body.

On climate change, the most serious issue facing us, while I welcome the €50 million allocation, it will go nowhere near meeting our targets. Members of the Government's Climate Change Advisory Council have highlighted the fact that if Ireland fails to meet its EU targets in 2020 and 2030, it will face huge fines. There is no mention of this in the Budget Statement.

On education, I welcome the increases, including the proposed increase in teacher numbers, but, again, as mentioned by my colleagues, there is no mention of a reduction in class sizes, capitation grants and, most importantly for me, literacy. One in six people is at basic literacy level. This means that over 500,000 Irish adults find reading and understanding everyday text difficult. The position on mathematics is worse, with one in four, or 754,000 people, having

difficulty in reading basic word mathematics. There is no mention in the Budget Statement of any of these facts.

There is no mention of domestic violence in the Budget Statement, other than a bland statement to the effect that it is planned to roll-out or enhance services. As the Minister for Justice and Equality, Deputy Frances Fitzgerald, has just come into the Chamber, I would like to dwell a little on the issue of domestic violence. The cost to the economy of our failure to deal with it is €2.2 billion. Over 12,500 people, or 9,448 women with 3,068 children, received accommodation support from a domestic violence service last year. There were almost 50,000 helpline support and information calls and so on. One in three Irish women reported some psychological violence by a partner and so on. As I am running out of time, I do not propose to go into the statistics in detail. The point I am making is that our failure to deal with domestic violence and roll-out A Vision for Change costs the economy more. I despair that the Government understands this and will begin to deal with it.

I welcome the €5 increase in the State pension and social welfare payments, although it is not applicable for those under 26 years. I welcome the proposals on child care. It is not welcome that it is being done like a jigsaw, with no overall picture or vision, such that we will move from this budget to the next without a vision, plan or timeframe for the provision of houses for all of the people in order that nobody will be on a social housing waiting list for longer than one year and that each and every one of us, regardless of salary, will have access to public health service and doing our bit to tackle climate change. The only mention of public transport in the Budget Statement is in connection with the system in Dublin. From the Government's point of view, the remainder of the country, in terms of the provision of public transport services, does not exist. I live in a city where, notwithstanding our commitment to deal with climate change, it is proposed to build a 16.5 kilometre road at a cost of €500 million or €30 million per kilometre, with the cost expected to rise. On a daily basis, at peak hours, there are 96,000 vehicles in Galway city. There is no vision in any of the documents before me or the speeches made to address that problem in a sustainable manner, given our commitment to tackle climate change.

I have mentioned the housing crisis. We are going backwards in not only relying on the market but also in providing huge subsidies and tax breaks for landlords. I welcome, however, the commitment to deal with section 110 and vulture funds. I am a member of the Committee of Public Accounts, at a meeting of which I read with dismay about the sale by NAMA of property to vulture funds which make huge profits and pay little or no tax.

All of the change has been forced not by the Government or Fianna Fáil but by the people who voted to have a Dáil of a different type and forced us to speak out and hold the Government to account.

Chun críochnú, cuireann sé díomá orm go bhfuil laghdú suntasach ar an mbuiséad don Ghaeltacht agus don Ghaeilge. B'fhéidir go bhfuil míthuiscint ann áit éigin, ach tá laghdú de 9% dochreidte, agus níl míniú ar bith ar fáil. Bhí éileamh bunúsach ag Conradh na Gaeilge maidir le €18 milliún. Sin an méid a lorgáidh. Bhí sé ar intinn ag an gconradh, leis an méid airgid sin, 1,000 post breise a chur ar fáil sa Ghaeltacht, ach níl pingin breise anseo. Ba chóir go mbeadh náire ar an Rialtas.

Acting Chairman (Deputy Bernard J. Durkan): The next speaking slot is being shared by members of the Rural Independent Alliance. Deputies Mattie McGrath and Michael Healy-Rae will have 15 minutes each, while Deputies Danny Healy-Rae, Michael Harty and Michael

Fitzmaurice will have ten minutes each.

Deputy Mattie McGrath: This is a reasonable budget which contains many welcome measures. However, as we know, the devil is in the detail. I am sure that as we examine the Estimates in the coming days, we will learn a lot more about the real impact of budget 2017 on citizens. As I said, there are many welcome measures contained in the budget, but I am concerned that the Government has not gone far enough to relieve the pressure placed on citizens in the past eight years.

I thank the Minister for Finance, Deputy Michael Noonan, the Minister for Public Expenditure and Reform, Deputy Paschal Donohoe, and their officials for their engagement with the Rural Independent Alliance. I also thank the Independent Ministers in the Cabinet, the Minister for Transport, Tourism and Sport, Deputy Shane Ross; the Minister for Communications, Climate Change and Natural Resources, Deputy Denis Naughten, and the Minister of State at the Department of Health, Deputy Finian McGrath, for their engagement with us and compliment them, with no disrespect to the Minister for Justice and Equality, Deputy Frances Fitzgerald, and the Minister for Housing, Planning and Local Government, Deputy Simon Coveney, on taming the beast somewhat and bringing issues on which we fought in the programme for Government into the budgetary process. As we were becoming anxious about delivering on them, it is great to see them being dealt with.

On child care, while the support for low and middle income earners is welcome, the measures will not be introduced until September 2017, which is too lengthy a delay. I also believe the universal child care scheme is too restrictive, both for families in the middle income bracket and those who choose to care for their children in the home. I take issue with the lack of support for families who choose to care for their children in the home or those who are self-employed and working from home who have to care for their children in the home. These parents make the ultimate sacrifice in sacrificing a second income, yet they receive very little support. The increase of €100 in the home carer's tax credit is not enough, particularly given the pressure carers take off services. It is time to take a serious look at how parents who choose to care for their children in the traditional way are being discriminated against. I differ fundamentally from the beliefs of the Minister for Children and Youth Affairs, Deputy Katherine Zappone, on this issue.

I welcome the extension of the start your own business scheme for a further two years and the increases in the earned income tax credit for the self-employed. Retention of the 9% VAT rate for the tourism and hospitality sector was a no-brainer. It had to be retained because it is working and achieving returns. This is a bold initiative, taken following a lot of encouragement. It is welcome that there is no increase in the duty on diesel and petrol. Any increase would have resulted in increased costs in many areas. However, more could have been done in that regard.

I note the increase in funding for the Revenue Commissioners. I sincerely hope that as a result there will be a change of attitude in the Revenue Commissioners and that rather than always taking the big stick to businesses, it will look at how tax changes are affecting them and how the self-employed can be encouraged to increase employment. It is about not being negative.

In the farming and agrifood sectors there are a lot of measures to help small farmers which we fought for in the programme for Government, including the option to step out of income averaging during the difficult years. The IFA and other farming organisations were looking for this. It makes sense. They will pay the same amount of tax. They are not saying they will

not pay but rather asking for time to pay. The new low-cost farm loan fund is badly needed to improve cash flow because it is contractors, of whom I am one myself, and businesspeople who are suppliers who are the banks for farmers. Banks are not working in this country full stop. Nothing has been said about banks. They are not functioning and still on their merry way with ACCs and everything else. They want to sell things off to vulture funds and let the public deal with the crisis of court cases and threats.

There is increased funding for GLAS and the introduction of sheep grants which are very necessary. I heard Deputy Maureen O'Sullivan - tá sí imithe anois - talking about animal welfare earlier and noting that sheep were never mistreated. Sheep are often harried by dogs and other animals. They can be mistreated by roving wild dogs. If the Deputy is so interested in the hare, I advise her to learn about the woollen animals also. The little sheep and the innocent lambs were there with baby Jesus when he was born so many centuries ago. We should get our fundamentals right there also. I hope the money will be paid very shortly. The additional 500 rural social scheme participants are most welcome. We need to see them on the ground. We do not need red tape. There is a great deal of work to be done in communities which the people there are willing and able to do. The much needed improvements in farm assist are welcome but I await the detail of what exactly the measures will include. Farmers are dignified people who want to work, but many are just not viable and need supports. There is no detail as to whether we will see a review of the fair deal scheme for farmers. There should have been one. They are totally discriminated against when assessed for the fair deal scheme by having their land regarded as an asset.

I have sought the introduction of a land tax in my submission for large conglomerates which purchase and hold land banks of over 750 acres. Some of them in my area are engaged in our world-renowned equine industry but they must be reined in. They are buying every little hamlet, perch or bit of land that comes up. The Minister, Deputy Simon Coveney, is looking at me and knows who I am talking about. There are people in the horse industry in other parts of the country who are doing the same thing. We all support the equine industry, which we need, but we cannot have them grabbing land for the purposes of inheritance tax. It is immoral and mad and very damaging to rural Ireland. We will not have a football team, school or anything else if three or four people buy up all our land. We had the Land Commission before and it did a great job. We need something like it back again. Mention was made of Michael Davitt a while ago and I wonder what he would think of this. It is totally wrong and it must be dealt with. It was not dealt with by the last Government or the second-last Government and it is not being dealt with by this one. I am disappointed that there are no measures to look at a wealth tax. I am not always looking for a wealth tax but something is needed to stop overspending and the forcing of others out of farming.

Additional funding is always welcome but the budget did not go far enough to deal with the housing and homeless crisis. It is welcome that the Minister is here. While I welcome efforts to improve the supply of housing for first-time buyers, the ability of young people to purchase their own homes, including in the countryside where I live, is affected by planners who will not allow them to build and planning fees. I hope sincerely that these measures will not simply drive up house prices and drive more people out of the market, although they may well do so. The issue is with supply but we are increasing the demand. We are not dealing with supply. We need to take the cost of building down for builders as well as for those who want to build their own houses. Huge planning fees, development charges and rates are the greatest blocks to building and local authorities are using this money as a cash cow. They need to be taught a

lesson. They should do their business properly and not penalise people and cause them to be homeless. It was one thing in the boom time, but it is now time for a review of the exorbitant rates and development fees being charged.

I welcome the increase in the rent-a-room scheme rate to try to relieve the pressures on student accommodation, but the measures do not go far enough. We are doing very little in the budget to support families in mortgage arrears. We are allowing the banks to carry on unabated, terrorising people with their repossession agents. I am tired of talking to the Minister for Justice and Equality about the harassment and terrorising of people who did nothing more than have the noble expectation of housing themselves and their families. Unfortunately, they were caught in negative equity and have been treated shamelessly and mercilessly while we stick here to budget rules implemented by Europe which crucified us in the so-called bailout. I welcome the continuation of the home renovation scheme, which is a good measure.

I welcome the employment of 4,500 additional front-line staff, who are badly needed. The employment of an additional 4,500 gardaí, nurses and teachers is very welcome and I want to see it happen immediately. I wonder how it will work in practice, however, as we cannot even retain those we have already employed. We see nurses leave and the horrible introduction of yellow-pack workers with different rates of pay for nurses, gardaí and others in that area. We must improve the pay and working conditions of our front-line staff, but this budget does little or nothing in that regard. I disagree fundamentally that we here should get an increase of €5,000 under the Lansdowne Road agreement. People can say I am playing to the gallery, but I am not. Whether it is the Lansdowne Road agreement or Croke Park agreement, Deputies should not take this money at a time when we cannot increase pensions until next April or provide for front-line workers. I do not mean to call them yellow-pack workers, but rather mean that this is how they are being classified. It is shameful that the trade unions allowed this to happen by pulling up the ladder on these younger workers, who we want to revive our economy, forcing them to work for lower pay. We have to examine that. We cannot hide behind the Lansdowne Road agreement and our link to principal officers. Principal officers are getting too much also. They are getting plenty but some are not doing their jobs. If they were, we would not have the housing crisis we do.

I look forward to the health Estimates. I am very disappointed that I see nothing for my colleague, Deputy Michael Lowry, and his pipe dream of a patient hotel. He told us it would be in place by now. It is a pipe dream on which others are working very hard, but he decided to run away with it. There is not a word, sign, trace or smell of it. The first planning meetings were held by senior management in the hospital and me very recently. It is not fair to mislead people who are on trolleys every day. It is unacceptable. We need an investment plan and the inclusion of a proper extension for our hospital in the development plan, not a hotel of the type Deputy Michael Lowry said one might see at a race meeting. That is not what we want. We want decent health care, not a silly Mills & Boon fantasy.

There is very little detail as to the prioritisation of mental health services, disability services, the trolley crisis and the crisis in respite care services. There is a lack of home helps and an attack on home help and home care packages. The list goes on. There is some extra money for 950 home care packages, which are badly needed, but we need that to be easily accessible. We need to fix the broken system and cannot continue to throw more and more money at it while getting very little back. That is what is happening in the HSE with the €500 million winter initiative last year and the €490 million now. What are we going to have this time next year? Probably an even worse crisis. Something is wrong and the HSE is not fit for purpose. It has

cannibalised itself and must be disbanded. The increased funding for the national treatment purchase fund is definitely necessary. The fund has proved its usefulness before. We need efforts to attack waiting lists because it is not fair, moral or in any way justifiable to have patients waiting on trolleys without blankets, pillows or dignity. We need to make better diagnostic services available. In Clonmel, there is a diagnostic service available in a GP centre, but HSE members will not allow it to be used. It is used in Cork and other areas where there are pilot projects and it would take the pressure off hospital waiting lists. It only makes sense, but because someone might lose his or her job or stripes if we did it, it is not allowed. That is what is wrong. Look at the number of extra managers in the HSE now compared to the number in 2007. It is obscene.

A very welcome commitment was given to the automatic entitlement to a medical card in the context of the domiciliary care allowance. I compliment the Minister of State, Deputy Finian McGrath, and the Independents and everyone who campaigned for it. It should never have had to be fought for so hard but it is needed and must be delivered without further *ruaille buaille*. I have some concern about whether the income thresholds for the medical card will be increased as a result of the €5 increase in social welfare payments. This is what happens. More people play catch-up and are denied medical cards. That is considered a gain, but it is not one for the people who need medical cards. These are restrictive and hurtful measures.

We need front-line speech and language and occupational therapists, as well as psychotherapists and early-intervention teams. Huge measures are needed in these areas. The allocation of 900 extra teachers is welcome, as is the investment in third level education. However, as we saw with the recent SNA appointments, there is an issue with the Garda vetting process, which is a sham. No one in the process knows whom they are vetting. We should go back to the way it was before when local gardaí knew with whom they were dealing and would do it in a week, not three months. People with professional needs are waiting and cannot have vetting undertaken.

I sought increases in the living alone allowance and the restoration of the telephone allowance. The cut to the telephone allowance was lousy. I am very involved with *Muintir na Tire* and the community alert scheme. People have gotten rid of their community alert phones and panic buttons because they could not afford to pay the bills. I am glad that the Tánaiste and Minister for Justice and Equality is in the House because rural crime is a major issue. I welcome the recruitment of more gardaí. They will not graduate from the college in Templemore quickly enough. I would like lay people to do some jobs in the Garda in order to relieve gardaí and allow them to be on the front line. There is no replacement for the garda on the beat.

I refer to the PRSI scheme for the self-employed. There is something in the budget for them, which I welcome. Those who are self-employed and become sick are now entitled to two years' disability payment when injured at work. One could get a kick from a cow, a mad cow or calf, as happened to my colleague. Simple accidents can happen. Those who are self-employed and put themselves on the line to provide jobs for others need to be supported.

I support the increase in tax on cigarettes. I hope it will not drive trade underground and increase illegal smuggling. The funding for roads is meagre and is not enough. I would like to see action on rural roads, otherwise there will be twice as much long-term damage. The Government promised funding for roads. We needed it upfront because roads are deteriorating.

I support a living town initiative and have lobbied for one in my county development plan. We need immediate measures to keep our towns alive and vibrant. They are dying on their feet

and we need to encourage planners to wake up and smell the coffee. We need planning to be simplified and encouraged. We have yet to receive any detail on the policy on this, which we need to see. We are doing nothing to support our struggling post offices. They are closing before our eyes; they are being obliterated. The Department of Social Protection has told people to deal with the banks.

The squeezed middle faces the toughest challenges. The people concerned are squeezed in every way. They do not receive SUSI grants or other assistance. Why can child benefit not be paid until the age of 22 years? One income families trying to put children through college are caught for everything and get no breaks or encouragement, even though they have paid their taxes. The squeezed middle has not been dealt with and needs to be helped. These people are on their knees. Many are in negative equity and need supports. They have lived through the recession and have tried to do the best they can, pay their way and put their children through college with some modicum of dignity. As I said, we have not addressed the vulture funds buying up houses, banks selling loans and people being threatened, bullied and intimidated.

Deputy Michael Healy-Rae: This is an avoid the general election at all costs budget. At the same time, nobody was looking for an election. I am glad to have an opportunity to speak about the budget. It comes at a time when the new Government had a chance to start repaying the Irish people for the hardship they have had to endure since the crash in 2008. This, unfortunately, did not happen.

I welcome the €5 increase in the old age pension and across all social welfare payments. Some of these increases could have gone further. For example, carers, who are saving the State millions of euro every year and are caring for vulnerable and disabled people, will have to wait until March 2017 before receiving the weekly increase. At midnight, the Government can implement an increase in the tax on cigarettes, if it so wishes. Why do people have to wait so long for an increase in social welfare but a cut or taxation measure can be introduced immediately? That is very unfair.

The USC was introduced as an emergency measure to relieve pressure on the State at a time when it was most needed. It was never supposed to be a permanent measure, but it is about time that this tax on the lowest earners is done away with completely. I would like someone to explain to me how someone earning €70,000 per annum is classified as a middle earner in the same way as someone earning €40,000 per month. This makes no sense and, again, benefits high earners in the country. Yet again, I call on the Government to scrap this tax which has crippled low and middle income earners for many years. They have kept their shoulders to the wheel and taken on a very difficult burden. It is time they got a break. Tinkering with it, as announced in the budget today, is simply not good enough.

I welcome measures being introduced to tackle social housing waiting lists in 2017. I commend the Minister, Deputy Simon Coveney, for the measures he is trying to introduce. Housing is a major problem, but the right Minister is in the right place. We need to work with him in order to try to address this major problem. Local authorities are struggling. Not only do we not have enough social housing, we do not have enough privately owned houses or apartments. The crisis is beyond belief. Waiting lists are enormous and people coming into clinics every day are asking whether they can get a house or where they are on the list. The situation in which they find themselves is very unfortunate. There is a real crisis.

The needs of 21,000 applicants are to be met next year, but while this is welcome in prin-

ceptible, it is simply not good enough. Houses are lying idle throughout the country. What is being done to tackle this problem? Why are these houses not being renovated and given to local authorities?

While I welcome the pilot schemes introduced by the Minister, Deputy Simon Coveney, recently, overall action on the housing crisis has been too slow. I call on the Government to act more swiftly, using common sense, to resolve these issues and address the hundreds of thousands of vacant houses in Ireland.

If the Minister visits any town or village, the first thing he will see is vacant properties. At one time they were workshops or businesses with living quarters upstairs, but they have now been abandoned and are lying idle. We have to convert these buildings into homes in which people and families can live. If we could pump life back into these communities, it would transform towns and villages throughout the country.

While the extra €497 million being spent on health in 2017 is welcome, is it a true reflection of the major health crisis we face? An additional €15 million in funding to alleviate waiting list is welcome, but it is not enough to stop people who are suffering from cataracts from going blind. I know of many people in County Kerry who have gone blind in the past few months while waiting for operations to remove cataracts. I will never be able to forgive a state that will allow a person to go blind while waiting to have an operation that costs, on average, €2,700. It is beyond belief. If this happened in part of Africa and we heard about poor people going blind, we would say it was a disgrace. It is happening on our doorstep and is not good enough.

The €20 cap on prescription charges for those aged over 70 years is welcome. Like the increases in social welfare payments, why are we waiting until March 2017 for this change to take effect? Automatic medical cards for children in receipt of the domiciliary care allowance is obviously most welcome for all families caring for children. While I am on the subject of medical cards, I hope the increase in spending on health will ensure those who are sick are allowed to get discretionary medical cards. Many people who are genuinely ill and suffering want to work and they worked until they became ill, but now find themselves receiving medical treatment at home or in hospitals. They cannot get access to medical cards. They do not want medical cards for life or for one day longer than required. They only want medical cards while they are sick or down.

Like anything in life, every family goes through its ups and downs. Regardless of a person's income or what assets he or she had beforehand, I passionately believe that if people are sick and things are going wrong and against them, they should be entitled to what is called a discretionary medical card. I seriously ask that after today medical officers inside the medical card section be called to one side and told that additional funding is available in the health sector, that there is an increase in social welfare funding and that the one thing that should be reflected on is that more medical cards be issued temporarily to people while they are sick. Please God, when they recover, they will be the first to hand up their medical cards because if they are not sick, they will not want them.

The additional 2,400 teaching posts, of which 900 will be resource teacher posts, are most welcome. I hope they will be filled sooner rather than later. Small schools are really suffering. Many schools are in danger of falling below the number of pupils required for an additional teacher. Perhaps they might be marginally below it and lose a teacher. All of a sudden, a school would change from being a three-teacher to a two-teacher school and if anything was to happen

to one of the two teachers, it would leave the sole teacher remaining in an awful position. We want to see the pupil-teacher ratio improve to allow schools to operate and continue to do what they do well, which is to provide a first-class education for youngsters.

The announcement of the recruitment of 800 new gardaí and 500 new civilian staff is most welcome at a time when the force is extremely understaffed and when we need all gardaí on the streets and patrolling the countryside. Recent operations such as Operation Thor were welcome in tackling rural crime. I am sorry that the Minister for Justice and Equality has left the Chamber, but I suggest 2017 will be a year in which to revisit the closure of many rural Garda stations by the now retired former Minister, Alan Shatter.

Deputy Mattie McGrath: He is not gone yet.

Deputy Michael Healy-Rae: This issue should be looked at and many of the stations reopened. It was a mistake made by the last Government, as the Minister will readily admit.

The extra €36.5 million to be made available for the higher and further education sector next year is also welcome.

I am glad to see the introduction of a new fisherman's tax credit of €1,270 per year for those who spend 80 days each year at sea. I am sure this will be welcomed across the fishing sector and it is about time small boat fishermen were acknowledged in the budget.

A new allowance to enable farmers to step out of income averaging which is to commence immediately is most welcome at a time when farmers are struggling owing to bad weather, poor meat prices, etc. I welcome this announcement and know that it will be welcomed across the farming sector which, as I remind the Government, is the very backbone of the country and needs further financial assistance at this time. There is to be an increase in the farm assist payment which is to be welcomed, but we await the exact details.

The Government established a Department with responsibility for regional and rural affairs for which I called after the general election, but the taking of action in that Department is slow. I welcome the extra funding being given for the rural social schemes and the rural development programme, etc. I know that the Minister is doing her best, but the action plan for rural Ireland is too vague. For example, a simple and cost-effective plan could be introduced to save the post office network, but the Government is dragging its feet on the matter, despite it being included in the programme for Government. Losing the post office network is simply not good enough. It would be the final nail in the coffin.

A total of €15 million is to be put into the national broadband plan. While this is a great announcement, in some places in the country we have people fighting for e-fibre broadband, while in places such as the Bridia Valley in Glencar, they are fighting for broadband - full stop. This issue needs to be addressed. The Government needs to speed up action in providing a broadband service for every home in Ireland.

I am glad that money is to be allocated for the sports capital programme in 2017. I await word from the Minister for Transport, Tourism and Sport, Deputy Shane Ross, on the details of the scheme.

I anxiously await the breakdown of funding for local improvement schemes and the restoration of money we have been starved of since 2011 when the Fine Gael-Labour Party Govern-

ment introduced the cuts. Three major public private partnership projects are being undertaken, but yet again there is no announcement of funding for the Ballyvourney to Macroom bypass project or the Adare bypass project that has been neglected for over 25 years. This is not good enough when access routes to County Kerry are quite simply choked.

As the public look at budget 2017, it is not what one would call a bad budget, but it certainly does not give enough back to those who were the hardest hit people and have suffered so badly. In principle, many of the budgetary measures are welcome. However, there is a lot of tiptoeing on the fact that the old age pension measures, etc., will not take effect until March. It is great to see millions of euro being allocated here and there, but how many operations will be performed quickly? How will people see the budget assisting them?

There was one measure that I know for a fact that the Government was going to introduce. It concerned an equalising of excise duty, but I am glad that the Government listened and took on board what was being said in the lobbying that what it was trying to do and what Revenue was hoping to do in increasing the cost of diesel to make it the same price as petrol would have been outrageous and have a massive knock-on negative effect, particularly in rural Ireland, where everything has to be transported in and out.

I welcome, in particular, the allocation of €25 million for sheep farmers which is much needed.

On the rent-a-room scheme, it is welcome that the figure is being increased from €12,000 to €14,000. However, once again, it will benefit those in centres of population, as people in places such as County Kerry do not benefit from renting rooms in the same way as others in the larger cities do.

Deputy Danny Healy-Rae: I am grateful to have the opportunity to speak about the budget. I thank the Ministers and the Government. Every man sets out to do his best when he gets up in the morning, or at least most people try to do so, but at times their best may not be good enough. However, when they try to do their best, they have to be complimented.

It is welcome that medical cards are to be extended to children in receipt of domiciliary care allowance. Many have agitated for this extension in the past few years. It is only fair that the families who find themselves in such situations receive some solace in the budget.

I welcome the increase of 2,400 in the number of teaching posts. Education is very important and if we do not provide a proper education for children, we are going nowhere.

I welcome the €5 per week increase in the old-age pension and for social welfare recipients. However, I am disappointed that they will have to wait until practically halfway through the year for the increase to reach their pockets. One wonders whether it is next year's budget we are talking about when we are talking about having to wait until May for the increases to take effect.

I very much welcome the restoration of the Christmas bonus at the rate of 85%. It is much needed and very important for the families who depend on social welfare or pension payments for their total income.

The very small reduction in the universal social charge is to be welcomed, but it is not enough. All of us here must realise that it is working people who are paying for each and every

one of us to be in this House. Whether it is dark, raining, cold, snowing or otherwise, they have to go to work every morning and are not assured of anything. Some of them are farmers. Others are sole traders, hoteliers and fishermen, but they have fierce responsibilities and it is they who are keeping the country going. As a Parliament, we need to recognise that we depend on them for the whole lot. I call him the working man and we depend on him for the money to pay social welfare recipients and for all public services, as well as those working in local authorities.

I welcome the extra €500 million to be allocated to the Department of Health. However, will the Minister for Health ensure the money will go to where it is urgently and most needed? I do not want it to be consumed by the HSE such that those in need of help and assistance will see none of it. I want them to see it. Will elderly people in County Kerry be allocated more home help hours? They are not getting their fair share. We were told by the Minister in June that €900,000 had been allocated to increase the home help budget. What is happening? An 89 year old woman who was being helped two hours each week had one hour cut. I can tell the Minister that the €900,000 has not manifested itself since June.

Will the closed wards in University Hospital Kerry in Tralee be opened to curb the trolley crisis that has been ongoing for the past five or six years? If that does not happen, we will not be able to appreciate the €500 million to be allocated to the Department of Health.

Will the Government open the new facility built one year and a half ago in St. Margaret's Road, Killarney to help people with mental disabilities? It cost almost €8 million, but it lies idle. We hear there is a disagreement about staffing, but there should not be. Nurses and all other staff on the front line in Kerry University Hospital and the community hospitals in Killarney, Dingle and Kenmare are open to the board, but the Government should not take from these staff, rather it should provide more staff to open the facility. I hope that is where some of the money will be going.

The Minister must take responsibility. Many people feel let down because there does not seem to be accountability. Deputy Michael Healy-Rae referred to people with cataracts - I know a good few of them - who are practically blind, yet they have been told they will have to wait for two years for treatment. That is not good enough. Will the Government address the issue? It is happening in County Kerry outside my door. However, it should not be. Furthermore, if the Government is providing extra funding, it should not give it to the HSE without ensuring it will be spent properly. Likewise, youngsters in need of orthodontic treatment are being told that they will have to wait three or four years for treatment. That is not fair and we must ensure the position is reversed. Others are waiting for operations. They are being told that the surgeon is ready to operate but that he will not have a bed for them after the operation has taken place. That should not be happening. Will the Minister ensure this issue is addressed?

On the child care package that has been announced, I am told that those who qualify will have to have a FETAC level 5 qualification and register with Tusla. By all accounts, from what we hear about Tusla, it has more than enough to do, if only it would do it.

The rule that a person cannot become a foster parent if he or she is more than 40 years older than the child is ridiculous. I knew and still know a good few parents who were 40 years old or older when they had their own children. Who better to look after a child if something was to happen to a parent or if he or she had to go away to work than a grandparent? If the mother had to pay the full cost of childminding, she would not be able to work. If she has a second child, the honest truth of the matter is that she cannot work. There is fierce pressure on single income

families who are struggling to keep going. Will the Government consider providing a better child care system for those who do want to work?

I welcome the increase in the inheritance tax threshold for farmers' sons. The importance of this measure cannot be overstated. In recent years farmers' sons have refused the land that was to be handed down to them by their fathers, which had been handed down to them, because they could not afford to pay the inheritance tax and could not borrow the money needed to ensure they could take over the farm, resulting in it being sold. Taking the value of farms into account in the assessment under the fair deal scheme is very unfair. If 7.5% of the value of assets is taken into account over three years, it can amount to a massive sum and the young fellow concerned may not be able to keep going. Where will he go then? Will he have to go on the dole? He may finish up having nowhere to sleep or perhaps the Government is asking him to sleep with the crowd down the street. There are enough of them as it is. If I had my way, there would be no inheritance tax in handing down family farms because farmers have to go through an awful lot to keep a farm going. It is only an asset that ensures they have a job and most of what they make is put back in to ensure it will be left in as good or a better state than when they received it from their father before them. Young farmers, when they do take over a farm, spend a lot of money and the local economy benefits from the spin-off. There should be also a special allowance for the favoured nephew or niece or grandchild. It is often the case that it is a grandchild who inherits a farm.

Farmers are under serious pressure this year. The price of milk and beef is reducing at an enormous rate. In Castleisland mart last week the price farmers were getting was very bad such that many farmers took their livestock home. Brexit presents a very serious problem which is playing havoc in farming. I am very disappointed that grain farmers who have lost so much this year because of the bad weather have not received any compensation. The problems affecting grain farmers affect many other farmers in the beef and dairy sectors as they must pay more for grain and straw.

I welcome the increase in the number of qualifying places under the farm assist scheme and the change to allow farmers to pay less tax in a bad year.

I again note that the Macroom bypass project has been bypassed in a budget, despite the fact that the land has been acquired and the project is shovel ready. Deputy Brendan Griffin erected signs last year claiming work on the bypass was about to start. The failure to build the bypass is one of the reasons County Kerry is not attracting investment. It also affects people who travel to Cork for cancer treatment. I ask the Minister for Agriculture, Food and the Marine, Deputy Michael Creed, to put his shoulder to the wheel. The main street in Macroom runs outside his front door, while the mart is at his back door. Many people cannot get in or out of the mart. I ask him to use his presence in the Cabinet to ensure we will not be left out. Surely he will not leave office without having secured funding for this badly needed bypass.

An Leas-Cheann Comhairle: While I am reluctant to interrupt the Deputy, I understand an arrangement is in place to share speaking time with Deputies Michael Harty and Michael Fitzmaurice.

Deputy Danny Healy-Rae: I am disappointed that funding has not been approved for local improvement schemes which are very important in County Kerry and other rural counties. This funding was included in the programme for Government - I included it when I was involved in the negotiations. Did the Minister lose the relevant page? Almost 1,000 roads in County Kerry

need work to be undertaken. The last half mile of road to a person's door is the most important and people in County Kerry are as entitled as those living in urban areas to have a road to their front door.

8 o'clock

Deputy Michael Harty: I welcome the opportunity to contribute to this debate. We have a minority Fine Gael Party-Independent Alliance coalition Government which depends on the support of the Fianna Fáil Party under the confidence and supply arrangement. As such, this is a unique budget, albeit one that does not have any surprises.

The budget could have been framed in a different way to secure maximum benefit. We still have legacy issues from the Celtic tiger era and we are in a period of international volatility arising from the Brexit decision. These factors have fed into the budget. I acknowledge also that the programme for Government cannot be delivered in one budget.

An additional €1 billion has been allocated to the health service. This is an extraordinary amount of money and while welcome, it must be spent in a focused way. If we are to solve the health crisis, we must address waiting lists and trolley counts. This will mean spending money in a focused manner. Recruitment and retention of staff is a critical issue because we are losing highly educated staff to other health systems as a result of poor working conditions in the health system, poor progression in postgraduate education and the poor lifestyle available to those working in the health service.

We need increased availability of beds, which does not necessarily mean making provision for more beds. Beds must be used in a much more efficient manner.

We must also increase the availability of diagnostics and ensure they are available seven days per week and at least 12 or 14 hours per day, if not 24 hours per day because patients are waiting in hospital for tests that are delaying their discharge.

Work practices must change and I am the first to admit that this includes general practitioners. The services and systems in operation in hospitals must change, as must hospital consultants, because some systems and practices are 40 years out of date. The health service has moved on and we must identify how to focus the money provided to the health service.

We must develop primary care because it will be the driver of the health system in future. Primary care is also the point at which most chronic illnesses and mental illness will be treated. It is critically important that it is integrated with hospital services.

It is unacceptable that patients are more worried about visiting a casualty department than they are about their health. People are wary of attending an emergency department in case they have to wait on a trolley. Some would prefer to be ill at home than visit a hospital to access services.

While I welcome the decision to recruit an additional 1,000 nurses, I wonder where they will come from given that the uptake under the recruitment drive of the past year or two has been poor. The conditions in which doctors and nurses work must be changed if recruits are to be attracted to the health service.

The provision of medical cards to 10,000 people in receipt of the domiciliary care allowance is an essential measure. As a general practitioner, it often troubled me to see people with severe

disabilities who were not entitled to a medical card. This is great progress.

On the introduction of a monthly cap of €20 on prescription charges, the current prescription charge of €2.50 is too high. The prescription charge was set at 50 cent when it was introduced and acted as a disincentive to patients to take unnecessary drugs. However, it has developed into a tax collection measure and should have been reduced.

I commend the 50 cent increase in the price of a packet of cigarettes. This is an essential change because smoking is a major health hazard and the higher the price of cigarettes, the less people will smoke. Excise duty on alcohol should also have increased. We talk about heroin and drug addiction but alcohol is the most dangerous drug in society.

I welcome the increase in expenditure on homelessness, in particular, on mental health services for people on the streets who have alcohol and other addiction problems. We must try to get homeless people off the streets.

I am disappointed with the funding available for rural Ireland. Rural areas must become viable and sustainable. However, the budget does not provide enough to deliver sustainability. Balanced regional development is needed and in that regard I acknowledge the increase of €107 million in funding for the rural development programme. Other services in rural areas also require support. For example, broadband must be extended to rural areas. While I accept that the Minister for Communications, Climate Action and Environment, Deputy Denis Naughten, is working tirelessly on this issue, rural broadband must be delivered quickly. The programme must be accelerated. Unfortunately, it will take six years to roll out broadband nationwide.

We have major problems with the post office network. Pensioners may have received an increase of €5 in the old age pension but they have to travel ten or 15 miles to pick up their pension because their local post office may have closed by the middle of next year. Substantial investment is needed in the post office network and Government services should be devolved to post offices. In addition, a public community banking network must be established which can work through the post office network.

The budget was a missed opportunity to increase the capitation payment to primary schools, which are struggling to supply services. An increase in the capitation payment should be included in next year's budget. The proposed increase in the number of teachers will only keep pace with demographic changes and will not reduce the pupil-teacher ratio, which in some cases is 35:1. In that regard, the budget was another missed opportunity.

On agriculture, I welcome the step-out option being introduced in respect of income averaging. The changes in VAT as it applies to farmers are also welcome, as are the measures on the farm assist and community rural employment schemes. However, the real problem with farming is the price of milk and beef, and farmers must be supported in this regard.

I am worried the help-to-buy scheme announced by the Minister may increase the price of houses rather than enable people to buy a house. Dealing with the price of constructing a house is the best approach to the housing crisis, whether by reducing VAT on houses, by reducing the cost of connection to utilities, such as water, gas and electricity, or by using public land for private housing, which will take the site cost out of the cost of the house. This approach to the housing crisis would be preferable to the help-to-buy scheme.

The universal social charge is obviously an unwelcome tax. However, a reduction of 0.5%

is a minimal reduction and it takes €335 million to deliver it. There are many in this society who would prefer to see that €335 million spent on services, particularly health and housing services, because the take-home difference in their pay packet will be so minimal.

When listening to the Minister's speech, I wondered if FEMPI was going to be mentioned at all but it was mentioned on the second-last page. The unwinding of FEMPI is a hugely important part of recruiting and retaining staff. FEMPI has devastated incomes and is the single most destructive tax in that it leads to the emigration of our nurses, doctors, teachers and engineers. It needs to be unwound rapidly and I hope it will be unwound in the next year. It has certainly been disproportionately applied to doctors in general practice, where we have taken a 40% reduction in the resources to run our practices. FEMPI is extremely important and I would like the Government to keep it in mind.

Deputy Michael Fitzmaurice: I thank Deputy Harty for sharing time. With regard to agriculture, I welcome the €25 million for sheep. On the loans scheme for farmers, the detail has not been given out yet but I hope the scheme, which offers loans at 2.9%, will last long enough and that it is not just a short-term scheme. GLAS was opened a good while ago and the money is already there for it. With regard to beef genomics, there does not seem to be any detail. However, the scheme is open at the moment and the Minister needs to move on this rapidly on behalf of farmers throughout the country.

While I do not have the detail yet, it would be disappointing if the fair deal scheme has not been addressed by the Government. Every Deputy who was in the talks, across the board, raised the way it is crippling farming communities throughout the country. It would be very disappointing if this is not done. I note there is nothing about the forgotten farmer but maybe that has to come under CAP. However, I would remind the Government it has to think of that issue. With regard to Leader and the rural development plan, it has been said that money has been added. However, the reality is that from 2015 until now, money has not been given out under this heading. Indeed, some counties have problems because it will be well into next year before they get any money.

With regard to education, I welcome the fact we are getting more teachers but the reality is there are more students, so the pupil-teacher ratio is not changing. In two-teacher, three-teacher and four-teacher rural schools, to which the previous speaker referred, the number required should have been dropped for these schools in order to keep them viable. There is also the question of capitation, given that schools are basically on their knees.

With regard to transport, this budget has been a non-event. This is the third budget in the two years I have been in the Dáil and I have seen the Tuam-Gort motorway listed on the Government budget for the third time this year. The road is nearly finished and the drivers of diggers are ringing us, wondering where the new work is, yet still it comes out in the budget that this project is to be announced again this year. It is the same with Enniscorthy or any other project, and it is sad the N5 and N4 projects are not included. Basically, the Luas, the metro and infrastructure around Dublin are getting the go-ahead whereas the rest of the country is being left behind, which is sad to see.

Sports grants for this year are 17% less at a time when we are talking about a sugar tax and helping our youth become more agile. Communities are trying to develop sports fields and do good things, but the sports grants have been cut, which is a sad reflection on the State.

The budget for flooding is the same. I see two parts of Ireland named in the budget, and they were named last year and also named a few months ago. Sadly, the River Shannon, turloughs like Lough Funshinagh and the area around Crossmolina, as well as different parts of Roscommon, Galway and other counties that were flooded are not being addressed. It is sad to see this in regard to transport issues. If there is extra funding for local roads, I welcome it, but the reality is that every county council needs at least €1 million for its roads programme.

We can throw money at the health system as long as we like but, at the end of the day, it is like a toothache in that, if someone keeps getting a toothache, they have to pull out the tooth. Until we address the situation in health, we can throw as much money as we want at it. There are people in a desperate state but there is mismanagement of money. We are hitting the history books by putting more money into this area than ever before, but it will not solve the problem. As Deputy Harty said, until we opt for primary care and look at ways of helping people in local communities, we are not going to resolve this issue. This evening there was chaos in Galway hospital due to the number of people on trolleys. We can throw more money at it next year but until someone goes in and takes the bull by the horns, we will not solve the health situation.

With regard to child care, we welcome anything that will help working parents or any other parents. However, to be honest, the detail is not available and it is very hard to comment. It is to be introduced next September so another budget will nearly be gone by that time.

With regard to housing, I welcome the tax rebate for working people. Will that apply to one-off housing in the countryside?

Deputy Simon Coveney: Yes, as long as the person is borrowing to do it.

Deputy Michael Fitzmaurice: I welcome that because I do not want a two-tier system. That is good and it will be a help in that those who build in the country will not be putting pressure on the cities. I could say more but I do not have the time.

Deputy Róisín Shortall: I am glad to have the opportunity to speak on the budget. What has been set out before us is a raft of piecemeal measures. There is no doubt they are lacking any kind of coherent vision for the direction of our country. The budget lacks ambition and it spreads resources so thinly that it does not make any kind of significant impact on any one area.

The Government had choices in this budget, of course, and it chose to start the unwinding of the universal social charge, following a commitment which the Government gave in the last general election to abolish the universal social charge at a cost of €4 billion. The Government got its answer in the election when people made it very clear to us on the doorsteps that they did not want tax cuts. For the first time in my memory, people were saying, “We do not want tax cuts. Sort out the housing crisis and deal with the problems in the health service”. That is what they were telling us to do but, unfortunately, the Government has chosen to ignore that.

Deputy Simon Coveney: We have not.

Deputy Róisín Shortall: The measures in regard to the USC do nothing whatsoever for people on the lowest incomes. Some 750,000 people will get no benefit from the USC measures. In regard to the people who do benefit, a 0.5% cut is something that most people will not notice. At a cost of €335 million, the Government could have done something significant in one of the main areas if it had the vision. Unfortunately, the Government was missing that vision.

There is no doubt the most significant problem facing us is the housing crisis. Unfortunately, the measures in this budget are extremely weak when it comes to housing. The Government introduced two particular measures which I believe are very misplaced in their focus - one is the help-to-buy scheme and the other is tax relief for landlords. Both will undoubtedly further inflate house prices. The help-to-buy scheme is an utterly regressive scheme. It covers purchases up to €600,000. Why are we subsidising people to buy houses with a value up to €600,000? The message is quite clear: it is yet another regressive measure. The bigger the house one buys, the bigger the subsidy one gets. I thought we were moving away from the idea of regressive budget measures. Under the current Central Bank macro-prudential rules, the income needed to purchase a property of the value in question is closer to that of a Minister of State than a person on an average income. Therefore, is there any case whatsoever for providing a subsidy to people on an income of the level of a Minister of State to buy a house with a value up to €600,000? I would suggest emphatically that this is not the case. I do not know why the Minister is taking this measure.

The Minister for Finance made an extraordinary comment today that I can describe only as gobbledygook economics. In the context of announcing the help-to-buy scheme, he stated:

In all markets supply increases to meet demand and the help-to-buy scheme will increase the demand for newly built houses by assisting first time buyers to put a deposit together. I expect the building industry to meet this additional demand by increasing the supply of new affordable homes.

The problem with housing is that the market has utterly failed. The significant problem the Minister responsible for housing, Deputy Coveney, should be dealing with here today is that housing is not affordable for anybody on an average income. He is doing the exact opposite. He is making housing less affordable. What he is doing is taking steps that will inevitably drive up the price of houses. There is no reason to believe the additional funding he is providing for first-time buyers will do anything but go into the back pockets of builders and developers. The fact of the matter is that first-time buyers, by and large, are competing with other first-time buyers for starter homes. Therefore, if an extra €10,000, €15,000 or €20,000 is being put into the pockets of all first-time buyers, it will inevitably lead to price inflation for all houses in this category. In a climate in which one third of all properties sold this year were bought by property investors, the scheme will serve only to inflate demand artificially, putting further pressure on our limited supply and raising prices out of reach of first-time buyers, whom the Minister is claiming to be assisting.

There were, of course, other steps the Minister could have taken that would have made a significant difference in regard to the affordability of housing. What he should have done was take steps to increase significantly the supply of housing. In the past, a mistake that fuelled the housing bubble was to use tax measures to increase the likelihood of people extending themselves beyond what they could actually afford. Part of the reason the Central Bank introduced the new rules was to ensure this does not happen again. It is quite extraordinary that the Government is introducing a measure that is specifically intended to undermine the actions of the Central Bank.

Deputy Simon Coveney: The Central Bank has agreed to it. The Deputy should not be misleading the House.

Deputy Róisín Shortall: Of course, the Minister could have done a whole lot to improve

supply because we know people-----

Deputy Simon Coveney: The Central Bank has agreed to the measure.

Deputy Róisín Shortall: We should not be talking about increasing supply in 2020 or 2021. What we need is an increase in supply now for the people who are desperate and in hostels, hotels and overcrowded conditions.

Deputy Simon Coveney: That is why the budget-----

Deputy Róisín Shortall: There are currently 200,000 housing units lying vacant. The Minister should be taking significant steps to open them up-----

Deputy Simon Coveney: We are.

An Leas-Cheann Comhairle: The Deputy's time is limited; she has only ten minutes. The Minister will have an opportunity tomorrow.

Deputy Róisín Shortall: -----not the kind of minor measures he is talking about. What he should be doing is bringing forward significant measures to open them up.

Deputy Simon Coveney: We are.

Deputy Róisín Shortall: He should be incentivising and using a carrot and stick approach.

The vacant site levy should have been brought forward. The Minister should reform the fair deal scheme because it currently disincentivises people who go into nursing homes from letting their properties. This could be dealt with at the stroke of a pen. The Minister should be reintroducing the financial contribution scheme for older people. These are all steps that would make a real difference regarding housing supply. Unfortunately, the Minister has failed in this regard.

I welcome any additional funding provided for child care but I object to the fact the Government is prioritising one group of parents over another. All best practice indicates that public policy should support parents in minding their own children at home, at least for the first 12 months. Currently, there is an entitlement to parental leave of just over six months. It is by far the lowest entitlement among all EU states. The priority should have been to extend that to a 12-month period.

Parents make choices about how to look after their children. Some parents want to step out of the workforce and, in doing so, they forgo an income. Other parents decide to continue in their job and use centre-based care. Other parents use relatives. The Government should be respecting the choices of parents. It is not doing so and it is favouring one group over another. Therefore, it is discriminating against parents who take the decision, in the best interest of their families, to stay at home and take time out of the workforce during the early, important years. Unfortunately, the Government is not doing as I suggest, which is a big mistake. The majority of people who choose to use child care other than centre-based care, be it parental care or relation care, are not being assisted whatsoever under this measure.

On the area of health, unfortunately we have missed the opportunity to make the vital switch away from expensive acute care to community care. That is particularly the case in regard to older people. The provision for home care packages will not even meet half the existing demand, let alone the increased demand that will come about by way of demographic pressures.

That is a missed opportunity. The Government should have tackled this. Rather than spreading the goodies around so thinly, it should have done something significant in the housing area and health area. With regard to child care, the Government should have respected all parents' wishes.

Deputy Catherine Murphy: Not so long ago, we all fought a general election. It was not defined by the economy, as Deputy Shortall has said. It was defined by the dignified society that people collectively wanted. They wanted to know that the big ticket items would be dealt with. These include health, housing and child care, which issues arose constantly. People were sick of the tinkering around the edges and wanted to see ambition extending beyond that. They did not want responses to strong lobby groups but a response based on a vision. They wanted this budget to be the first that would be quite defining. In ten years' time, will this budget be a turning point that people will look back to saying it was when we started to grow up and when we were mature enough to make decisions about the big ticket items and strategic decisions to deal with many of our shortcomings? People will ask whether the budget took a long-term view. In many respects, it does not.

Today, Fianna Fáil in its response to the budget, which left no question as to whether it stands in opposition or in government, criticised those of us who had not got into bed with Fine Gael. Deputy Michael McGrath preached about taking responsibility but we felt, and still strongly feel, the issue is about compatibility. I was always aware there were cultural differences between Fianna Fáil and Fine Gael but it is very clear today that there are zero economic differences between them. That is why Deputy Michael McGrath was at pains, on "Morning Ireland" and every other media outlet on which I heard him today, to repeat and try to underline the fact that Fianna Fáil is in opposition and not in government, just in case the similarity was causing confusion.

Today we saw the political equivalent of a one-for-everyone-in-the-audience approach, which is at odds with what was said to us during the general election campaign and the mandate we collectively received. Some of the housing measures that have been talked about and were announced today may in fact worsen the problem. The help-to-buy scheme is the first time buyer's grant by another name. Do Deputies remember that? We dispensed with it some years ago because it was deemed to have actually added to the cost of housing. The help-to-buy scheme will split a single market of prospective first-time buyers. It will corral the first-time buyers towards the developer and the new build, but what new builds? Those that will go up by €20,000 tonight. Is it a help-to-buy scheme or a help-to-sell scheme? It is the latter.

It is also very difficult to see the desire of the Minister for Housing, Planning, Community and Local Government for a social mix and a mix in tenure being delivered with this approach. This initiative is a return to the past in many respects rather than an interventionist approach that is about cutting the cost of delivering supply. We see a liberal market, *laissez-faire* approach in this initiative. The entire focus comes from a construction perspective, yet so many families are still in trouble. Consider the number of distressed mortgages purchased by Cerberus earlier this week. We are supposed to be over the problem of distressed mortgages. Consider the number of people living in completely unsuitable accommodation, perhaps bought by single people before they had formed families. I know, for example, a family of three children and two adults living on the third floor of an apartment block, in a two-bedroom apartment. That is unsuitable, and there is no way out of it. These are the kinds of issues that also need to be dealt with. Interestingly, a number of rent certainty issues are due to expire in September. We have heard no mention of these today and we need to hear how they will be dealt with. I am sure the

Minister, Deputy Coveney, will deal with this in his response.

We must get to grips in the main with the cost of living, that is, the cost of housing, health care, child care and insurance and the cost of doing business and so many other areas. In the context of Brexit, the cost of living is a key issue, as is the need to invest in measures to identify new markets. For example, 41% of farm produce from Ireland currently goes to the UK. We urgently need to find new markets. We are in a pre-Brexit stage at which there is a real risk regarding the value of sterling against the euro, to which we are particularly exposed. The cost of living and the cost of doing business here are major factors in our competitiveness. We should consider examples that work in other countries and, as usual, the Nordic countries offer prime examples of good practice. Norway's Altan model, of which I am a fan, is an e-Government model that has repaid the money invested in it tenfold since it was introduced in 2003 and continues to deliver. The Altan model reduced red tape and the cost of doing business. It is the kind of strategic measure that is a game changer. It reduces the cost of administration for people, huge numbers of forms that would otherwise be printed are available online and so much is done on that digital platform.

This evening I heard from a home help worker from an inner city community who told me that the cost of a dinner for older people in a sheltered housing facility in which he works has just increased by 50 cent, as has the cost of having a wash done, so there is €1 of the €5 pension increase already gone today. There is a mindset surrounding this that we need to get to grips with. We need to tackle the cost of living issues. Yesterday a pensioner told me that she expected, if there was €5 in the budget, that a good proportion of it would be sucked up by a rent increase. Again, it is back to the cost of living. The prescription charge measures today will not help those living with chronic illness if they are under 70 and, as has already been said, it has become a tax rather than an incentive not to overuse prescription drugs. Therefore, there is still a tax on health. It is not a very smart way to deal with the issue. Addressing the underlying provision of services will inherently reduce the cost of living in such examples. The same is true in every walk of life.

However, while the cost of living continues to rise, wages remain stagnant. Just a 10 cent increase in the minimum wage was announced while the Minister stood in the House today and preached wage restraint. One can imagine somebody getting that 10-cent raise in his or her minimum wage and listening to that. Does the Minister not see the irony of preaching wage restraint in the same week that we learn about the pay restoration to a Deputy of €5,000? If that €5,000 is restored, this House will lose all authority to preach wage restraint. I am all in favour of pay restoration, but it must start from the bottom up, and there are people at the upper end of that who do not need that kind of return. Deputies are a case in point.

The real disappointment of this budget is the lack of ambition. It keeps Fianna Fáil, the Independent Alliance and the rural Independents on board but it lacks the ambition and the strategic approach that was so evidently desired on the doorstep, and the ambition that this budget be a turning point.

Deputy Eamon Ryan: I was honoured to be returned to the Dáil in March. The biggest surprise or the thing that has struck me most in the six months since has been the budget. I am privileged to be a member of the budgetary oversight committee, where we are involved in considering the real details of the various choices. I was also involved five or six years ago in the 2011 budget, and the difference in the situation is what amazed me, that is, that we have come out of such a deep crisis and such a deep hole. That is something to be recognised. We can say

as a people that we have come through that well and we now have some choices, although they are not huge choices. It was in that frame of mind that I listened to the Ministers and various speakers here today. I was very much taken with the end of the speech by the Minister for Public Expenditure and Reform, Deputy Paschal Donohoe, and of the speech by Deputy Michael McGrath as they both used the same phrase about the centre holding. I said to myself that is exactly what we had to do in 2011, 2012 and 2013. We had to hold and stop the collapse. It was important for our people that we did not collapse. However, now is not the time for the centre to just hold, now is the time for the centre to move, to prepare for a different future, to consider a different economic approach, to use the slight freedom and flexibility we have to make sure we do not go back to the very same conditions that got us into the crisis in the first place. What we have seen in the budget here today is the centre holding to the old economic model, which will get us back, I fear, into the same conditions that caused the crisis in the first place.

It is not all bad. Everyone welcomes the amount of money allocated here and there. It is great for pensioners to get €5. It could be more, but everyone agrees that it is good. It is a kind of one-for-everyone-in-the-audience-type budget. However, when it is such a budget it raises the forensic question, which members of the audience have been left out? Who has not been served by this budget? I want to highlight three sectors which have been left out. Deputy Catherine Murphy asked whether this budget will be remembered as a strategic one. It may be, but for the wrong reasons. The first category of people who are being left out and have been let down are the parents who care for their children at home using a variety of means, such as a relative, a minder or their own caring work. This has been said in the budgetary oversight committee. We are not saying this because it is budget day. We made this point very consistently in the budgetary oversight committee. A series of economists appeared before the committee and said that we must get everyone working. Yes, we must support those parents with children in full-time child care. I fully support that because they are having a difficult time. It is very hard to budget and to cover the cost of everything. Yes, we should support that form of child care. However, what about the parents at home? What has happened in Fine Gael that they no longer count? I would have thought that the father of the Minister, Deputy Flanagan, would have had a slightly different view. Parents are in the best position to decide what to do. Every family is different and every child is different. A child may have special needs or be shy. Parents have different circumstances. Sometimes it should be the father in the home and sometimes it should be the mother. It depends on the circumstances and sometimes it is best to use child care facilities. However, why is the State insisting it knows what is best for every family and for every child? Why is the Government introducing a major strategic change of policy that from now on there will be a specific approach that the State wants to promote, which is what the Government is doing in the budget measures introduced today?

Some people might call that conservative and say, “What’s he going on about with the real old-fashioned conservative approach?” I see it not as a conservative, but as a radical pro-feminist approach that has been there for decades. In the argument I am presenting I cite Marilyn Waring, the great New Zealand feminist economist, whose book, *Counting for Nothing*, has not been heeded by the Government today. In *Counting for Nothing* she states that the economic system does not value caring work, typically because it tends to be women who are doing it.

Yes, we need to value the work of those young people - usually women - in child care facilities who are on the minimum wage. Those are good centres and they are good people. Those are good small businesses. We need to help them and we need to value that care work. However, we also need to value the caring work done at home. What is more important than how

we raise a child? What work deserves to be better paid? If we asked that question in a really honest way, we would end up with a different budget that supports all forms of caring work, which is one of the fundamental changes in how the centre has to move.

Second, I cite the US Senator, Elizabeth Warren, whose book *The Two-Income Trap: Why Middle-Class Parents are Going Broke* shows the path we are on. We are heading towards an American-type economic system as ever, wanting to get everyone working. That would push up the price of housing more than anything else. In my city, in the city of the Minister, Deputy Coveney, and in most cities where a dual-income system is promoted, it forces those without a dual income out of the housing market; they do not have a choice.

There are those who say it is parents' choice to stay at home. It is, but we are now creating an environment in which we will not have a choice, because favouring one system over another leads us in the direction that Elizabeth Warren warned against. Her evidence indicates it damages and destroys middle class communities. People can have a different view on that. Let us have a debate and look at her argument in some detail but I happen to think she is right. Why are we making that strategic choice today?

The third book I cite in the case I am making is Richard Douthwaite's great book, *The Growth Illusion: How Economic Growth Has Enriched the Few, Impoverished the Many and Endangered the Planet*. From where has the Government's policy come? It is coming from an approach of economic growth at all costs. It is coming from the OECD and the EU at whose centre is that economic philosophy. I do not agree with it. I do not believe it measures real progress or quality of life. It is not even accurate. With GDP growth figures of 26% this year - no, it is not; it is 5% - we have a chance to change the way we measure progress and growth. We should start by how we measure how we look after and raise our children, and treasure that before and above everything else. We are not doing that here today.

The second sector left out is our younger people and they know it. It will be one of the stories to come out of this budget. I am sure there were good intentions behind introducing the tax measure to try to help the first-time buyer. However, everyone here and most economists believe those in the building industry are the winners. They are the ones who will pocket the gain. It is a straight cash injection to the developers, which brings us back to the 2002 and 2003 budgets. That is not where we need to go.

We had this debate with the Minister, Deputy Noonan, at the Committee on Budgetary Oversight two or three weeks ago; Deputy Donnelly will remember it. The Minister was very succinct in saying that increasing demand increases supply. It does not; it increases price. We should have used the money, that we are about to lose in the tax breaks we have given, to fund a cost-rental social housing model.

I welcome the increase the Minister, Deputy Coveney, has got. It is good and fair play. Let us spend it and use it wisely to build the good-quality social housing we saw the other day. The Minister is absolutely right in what he said the other day. Social housing is going to become a desirable sought-after form of accommodation. However, if we are building that, let us build it at scale. I believe Ronan Lyons said we were forgoing €200 million over a number of years because of this measure. Irrespective of the figure, it is still multi-millions and that could have built social housing using a cost-rental model. As the Minister said, it is borrowed money and the long-term income stream from the rent can pay for the borrowing we do for it. That is what we could have done.

If there is a problem with the building industry, I do not think we should be going down on the knee to it. When it claims it is too expensive to build here, we offer tax breaks and land without site value tax. All the advantages are for the building industry. NAMA has the expertise and the land banks. It should bring the expertise, which it has gained in London and other cities in which it has been involved in social housing projects, back here where it can build more cheaply.

Deputy Simon Coveney: Sure, we are doing that.

Deputy Eamon Ryan: Yes, but that is what we should have been doing rather than giving tax breaks.

Deputy Simon Coveney: We need to do both.

Deputy Eamon Ryan: I do not agree.

Deputy Simon Coveney: I think the Deputy is wrong.

Deputy Eamon Ryan: There is a second area affecting young people. The budget does nothing for the rental sector. What is the measure for the renting community? I ask the Minister, Deputy Coveney.

Deputy Simon Coveney: I will answer if I can.

An Leas-Cheann Comhairle: The Minister will have an opportunity to answer tomorrow.

Deputy Simon Coveney: I do not think I am not allowed to answer.

Deputy Eamon Ryan: I look forward to hearing that tomorrow. Where is the benefit for people who are renting, mainly younger people? I did not hear it in the budget today. Maybe I am missing something. I would like to hear chapter and verse of what it is tomorrow.

There is a third issue for young people. There was a big hurrah over the €35 million to be given for third level education, which I welcome. However, Fine Gael's manifesto acknowledged that our third level sector is in such a crisis that it needs an immediate injection of at least €100 million just to stand still. We all know that every sector in education needs money, but third level is in an acute crisis. It is affecting the quality of the education and is causing long-term damage. There are always difficult choices in budgets; it is not easy. If the Government is spending more on one, it has to cut elsewhere. I would have preferred a slightly more strategic decision rather than giving everyone something. We should have given more to third level.

I raise a final issue affecting young people. We should have given young people the same increase in dole payments as we gave everyone else. That measure was introduced six years ago in some of those very difficult decisions for budget 2011 where we started to reduce the dole for younger people. It was made much worse in the budgets for 2012 and 2013, as I recall. Why are we continuing it here today by not giving the full €5, which is going to other people on unemployment benefit and indeed to pensioners, to those under 26? There are some occasions - as a young person I have been there myself - where young people are on the dole for a variety of reasons. We should not have given the signal we have given today - that they are cared for less. It is not as if the amount of money paid in dole is a huge incentive not to work. It is not even subsistence. I do not think that was right. I regret that we sent that small but critical signal to our young people.

Another area where we failed to make a strategic change and failed to move to the centre is in the area of climate change. We have only increased overseas international development aid by €10 million. Ireland is the most open international trading country in the world. It behoves us, who benefit from this international trading system, to be one of the leading contributors to helping those countries that need development support, particularly at a time when climate change is starting to hit as we saw in Haiti last week where they need additional support. It is not right for our brand and our sense of ourselves as a country. It is not right that our overseas aid as a percentage of gross national income is now contracting rapidly. That should have been done differently and should have changed.

The Minister, Deputy Donohoe, said it was great and indicated we were taking climate change seriously. We are not. No public transport projects are ready to go. One cannot tell from the figures much about the budget, but I heard nothing today about promoting cycling or walking which would be highly beneficial in climate terms as well as for our health and making our cities and country work better.

There is nothing new in energy. There are no new initiatives or schemes. Where are the smart meters? Where is the new, additional and ambitious scheme around electric vehicle charging points? Where are the advanced, sophisticated, energy-efficient aggregated demand management schemes that other countries are looking to start introducing? There is nothing new here. There is some of the old, which I still very much welcome, such as the retrofit schemes, but there are no new ideas. It is not as if the issue is not centre stage elsewhere. The Juncker plan has just been increased by €200 billion and 40% of that is going to go towards energy efficiency and low-carbon technologies. If Ireland was developing an ambitious scheme on climate change, we could take some of that money. We do not have 40% of our additional budget going towards climate change measures, we do not even have 4%. We probably do not even have 1% or 2% - perhaps the figure is less than that.

We do not take this issue seriously. We are doing nothing in respect of diesel even though the evidence could not be clearer. The level of diesel car sales is killing our people. Diesel car sales have got to go. Only last week, the Bundesrat - Germany's equivalent of our Upper House - passed an all-party motion to the effect that there will be no more combustion engines after 2030. That is what the rest of the world is doing. That is their ambition with regard to taking the environment seriously. We issued a tax strategy report which set out measures and the need to do this. We sent our submission to the Minister and said it could be done in a revenue-neutral way which would not hit the motorist but which would give a signal to stop people buying diesel cars. We need to do this because diesel is giving our children asthma, it is giving us heart attacks, it is affecting our lungs and, according to the latest evidence this week, it is giving us Alzheimer's disease. We were told by Volkswagen that it was okay, that it would be able to produce engines in a clean way but it turns out that the company was not telling the truth. Why are we doing nothing about it when we said we were going to do something about it over a five-year period? We cannot keep trading as a green country, we cannot say that we are putting an additional €50 million into Origin Green - more than into all of our other climate change measures combined - but not actually be origin green, which is the sad truth, in terms of how we move forward. We are the furthest from our climate change targets for 2020 and heading rapidly in the wrong direction. There is nothing in this budget at all to address that. Consider also the scale of change. The civil servants know about this. We are just about to ratify the Paris treaty, which means we are to change our entire energy system, climate system, food system and transport system. However, what I read in the budget makes it a case of tomorrow

and *mañana*.

With regard to the process, Ireland should be putting together a carbon budget. We introduced that mechanism. It is a very sensible mechanism to put a check in place to see how we are actually doing and assessing what we signed up to do in Paris. Ireland is not doing it but we should at least be budgeting for and measuring it. It is going to take time to read the budget material. There is material on the Gini coefficient and so on but we spent a great deal of time in the budget advisory committee thinking about equality-proofing budgeting. I would love to see simple, easy, understandable measures for assessing what we have here. Perhaps there are some good equality measures in the way things have been done-----

Deputy Simon Coveney: There are.

Deputy Eamon Ryan: -----but I do not see it yet. We will delve into those details, but the process needs to change. The process is starting to change. The Committee on Budgetary Oversight has begun - albeit very late and we should do more of it next year - to have this sort of debate more and more in advance. When he was before the committee, the Minister, Deputy Noonan - he was getting a bit irritated when I asked questions about why we are facilitating the tax break for property developers - quite rightly said that it is up to politicians to decide. He is right - it is our responsibility. Politicians can take brave decisions in a way that civil servants cannot. We have a mandate and we can examine things in the round. It is absolutely right that it is a political decision-making process. We live in a democratic republic, thank God - I love it - but matters should be open to challenge before a decision is made. It would lead to better decisions. We should start now for next year's budget and have as much debate as possible before decisions are made rather than seeing budget day as this great "Shazam! Here is the package" scenario. That is not a clever way of budgeting. We need to ensure we get that right in the next year.

There are other things we need to do. The centre needs to move towards tax justice. Deputy Donnelly and others from the Committee on Budgetary Oversight have spoken about the section 110 measures. I was surprised to see the figure for that tax intake estimated at only €50 million. I have no doubt that the Minister for Housing, Planning and Local Government, Deputy Coveney, would have much to say on that issue. We need to make a strategic change towards broadening our tax base and taking more tax from corporations and those with wealth.

Our capital acquisitions tax and capital gains tax take is very small. Everything seems to be coming from income. The big increase in the coming year will be in income tax. A relatively small group of people is carrying a very large load. That needs to be changed. We need to broaden Ireland's tax system. I listened, with respect, to what people have said about why the water charges should be abolished straightaway but the strategic change we need to make is to broaden our tax system. It would be more stable and fairer and would allow us to look after the environment better. That is one of the changes I would like to see made.

Last but not least, I would like the budget process to change in order that we might really understand these documents. I understand them because I have been involved closely enough and I know what a budget is like, both inside and out. However, we have actually gone backwards in the context of being open and transparent about where the money is going. I spent most of the afternoon trying to discover from the Minister for Transport, Tourism and Sport what is the breakdown in respect of the approximately €950 million being spent on what is termed "land transport". I contacted his office asking:

Please, Minister, could you tell me how much of that figure is for roads, how much is for public transport, how much is for walking and how much is for cycling? I have an interest in the subject.

I cannot find out what is the position. I rang the press office two or three times and I still do not know. I would love that information to be provided tomorrow.

There is an issue of openness with which we must deal. We should have an online version of the budget that would enable people to drill down to every single sub-heading and immediately analyse - on budget day - the real figures. The information in this budget is hidden. If we are really going to be good at this budgetary process, then it needs to be opened up. I trust our political system and I also trust this country. We are back to the very start and the first words of my contribution. The situation the State found itself in was terribly stupid but we have done well in getting ourselves out of it. Let us use this opportunity to learn from what happened. Part of that is in being transparent. The process also needs to be equality-proofed, climate-proofed and child-proofed. That would make the budget economically fit and sound.

Deputy Stephen S. Donnelly: Budget 2017 is obviously, by necessity, a political budget that includes diverse political priorities from pensioners to parents, from educators to entrepreneurs. Budget 2017 lacks coherence. It also lacks ambition for the country. That said, I am very pleased to see such prominence given to the issue of tax avoidance by vulture funds and a very clear statement from the Minister that this is going to be shut down. Some have expressed concerns that shutting down tax avoidance by vulture funds could harm Ireland's funds industry. It will not. Rather, it will help to protect Ireland's reputation as a transparent, low-tax economy. That will not hurt the funds industry, it will help it. We need to be clear that what is being done here is shutting down tax avoidance on a massive scale by a tiny number of companies. These are companies that are avoiding paying taxes on profits generated in the domestic economy. Those are profits on which they should be paying taxes. Tolerating this sort of tax avoidance and tolerating the lack of transparency that we see in structures such as qualified investment funds and the Irish Collective Asset-management Vehicle, ICAV, does two things. First, it deprives the State of much-needed income and, second, it gives ammunition to anyone from abroad who wants to attack Ireland's corporation tax regime.

I welcome the Minister for Finance's earlier comments that the vulture funds are using section 110 in ways in which it was never intended to be used. What is worrying is the figure in the budget for the intended tax to be brought in by this measure. The budget document estimates that shutting down tax avoidance by the vulture funds is likely to generate €50 million in additional taxes in 2017. Anyone who looks at the accounts knows that shutting it down is actually likely to bring, not €50 million, but well in excess of €500 million. The figure of €50 million is not even in the same order of magnitude. To put it into context, these firms are managing in the region of €40 billion in property assets in the State. This means they are bringing in taxable profits or between €2 billion and €4 billion. If one taxes between €2 billion and €4 billion at 12.5% corporation tax rate, and an additional 20% in dividend withholding tax, one gets a figure close to €1 billion. If the €50 million figure turned out to be true, it means we would be taxing the firms next year not at 30% - which is what Irish firms pay - we would be taxing them at somewhere between 3% and 6%.

9 o'clock

Properly taxing Project Eagle on its own would bring in approximately €50 million. One

of two things is going on where either the €50 million is being used as a place holder while the real figures are worked out, or the €50 million figure is a detailed estimate of what the proposed amendment would do, in which case the proposed amendment is not likely to do very much. I will continue to engage with the Minister, Deputy Noonan, on this and it will be before the Committee on Budgetary Oversight, so for now I am willing to accept that the €50 million is a filler. We need to be absolutely clear, however, that shutting down tax avoidance by vulture funds would bring in north of €500 million in additional taxes next year.

I am also very pleased to see child care feature so prominently, and I congratulate the Minister, Deputy Zappone, on working so hard to this end. The reality is that child care costs in this country stop people working. They stop people working their way out of negative equity, being able to save for a house, and being able to invest in their children's futures. The reality for child care providers is that many of them are just surviving and are unable to invest in their businesses and staff. The situation is so bad in Ireland that we have to see today's measure as a welcome first step, but nothing more than a first step. We must ensure that annual increases to child care and early years education continue. We must make the sector affordable and make it an attractive career opportunity. We must see increasing quality and educational impact for our children.

The budget today contains other welcome measures. The move towards full tax equalisation for the self-employed is welcome. I would like to have seen it go the full way today, but it is a welcome move. Funding to help industry prepare for Brexit is welcome. Funding for additional gardaí and special needs education is also welcome. The reintroduction of career guidance counsellors is also welcome, although we must note it is at a very limited level.

Where does today's budget fall short? First and foremost, it falls short in terms of the fiscal space. We have accepted a fiscal space of €1.3 billion. The reason it is €1.3 billion is because it has been reduced by the European Commission by more than the same amount, by €1.4 billion, because we missed a target. The reason we missed the target is because of a mechanism we agreed to in 2002 for calculating whether the economy is overheating. When we apply the methodology from 2002, we get an assumption that full employment in Ireland is at 9% unemployment. There is not a man or woman in the country who believes full employment in Ireland has been reached. We all know that full employment in Ireland is reached closer to 4% or 5%. It turns out that when we put this in, instead of the wrong number of 9%, we hit our target. When we hit our target, the fiscal space increases from €1.3 billion to €2.7 billion. We should not accept this. We have had testimony from the chief economist at the Department of Finance to the Committee on Budgetary Oversight that we are using numbers that everybody knows are wrong, but we signed up to them in 2002 so we are legally bound by them.

It is inconceivable to me why the Government does not go to the Commission and state that according to the wrong numbers we have missed our target but according to the right numbers we have hit our target. The total amount of budgetary space we need for much-needed investment in education, the community sector and infrastructure can be achieved by going back to the Commission and stating we will use the right numbers and not the wrong numbers. We should then come back to the House and have another conversation about very badly needed investment.

The Irish Fiscal Advisory Council has told us that once inflation is factored in, the entire fiscal space more or less disappears. It is more or less needed just to stand still. As an example, the State pension increased by €5 a week today and this is very welcome, but when we factor

in inflation, in terms of real purchasing power and what pensioners will actually be able to do with money next year, it has not increased by €5 a week but by approximately €1.70 in real terms. Similarly, jobseeker's payments have increased by €5 a week, but when we look at the food people will be able to buy for themselves and their children, it is not €5 a week but approximately €2.40 a week. Given that all of the money is being used just to stand still, those very marginal increases are being funded by decreases in other areas. Let us take child benefit. There has been no increase child benefit, which means that because of inflation in real terms of what parents will be able to buy for their children, child benefit has actually fallen by €2 a week.

There is almost unanimous agreement in the country among economists, the business sector, the social sector and all over the place that we need more investment, but we are allowing ourselves to be constrained in this by accepting that we have missed a target which, in fact, we hit. Let us understand this and go back to the Commission and make the case. If the Commission states it will force us to use the wrong numbers, tough luck but we should debate in the House whether we do what Portugal, Spain, France and Germany have done, and what everybody else has done with the Commission, and state we will do it anyway. We should debate this and see if it is something the House would want to achieve.

The budget also fails on the taxation side in several ways. The first-time buyers grant is a ridiculous use of public money. It is wasteful and inequitable, and it will make the situation worse for everybody. House prices will increase for everybody. It will not help first-time buyers. It will help the few who get to the houses first, but very quickly they will find their €20,000 is being swallowed up by an increase in house prices.

The USC should not be cut because this erodes the tax base. The way to put money back into people's pockets is not by eroding the tax base, but by reducing the cost of living.

The budget did not invest in education in the way it should have done. It has not addressed the cost of living or helped the negative equity generation. It has not really helped the housing market, and it has not helped in areas such as the arts in any meaningful way. I put it to the Minister that what we need to do is go back to the Commission and increase the fiscal space, and then come back to the House and speak about an ambitious plan for the country.

Deputy Seamus Healy: In his Budget Statement, the Minister, Deputy Donohoe, told us the budget will create a fairer society. This is dishonest claptrap. The budget maintains and widens the rich-poor gap in our society. Under the tax and the universal social charge changes alone, the wealthiest 5% of people in our society, those on average incomes of €186,000 a year, will get a €15 per week increase and, of course, they will get it from 1 January. They are not subject to any wealth tax and neither are they subject to any assets tax, even though net financial assets have increased and are now higher than peak boom levels. They have increased threefold from €69 billion in 2008 to €192 billion in 2015.

The budget also provides for outrageous increases to politicians, to which I am opposed. It provides for an increase of €15,000 for the Taoiseach of the day, an increase of €11,000 per annum for a Minister and €5,500 for a Deputy in the House. Compare this to how our old age pensioners were treated in the budget. Pensioners on a little over €12,000 per annum will receive an increase of €5 a week, but not until March. This is less than what they received last year. Despite the promises of the so-called Independent Alliance, there is no return of the telephone allowance, no increase in fuel allowance, no increase in the household benefits package and no increase in the living alone allowance.

This budget is socially divisive and deeply unfair. It means that a total of 750,000 people continue to live in poverty in this country; one in five children will live in households with incomes below the poverty line; one in four of those living in poverty is a child; almost 20% of those whose income is below the poverty line are working and they are the working poor; since 2007 the deprivation rate has almost doubled; and, therefore, that 1.3 million or 29% of the population live in a state of deprivation. This budget, once again, protects and supports the rich and powerful in our society while low, middle income and poor families are doomed to live from hand to mouth.

This budget is a pretence. In it, the Government is pretending to determine public expenditure and taxation in the State. The reality is that revenue from all sources will be approximately €50 billion. The House is determining the disposal of only less than €2 billion or 4% of the total. The EU powers, through the fiscal treaty, have determined the disposal of the other 96%. The charade being enacted here tonight flies in the face of the 1916 Proclamation, which declared “the right of the people of Ireland to the ownership of Ireland, and to the unfettered control of Irish destinies, to be sovereign and indefeasible”. The Government, similar to the outgoing Government, has sold our sovereignty to the EU.

The Minister for Finance recently told the Committee of Public Accounts that the EU powers insisted on the rapid sell-off of NAMA properties, even though retaining them would have led to higher prices being achieved for the taxpayer. Together with the sell-off of assets by banks, it is probable that there is now greater foreign ownership of Irish assets than when British landlords owned all the land. Effectively there is no sovereignty residing in the State.

The various proposals in the budget in respect of health, housing and education are grossly inadequate. Housing is a fundamental right of human beings, but, shamefully, the Taoiseach has written to the EU seeking permission to borrow the money required to build social housing. Ireland does not have even the sovereignty to house its own people. The Government has also refused to formally declare a housing emergency, something that is necessary to deal with the housing crisis. It is essential under the Constitution but the Government through banks it owns, other banks, and landlords, including vulture funds, is continuing to evict people. As a result, unfortunate families have been devastated by suicides.

Unnecessary deaths will continue in our hospitals despite heroic efforts by staff. According to the Irish Medical Organisation, IMO, hospitals are now operating in “the death zone” where occupancy levels are in many cases more than 92.5%, which is leading to significant increases in mortality rates. Despite the intense efforts of front-line staff, in particular, once occupancy rates reach this level, deaths occur that would not otherwise happen. Ireland needs an additional 3,500 inpatient hospital beds immediately to bring us in line with the western European average. By abiding by the fiscal treaty, the Government is causing unnecessary deaths and unnecessary pain.

With regard to education, class sizes in the primary sector are the highest in the eurozone. The programme for Government makes a specific commitment to smaller classes, but the budget proposals are inadequate. The pre-cut capitation rate should be restored immediately. In primary and second level schools, the full pre-cut quota of assistant principal and special duties posts must be restored in the interest of pupils. Our third level system is grossly underfunded and being continuously damaged. Today’s measures are grossly inadequate to solve these problems.

At a time the Government cannot deliver safe hospitalisation or housing, or halt evictions and related suicides, it is farcical that an additional €255 million must be contributed to the EU budget this year. In his presentation to the Committee on Budgetary Oversight, the Minister for Finance confirmed that the financial emergency is over. This was also recently re-certified by the Minister for the Public Expenditure and Reform. The confiscation of public service pensions under the FEMPI legislation is, therefore, unconstitutional. The right to private property of pensioners in their pensions must be fully restored immediately. This is not provided for in the budget. In addition, the pension reductions imposed on occupational pensioners in State bodies and in the private sector must be restored.

The budget is a joint effort by Fine Gael, the so-called Independent Alliance and Fianna Fáil. Fianna Fáil has taken responsibility for this shameful and socially divisive budget. The problems relating to health, education, housing, roads and various other public services will not be resolved until Irish sovereignty as set out in the Democratic Programme of the First Dáil of 1919 is re-established. This requires the political defeat of the austerity parties, Fianna Fáil, Fine Gael and the Labour Party, and those prepared to support or to coalesce with them in the framework of the fiscal treaty. It is important to recall what the Democratic Programme of the First Dáil said. It stated, “We declare in the words of the Irish Republican Proclamation the right of the people of Ireland to the ownership of Ireland, and to the unfettered control of Irish destinies, to be indefeasible, and in the language of our first President, Pádraig Mac Phiarais, we declare that the Nation’s sovereignty extends not only to all men and women of the Nation, but to all its material possessions, the Nation’s soil and all its resources, all the wealth and all the wealth-producing processes within the Nation, and with him we reaffirm [remember this] that all right to private property must be subordinated to the public right and welfare.” That sentence is particularly relevant to the housing crisis and the need immediately to formally declare a housing emergency.

Sitting suspended at 9.20 p.m. and resumed at 9.50 p.m.

Allocation of Time: Motion

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

That, notwithstanding anything in Standing Orders, the proceedings on Financial Motion No. 1 by the Minister for Finance, and on any amendments thereto, shall be brought to a conclusion after one hour by one question which shall be put from the Chair.

Question put and agreed to.

Financial Resolutions 2017

Financial Resolution No. 1: Tobacco Products Tax

The Taoiseach: I move the following Financial Resolution:

(1) THAT for the purposes of the tax charged by virtue of section 72 of the Finance Act

11 October 2016

2005 (No. 5 of 2005), that Act be amended, with effect as on and from 12 October 2016, by substituting the following for Schedule 2 to that Act (as amended by section 45 of the Finance Act 2015 (No. 52 of 2015)):

“SCHEDULE 2

RATES OF TOBACCO PRODUCTS TAX

(With effect as on and from 12 October 2016)

| <i>Description of Product</i> | <i>Rate of Tax</i> |
|-------------------------------|---|
| <i>Cigarettes</i> | <i>Rate of tax at-(a) except where paragraph (b) applies, €288.22 per thousand together with an amount equal to 9.52 per cent of the price at which the cigarettes are sold by retail, or(b) €325.11 per thousand in respect of cigarettes sold by retail where the rate of tax would be less than that rate had the rate been calculated in accordance with paragraph (a).</i> |
| <i>Cigars</i> | <i>Rate of tax at €335.368 per kilogram.</i> |
| <i>Other smoking tobacco</i> | <i>Rate of tax at €310.189 per kilogram. Rate of tax at €232.664 per kilogram.</i> |

“.

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

Financial Resolution No. 1 provides for excise duty increases on tobacco products with effect from midnight tonight. The increase amounts to 50 cent, inclusive of VAT, on a pack of 20 cigarettes in the most popular price category, together with *pro rata* increases for other tobacco products. The price of a pack of cigarettes in the most popular category, assuming the increase is passed through to the final retail price, will increase to €11. The excise duty component of this price will be €6.81 and the total tax inclusive of VAT will be €8.87, which represents nearly 80.6% of the price of a pack.

Ireland is committed to a policy of high taxation of tobacco in order to encourage people to quit smoking, particularly younger people. The policy is working. In 2007, 24% of our people were daily smokers but today Department of Health figures show that the figure has fallen to 19%. Furthermore, the quantity of cigarettes consumed per smoker has also fallen in the period. Increasing tobacco products taxation is a key public health policy measure to continue this downward trend in smoking rates in Ireland and to help us to achieve a tobacco-free Ireland by 2025.

In terms of revenue raising, the increase in excise duty on tobacco products will contribute

€5.7 million to the Exchequer in 2016 and €65.2 million in a full year.

Deputy Billy Kelleher: We will support the financial resolution as it is a public health measure. All sides of the House are in agreement that we need to continually pursue the aims and objectives of a tobacco-free society by 2025. This will be a huge challenge because we are dealing with an addictive substance, namely, nicotine and that leads to a broader debate on how we encourage people to give up and not to take up cigarette smoking in the first place. While the downward trend is very positive, there are concerns that, particularly among younger girls, there is a propensity to take up smoking and that is an area that needs to be addressed with broader policy initiatives. There will be broader support for sending out a strong message that we want to discourage as many people as possible from taking up cigarette smoking and to discourage those who are already smoking. That is easier said than done, however, and we need to assist people with supports, such as giving people on medical cards access to nicotine substitute products. We need to do a lot more in this regard. All the measures to date, from graphic images on our cigarette packets to the broader efforts to make smoking unattractive, must be vigorously pursued over the next number of years. Whether we are on target or not, every person who gives up smoking or does not take it up is a bonus, so these policies are welcome.

We can broaden the debate out slightly to health policy in terms of alcohol, obesity and drug addiction, and there is a lot of work to be done in those areas. In this context, the revenue raising measures should be directed towards health policy initiatives. With an overall tax take of €8.87 on a pack of cigarettes, we need to ring fence at least some of that to promote healthy lifestyles and well being and to support those who want to give up but find it very difficult. We will support this resolution in order to send out a strong message from this House that this is a health policy initiative which has worked to date, along with the smoking ban and broader policy initiatives.

Deputy Mick Barry: The Anti-Austerity Alliance-People Before Profit will be opposing this motion. We agree entirely that tobacco products and cigarettes are harmful and damaging, they cause cancer and heart disease and they kill. However, while the price is undoubtedly a factor in whether someone buys a pack of cigarettes, the fact that people are addicted leads to price inelasticity and not many people give up on a product as they do on other products when the price is increased by a similar margin. There are other ways to reduce the number of people who smoke. For example, cessation programmes could be run through the health service. A total of €5.54 billion was raised in tobacco taxes by the State between 2011 and 2015 but a mere €33.7 million of that was used for cessation programmes. That is 0.6% of the total moneys raised. The Taoiseach says this is about encouraging people to quit smoking. If the State fully took on board its responsibilities to encourage people to quit smoking, a far greater proportion of the taxes raised on tobacco could be used for education programmes and cessation programmes, as well as Quitline, nicotine patches, etc. The fact that this is not done begs the question of whether this is more of a revenue grab by the State than a health measure.

The price increases in recent years have also had the effect of boosting the black market for tobacco products. It is reckoned that in 2007, 6.7% of tobacco products purchased in the State were purchased on the black market. By 2009, that had risen sharply to 19.8% and by 2014, it had risen again to 23%. Nearly a quarter of all tobacco products in the State in 2014 were bought on the black market and the year on year tax increases have been a significant factor in that.

These tax increases are regressive and people on low incomes are hit hard by the policy and

it is a key reason we are opposing it.

10 o'clock

I reiterate that these are harmful, damaging products that kill people. We want to see far less smoking and use of tobacco products within society but we believe the key way to do this is through proper funding of the cessation programmes rather than a regressive tax which hits people hard, particularly people on low incomes.

Deputy Catherine Murphy: We will be supporting this measure. The Irish Heart Foundation and the Irish Cancer Society have consistently called for comprehensive, accessible supports to help people to quit smoking. In their view, what is required is a community-based approach. We support the direction of money towards that aim and to Customs and Excise to help it tackle the smuggling of vast amounts of cigarettes and other more harmful substances into this country.

I accept it is difficult for people to quit smoking. Most people in this House, including myself, will have smoked at some point. It is a pretty difficult habit to give up and we should acknowledge that. However, the response cannot be just a revenue raising exercise. It must include the public health component everyone else has talked about. My father died from lung cancer. To see somebody for months on end struggling to catch a breath should be enough to convince people that they should not begin smoking in the first instance. The evidence is that a constantly expected increase in the price of cigarettes is a deterrent. The ambition for Ireland to be a country that does not have people who are dependent on cigarettes should be, and is, a legitimate ambition. We should do whatever we can to get to that point.

Deputy Aengus Ó Snodaigh: Tá mé chun chur i gcoinne an rúin airgeadais seo maidir le hardú cánach ar thabac, thoitíní agus a leithéid. Ní hé go bhfuil mé i gcoinne an pholasaí ó thaobh sláinte poiblí. Tá mé go huile is go hiomlán i bhfábhar pholasaí atá curtha chun cinn chun iarracht a dhéanamh an drochrud seo maidir le tabac atá á dhéanamh thar na cianta sa tír seo a bhriseadh sa deireadh thiar thall. Ach má tá rún airgeadais os ár gcomhair atá ann díreach ar mhaithe le cáin a ardú seachas polasaí sláinte poiblí a chur chun cinn, tá muid chun chur ina choinne.

Ní léir domsa sa mhéid atá ráite anocht nó níos luaithe go bhfuil aon rud ann a chinnteoidh go mbeidh breis airgid dírithe ar déileáil le drochstaid ár gcórais sláinte. Ní léir domsa, ach go háirithe, go mbeidh an t-airgead tuillte faoin rún seo, nó an cháin ar thabac ina iomlán, curtha ar leataobh nó i gceiste áirithe chun déanamh cinnte de go mbeadh sé dírithe ar chóras nó ar fheachtas poiblíochta dírithe orthu siúd atá ag caitheamh tabac nó orthu siúd a bhíonn ag díriú ar a leithéid mar atá déanta cheana. Ba chóir go mbeadh sé dírithe ar na hábhair atá ann chun cuidiú le daoine atá gafa ag an tabac éirí as é a chaitheamh - ar nós paistí Nicorette - chun go mbeadh na hábhair sin níos saoire agus go mbeadh níos mó fáil orthu.

Níl muid i gcoinne an pholasaí, ach níl aon rud curtha faoinár mbráid inniu a léiríonn go mbeidh aon tionchar mór ar mhaithe le sláinte poiblí ag an ardú cánach seo. Measaim go bhfuil dallamullóg i gceist arís. Tá sé déanta le tamall de bhlianta anuas, ní díreach ag an Rialtas seo ach ag Rialtais roimhe seo trí ardú cánach a chur ar thabac, leis an dallamullóg curtha acu go mbeadh an t-airgead sin le bheith caite ar aon bhealach ceart. Is cuimhin liomsa an argóint seo a dhéanamh beagnach deich mbliana ó shin. An freagra a bhfuair mé ag an am ná nach bhféadfadh an Rialtas sin cáin a cheangail ar bhealach amháin nó ar bhealach eile. Ach is féidir

nuair is mian leis an Rialtas. Sin an rud nach bhfuil ag tarlú anseo. Déantar é i gcás na cánach atá gearrtha orthu siúd atá ag cur bets ar chapail nó a leithéid. Cuirtear é sin ar leathaobh agus tagann an Rialtas os comhair na Dála gach bliain chun déileáil leis an tuarascáil bliantúil ar conas mar atá an t-airgead sin caite. Ní dhéantar an rud céanna i gcás na cánach ar alcól, toitíní, tabac nó a leithéid sin.

Bheadh sé difriúil dá mbeadh sé faoinár mbráid agus leagtha síos go díreach anocht cá rachadh an t-airgead a bheadh tuillte ón gcáin seo. Níl sé iomlán soiléir go díreach cé mhéad airgead a bheidh tuillte as seo. Nuair a chuirtear an cheist ar na Coimisinéirí Ioncaim, níl siad cinnte. Deir siad go dtiocfaidh méid áirithe as ach go gcaithfear breis airgid a chaitheamh ina threo chun é a thuilleamh. Chomh maith leis sin, toisc go bhfuil an praghas ag ardú, b'fhéidir go n-éireoidh daoine as an tabac, ach b'fhéidir nach n-éireoidh. B'fhéidir go mbeidh i bhfad Éireann níos mó den smuigléireacht ag tarlú, mar atá tarlaithe le blianta. B'fhéidir fiú go mbeadh níos mó daoine atá ag taisteal thar lear ag tógáil an méid is mó toitíní ar ais leo is gur féidir. Bhí mé thar lear le déanaí agus bhí gach uile duine a bhí ag taisteal ar ais go hÉireann ag ceannach toitíní i stáit Eorpacha eile agus iad i bhfad níos saoire ná mar atá siad in Éirinn. Tá dallamullóg á dhéanamh againn muna bhfuil na cánacha céanna á gcur ar ghnéithe cosúil le tobac agus alcól, srl., ar fud an Aontais Eorpaigh. Is féidir leis an ngnáthdhuine atá ag taisteal chun na hEorpa timpeall 800 toitín a thógaint isteach. Tá cailteanas i gceist ós rud é go gcosnaíonn 200 toitín thart ar €40 sa Spáinn ach thart ar €110 sa tír seo, agus i bhfianaise gur féidir le daoine sé nó seacht paicéad a thógaint isteach. Níl mé cinnte faoi na figiúirí sin toisc nach gcaithim tabac. Má tá difríocht de €70 i gceist ar gach paicéad, is cailteanas mór é do na Coimisinéirí Ioncaim. Má ardaíonn an Rialtas an cháin seo mar atá beartaithe gan an ardú céanna i dtíortha eile, beidh níos mó daoine ag iompórtáil toitíní sa chaoi atá luaite agam. Tá súil agam nach n-éireoidh leis an gcinneadh seo anocht.

Deputy Maureen O'Sullivan: I agree with everything the Taoiseach said in terms of this being a public health issue. We know the effects, physically and economically, on society of smoking. I would like to see a tobacco-free Ireland. We know the health risks of smoking and I acknowledge the work of the Irish Heart Foundation in this regard. We also know the statistics for those who smoke and get lung cancer and so on. It is great to hear about the downward trend in smoking. However, I believe the reason for the downward trend is due not to the price of tobacco and cigarettes increasing but to the many good preventative programmes in place to help people to quit. Having worked with young people, I know that for girls and increasingly boys, body image is an important issue. Following this line, health initiatives for young people would be far more effective.

When it comes to addiction, and smoking is an addiction, we are very reactive but not nearly good enough on prevention. As we know, prevention is the Cinderella of the national drugs strategy. I hope that in the new strategy we will see far more emphasis on prevention in education, including in relation to the use of tobacco products. We need to look at what is working and what is not working in terms of young people and smoking. I might have been inclined to vote for the increase if I thought the revenue raised from it would go directly into preventative measures but we know that that does not happen. I am fortunate that I have never smoked. I know and am surrounded by people who smoke and acknowledge the difficulty for them. Ironically, the packet of cigarettes is the only companion of those on lower incomes. It is a very sad indictment of our society that we hear people saying that. It is those on lower incomes who are most affected.

I have had several meetings with Retailers Against Smuggling, a number of whom are in my

constituency. We know about the illicit trade and the losses to the economy. There are regulations and fines in place, but there is great difficulty in enforcing them on the illicit tobacco trade. At least if one buys a packet of cigarettes officially, one knows what one is getting. If one is buying illegally over the Internet, one does not know the content of what one buys. The bottom line is that a packet of cigarettes costs €11 in a shop but only €4 or €5 on the black market. We know where people are going to go and, as such, I do not see the measure contributing to a decrease in the number of smokers.

Deputy Michael Harty: It will come as no surprise to the House that I will vote in favour of this resolution. Smoking is a huge health hazard. It is the cause of many cancers including lung and throat cancer and the cause of chronic obstructive airways disease which is a huge burden on the health service. It is one of the most destructive habits one can take up. It is a huge health problem. It amazes me how many people smoke in the Houses of the Oireachtas. The smoking area is well occupied most days of the week. The health effects of smoking are incontrovertible. The price should have been increased by €1. We should have put an extra 50 cent on cigarettes and taken 50 cent off the prescription charge, which would have been a far more progressive health measure.

Deputy Mattie McGrath: Hear, hear.

Deputy Michael Harty: Education is the way to go on dealing with the cigarette issue. The cost of cigarettes is one element in getting people off smoking, but education in primary and secondary schools is also very important. The pressure from young children who come home to their parents having learned of the dangers of smoking in school is very significant. Education is a key aspect of reducing the health hazard posed by cigarettes. Cigarettes are a drug of addiction. They are very addictive. If one has tried to get people off cigarettes, one will know it is very difficult. It is a social, psychological and physical addiction. If one can prevent that by stopping people smoking, all the better. There are social aspects to smoking. It is a social expression of one's individuality and youth to take up cigarettes. It is anti-establishment. We should tackle smoking in that sense as well as by banning completely the advertising of cigarettes. If one looks at the success of the smoking ban introduced in 2004, one sees that it was self-policing. It was an instant success. While we are not discussing other drugs this evening, alcohol and sweet drinks are also huge social issues. We should introduce an awareness of alcohol, which is probably the single most destructive drug in Ireland, vastly outweighing illegal drugs. It was disappointing that there was no increase in the excise duty on alcohol this evening.

Deputy Donnchadh Ó Laoghaire: Ba mhaith liom cur leis an méid atá ráite ag an Teachta Ó Snodaigh i dtaobh an rúin seo. Ar an gcéad dul síos, ba mhaith liom giota beag de phíosa próis a rinne an Teachta Ó Dochartaigh trácht ar níos luaithe a léamh:

Forecast receipts of tobacco products tax use an elasticity measure to partially reflect the responsiveness (or change in behaviour) of smokers following duty and price changes. Increases in duties are forecast to lead to increases in receipts, albeit recognising that some smokers will consume less and consequently some of the increases in receipts from higher prices are negated. Further cigarette price rises, particularly at the higher end, may not increase Excise receipts and this is indicated through the use of the range of estimates above. To reflect the potential variations in consumption change in smokers, the range above is based on varying the elasticities used in the forecast calculation. The elasticities used are derived from research conducted by Revenue.

Those are not my words, but rather represent the opinion of the Revenue Commissioners. We are supposed to believe the increase will bring in the absolute maximum point on the range of results the Revenue Commissioners have predicted. The Revenue Commissioners say that increasing the price of cigarettes will bring in a maximum of €65 million but could cost €44 million. That is a range of €109 million. At no point have they said that any particular point in that range was more likely than another. This point was raised by Deputy Pearse Doherty during the earlier debate and the Taoiseach had an opportunity to clarify it. He has not done so. If there is another opportunity to clarify how the figure was arrived at, it should be taken.

This resolution is in the context of a budget and paying for essential services. My party and I are on record as supporting the use of price increases as a health measure to tackle smoking. Clearly, we remain committed to that position in accordance with our pre-budget submissions over many years. However, that is not what we are voting on tonight. This is a vote on a financial resolution and part of the budget. To explain it in the simplest terms for anyone listening or the Deputies in the House, if an Opposition party suggested a policy that could raise €65 million or cost €44 million, it would not constitute a credible submission to Government as a manner in which to fund essential day-to-day services or capital expenditure in the budget. It might be different if it was a specific health measure ring-fenced to tackle smoking, but that is clearly not the case here. Ultimately, it is wishful thinking and probably a desperate measure to back up other commitments that this level of spending was chosen. It seems the sums arrived at were necessary to arrive at the final sum in the budget. While Sinn Féin supports price increases to tackle smoking, which is a significant social ill that causes disease and illness and does great damage to many families, this measure sets a bad precedent and is poor practice. Consequently, we will vote against it.

Deputy Mattie McGrath: I am pleased to get a few moments to speak on the motion. I said earlier that I would be supporting it because it is one facet of our attempts to deal with the chronic issue of smoking and the legacy effects it has on households and on both heavy and passive smokers. It saddens me that, notwithstanding increases over the several budgets while I have been a Member of the House, smoking has still not abated. To see young people from the end of national school right through to third level continuing to take up smoking, given its cost, is sad. This trend is only getting worse. I listened to Deputy Harty speak from a medical perspective and it is clear that we know the damage and serious illness caused by smoking. We have all known people who can hardly speak because they are short of breath and in a bad way due to lung disease from smoking and it is sad.

We must have better awareness campaigns and we must get into the schools, particularly our national schools, to get the young people to teach some of us older people not only about smoking but other bad habits too. I find in the case of Tidy Towns and the campaign for a clean environment that it is the young people who are teaching the older people how to mend their ways. They tap us on the shoulder if something is being done which should not be. I have great faith in the young people. Mol an óige agus tiocfaidh sí. They will teach us. We must ensure that the money garnered from this measure tonight is ring-fenced for cancer care groups and other anti-smoking campaigns. Every day of the week, hospices, cancer care groups and the community at large provide support and wonderful work is done by voluntary organisations. Despite this, cigarettes are still being peddled and sold.

Many colleagues who told me they would vote against the resolution raised an issue of which I am aware. Will the trade go underground completely? Will cigarettes be sold in a similar manner to substances sold on the black market? Evidence has proved that severely damag-

ing ingredients are in black market cigarettes. People think they are getting a bargain, but they are coffin nails, as Woodbines were called at one time. It is a very serious issue.

It is important that the money is ring-fenced and there are proper health and awareness campaigns. We saw the effects of the smoking ban. Last week I travelled to a place where smoking was allowed in restaurants and bars and it was horrific. We are lucky, because the health of people and the staff and management of premises was damaged by passive smoking. We need to do an awful lot more, but we need to ring-fence the money.

I would agree with another increase of 50 cent if it meant decreasing prescription charges by 50 cent. In some cases, people require prescriptions because of the damage done by smoking. It is a counter argument. I would support a measure to lessen the impact of prescription charges via this tax. That did not happen, ach sin scéal eile. I will support the measure.

The Taoiseach: Gabhaim buíochas le gach éinne a labhair ar an rún seo. I thank Members. Deputy Kelleher spoke in respect of this being a public health issue, which it is. That has clearly been the focus of all Governments over the years. Deputy Barry referred to a proper cessation programme. The programme is working reasonably well. Deputy Murphy mentioned patients who die from cancer, of whom there are 5,200 each year. Everybody knows somebody who has had to deal with this problem and are suffering from it. The health benefits of not smoking are exceptional. Labhair an Teachta Ó Snodaigh go maith as Gaeilge.

Deputy O'Sullivan mentioned that prevention programmes could be better and that, in particular, education needs to focus more on this. Deputy Harty spoke of the nature of the cancers this brings about. We recall advertising and then smoking being banned in certain venues, which everybody supported and which has made such a difference to meeting rooms throughout the country.

Deputy Ó Laoghaire mentioned the difference in interpretation of the 50 cent increase and that it might result in a decrease in revenue of €44 million. The Revenue Commissioners' ready reckoner on that score provides for a range within which an increase in excise on tobacco may result in increased or reduced revenues. It reflects the possibility that an increase in the price of cigarettes could result in a disproportionate change in consumer behaviour. The Minister for Finance has made no secret of the fact that in recent years increases in excise duty on tobacco have been testing the boundaries of diminishing returns. However, to date the revenues from tobacco have been holding up and the increases provided for in recent years using the same price elasticity used for the 2017 forecast have been realised, and the predictions for 2016 point to a similar outcome.

It has to be pointed out that increases in tobacco excise, as well as raising revenues, are designed to meet the health objectives of reducing smoking prevalence. On this basis, any reduction is more than compensated for by the health benefits and consequent savings that will arise in the health sector. In the budget announced today, there is a significant first element of Healthy Ireland dealing with smoking, obesity, diet, activity, energy and all of the things that have a bearing on the mental and physical well-being of our population. Deputy Mattie McGrath referred to ring-fencing this money.

It is important to note that more than 2,000 people, between Revenue and Customs, are involved in the detection of smuggling which is a sophisticated business with lucrative rewards. Obviously, the seizures of cigarettes over recent years say it all. The strategy that Revenue and

Customs employ includes a range of measures that are designed to complement each other in identifying and targeting the supply and demand sides of the market for illicit tobacco products with a view to seizing those illicit products and prosecuting those responsible. The key elements of that are developing and sharing intelligence on a national, EU and international basis, developing analytics and detection technologies and ensuring the best appointed resources at the point of importation and inland to intercept and seize illegal products and detect and prosecute those involved.

There is an incentive to bring non-Irish duty-paid tobacco products into the State from other states. Under EU law, a person may bring in duty-paid tobacco products purchased in another member state without paying Irish tax provided the cigarettes are purchased for the person's own use and are transported and accompanied by that person. Recent surveys by Revenue suggest some 6% of cigarette consumption in Ireland is accounted for by such purchases abroad. The quantity of cigarettes that a person may bring into the State duty-free from outside the EU for personal use or from territories where EU rules on VAT and excise duty do not apply is limited to 200.

Since 1 January 2014, Ireland has utilised what is known as Article 46 of the EU excise directive of 2008 which allows member states to impose a quantitative restriction of 300 on the number of cigarettes that may be brought in from those member states, that is, Bulgaria, Croatia, Hungary, Latvia, Lithuania and Romania, that have not yet notified the Commission that they have reached the EU minimum tobacco product tax levels. These member states are expected to achieve those minimum tax levels by 31 December 2017.

I could go on, but we have listened carefully to the suggestions made by Deputies. I thank them for their contributions.

Question, "That Financial Resolution No. 1 be agreed to", put and declared carried.

Financial Resolution No. 2: General

Minister for Foreign Affairs and Trade (Deputy Charles Flanagan): I move:

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

Debate adjourned.

Written Answers are published on the Oireachtas website.

The Dáil adjourned at 10.30 p.m. until 11.30 a.m. on Wednesday, 12 October 2016.